



Pūrongo ā-tau 2019-2020 Annual Report 2019-2020



Rārangi upoko

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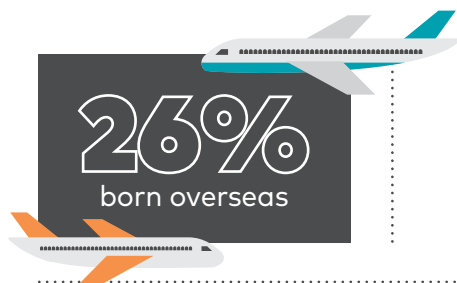
Tō Tātou Tāone Our City

POPULATION

108,700



Median age: **36.9 YEARS**



18%

Māori
17%
nationwide

12%

Pacific
8%
nationwide

15%

Asian
15%
nationwide

4.7%

Te Reo Māori
speakers

23%

speak two or
more languages

EDUCATION

18%

have no
qualification

15%

have a
**bachelor's
degree** or
higher

87%
have access to
the internet



Median
weekly
rent

\$300

37,278

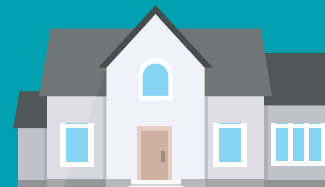
occupied
private
dwellings

**54% own or partly own
their own home**

Average
house
value:
\$661,610

93%

have access to
a cellphone/
mobile phone



Source: 2018 Census



Median personal income

\$34,700

4.8% unemployed

TRANSPORT

HOW WE TRAVEL TO WORK:



14%



66%



6%



4%



2%



1%



8%

work from home

ELECTED MEMBERS



MAYOR

Campbell Barry

CITYWIDE



Brady Dyer



Deborah Hislop



Josh Briggs



Naomi Shaw



Shazly Rasheed



Simon Edwards



WESTERN WARD

Chris Milne



CENTRAL WARD

David Bassett



HARBOUR WARD

Tui Lewis
(Deputy Mayor)



NORTHERN WARD

Leigh Sutton



EASTERN WARD

Andy Mitchell



WAINUIOMATA WARD

Keri Brown

Ko Tā Mātou Whakakitenga mō Te Awa Kairangi Ki Tai Our Vision for Lower Hutt

A thriving city

What: A city that is financially sustainable, fair, and where we think about the next generation. A city that our people are proud to live in, where working and investing is a smart choice, where there's always something for our families to explore and where everyone has opportunities to thrive.

Why: Our vision to be a thriving city means we need good public services provided where and when needed, investment in our assets for future generations, to nurture our natural environment, work with our communities to be the best we can be, and focus our attention on climate change and a sustainable future.

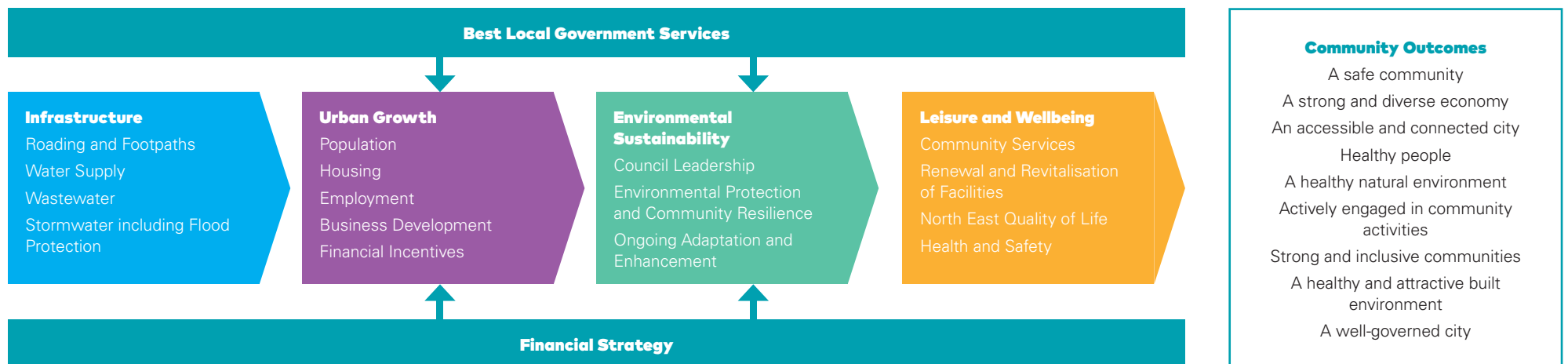
We also need to manage our finances prudently and ensure that our rates, fees, charges and costs are fair and shared equitably across the generations that will benefit from the services provided. Our everyday costs must be paid for within our means and borrowing for these should never be an option.

How: Council currently has four key strategies which were developed to help us achieve our vision. These are:

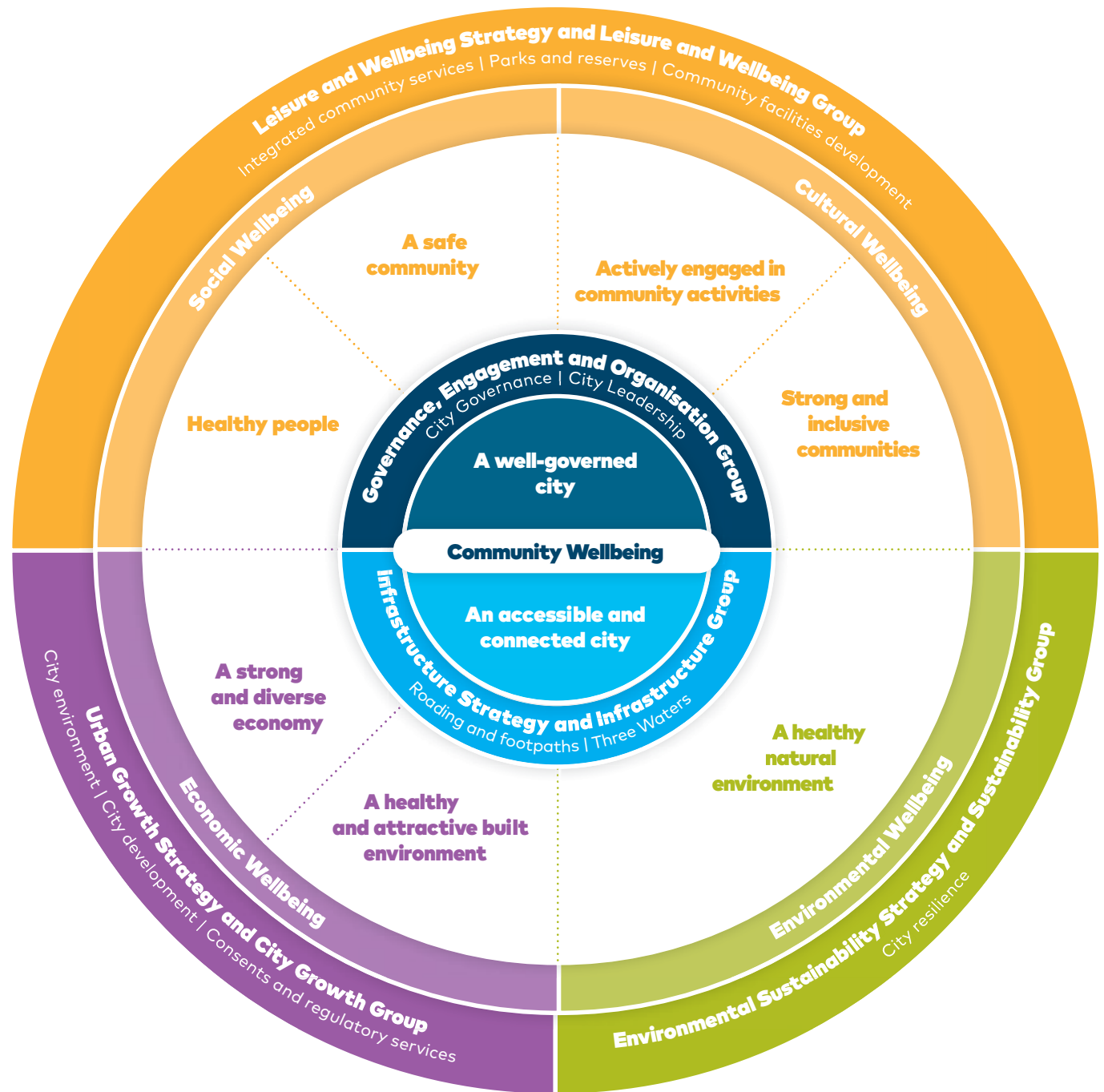
- The Infrastructure Strategy 2018-2048.
- The Urban Growth Strategy 2012-2032.
- The Environmental Sustainability Strategy 2015-2045.
- The Leisure and Wellbeing Strategy 2012-2032.

These strategies have served Council well in the past. However, given the considerable challenges the city is facing as a result of COVID-19 together with the need to invest in our water infrastructure as well as other major projects of the future such as Naenae Pool and fitness centre and our investment in things like roads and cycleways, these strategies and associated projects need to be reviewed.

As we move towards the 2021-2031 Long Term Plan, we will be working alongside you to develop a city plan – a new plan for a thriving Lower Hutt.



Community wellbeing is at the centre of everything we do. Our purpose as a council is to promote the social, economic, environmental and cultural wellbeing of our communities, both now and looking into the future. Our community outcomes provide a focus for our work in each of these areas. While most Council activities contribute in some way to the majority of our community outcomes, our key strategies and organisational structures have a strong alignment to particular components of wellbeing.



E ngā muka tangata kua rangitāmirotia nei e ngā wai tuku kiri e korowaitia ana tēnei whenua taurikura, e ngā ihoiho o ngā mounga whakahī e karapoti ana i a tātou, ngā iwi, e noho koni ahi ana i Te Awa Kairangi, tēnā tātou katoa.

To the people who have bound themselves to the waters of this region which give us protection and sustenance, to the lofty mountains that surround us, to tribes and people who live here and have lit their fires in Te Awa Kairangi, my acknowledgements and mihi.

He Kupu nā Te Koromatua Campbell Barry

Message from Mayor Campbell Barry

The 2019/20 financial year has presented challenges we never thought we would have to confront. However, in the face of these challenges we have made significant progress in tackling a range of issues, from transport right through to infrastructure and housing supply, all while managing the effects of COVID-19.

Lower Hutt's transport infrastructure got a major boost in the past financial year with an announcement that the Government will be funding the new Melling Interchange. Set to be completed by 2026, the project will improve transport safety, reliability, and choice. It is a critical part of the flood protection work underway to safeguard the long term future of residents and businesses.

Hutt City Council has also sought Government funding to improve local infrastructure, as part of its call for "shovel ready" projects. Council applied for funding for nine projects, including housing developments led by Council's social housing arm Urban Plus, Three Waters infrastructure

improvements, the Eastern Bays Shared Path, and a rebuild of the Naenae Pool and Fitness Facility.

Lower Hutt continues to face challenges around local housing supply and affordability, especially as we experience sustained population growth. We implemented Plan Change 43 to help alleviate this stress, which introduces medium density housing across eight suburban centres around Lower Hutt. Plan Change 43 provides our people with more housing options by reducing barriers to infill developments and minor dwellings.

Council recognises that district plan changes won't immediately help our people who need access to housing in Lower Hutt. That is why we have also developed a local homelessness strategy, and are investing in services that focus on prevention and addressing Lower Hutt's homelessness problem.

No one expected that a global pandemic would be our main financial challenge for the last financial year. The impacts



that COVID-19 had on our city are clear: revenues are down, and it has shone a light on longstanding deprivation and needs. However, in the face of these effects, Council has responded with a significant range of measures to soften the impacts of the pandemic.

In March, we created the Community Resilience Fund, providing \$100,000 worth of funding to community groups in Lower Hutt, and a further \$30,000 to help sport and recreation groups to get up and running again. The fund has enabled groups to store and package food, keep people connected, and purchase tech items to facilitate virtual consultations in health clinics.

To further ease the financial stress on our people, we adopted a new rates policy to support ratepayers, and extended this to businesses for the first time in Council's history. We also provided a range of welfare checks to those needing it most. These included food grants, check-in calls to the elderly to support MSD, and lending vehicles to the community so that food and sanitation packages could be delivered to families in need.

Staff directly employed by Hutt City Council have received the living wage since 2018. Until recently, this did not apply to staff who work for contractors delivering services on our behalf. That changed for our street cleaners and litter control employees when InterGroup, Council's street cleaning contractor, agreed to pay their workers the living wage as part of negotiations undertaken during the contract's recent renewal.

The past year was one full of challenges no one could ever predict, particularly the emergence and impact of the COVID-19 pandemic. Despite these challenges our Council team has been focused on tackling the big issues facing our city. We have adopted a back-to-basics approach, and have worked hard to find a balance between investing in key infrastructure and providing some relief to our ratepayers.

Our financial strategy is clearly working. Recently Standard & Poor's (a global credit rating agency) informed



Mayor Barry at the Pōhiri for the new Council, Waiwhetū Marae

us that we have retained our AA credit rating with a stable outlook. Council is being recognised for our responsible and prudent financial management, which will ultimately enable us to invest in the basic infrastructure and services our city expects and relies on every day.

The coming year is all about developing our Long Term Plan, which sets out Council's plans for the ten years ahead. We know in the coming decade we have some major challenges we have to tackle, particularly the required investment in critical infrastructure. Ultimately our back-to-basics approach, coupled with our strong balance sheet will ensure we are well positioned to do this. However, there will be some hard conversations with the community to understand the services we all value,

and how we can best prioritise our spending.

Whatever the coming year brings, our Council will be working alongside all of our communities to address the biggest issues we face, and to build a city where all of our people thrive. It is an absolute privilege to serve Te Awakairangi as Mayor. I'm looking forward to engaging with you in the year ahead as we continue our work to make Lower Hutt the best place it can be.

**He ao te rangi ka ūhia, mā te kahukura te manu ka rere.
Just as the clouds adorn the sky, a cloak of feathers
enables the bird to fly.**

Campbell Barry, Te Koromatua | Mayor

**He tātai muka, he tātai tangata - Tuia i runga, tuia i raro, tuia i roto, tuia i waho,
tuia te here tangata, ka rongō te pō, ka rongō te ao. Tuia te muka tangata i
takea mai i ngā Hawaiki, whiria te taura e here nei i te tangata ki hēnei whenua
- te ūkaipō, te ūkaiao o tātou katoa - ki Te Awa Kairangi ki Tai e tū nei.**

Weave together the strands, weave together the people - fasten above, bind below, unite from within, unify the outer, bring together the people.
Unite the many people and cultures that descend from far off lands and are now bound to this place that sustains us

He Kupu nā Te Tumu Whakarae Jo Miller Message from Chief Executive Jo Miller

This has been a challenging year for our city, our community and all of Aotearoa. There is no doubt that we will continue to work and live in an environment characterised by uncertainty and change for the foreseeable future. As a Council this means we need to be nimble and clearly focused on serving our community well. We must balance our books to ensure our long term financial sustainability and target resources to the job at hand – not only getting us through, but getting the basics right and, together with our community, making a secure and thriving future for all.

I started in the role of Chief Executive in July 2019 and was warmly welcomed with a Pōhiri at Waiwhetū Marae. I set about learning about our city and establishing relationships across the community, with other councils in the Wellington region and key central and local government stakeholders.

During the first six months of this financial year, Council made some significant steps towards new ways of engaging and working with our communities. The Voice of the Community Report was released on Naenae Pool and town centre. This project represents our undertaking to, and first steps towards, meaningfully engaging with our community and providing clear direction on what is important to residents.

The organisation's commitment to this "new way" is reflected in other areas of our work with our community and includes strengthening our relationship with mana whenua, creating a better way of progressing efforts to protect our indigenous biodiversity and addressing housing issues such as affordability, supply, quality and ownership. Transparent processes and putting more power in the hands of our community is reflected in ensuring that council briefings are open to the public and improving online access to Council papers and meetings.



Jo (right) with Naenae residents Davinia, Ora and Annette.

By the end of 2019 I signalled that a new leadership structure would be put in place to provide capability and capacity and better reflect our community. This team is now established with a broad range of portfolios with a modern focus and includes a new role of Kaitātari Tumuaki (Principal Māori Advisor). This role will help cement our relationship with mana whenua/Iwi and improve our understanding and connectedness with Māori views and aspirations.

Our response to COVID-19 dominated the second half of the year and now influences almost everything we do. Having a connected, resilient and inclusive city where all of our people thrive - Kia noho mai tēnei tāone hei pou herenga waka, hei pou herenga kaupapa, hei wāhi whai hua ki hōna iwi - became the emerging goal as we sought to keep our community safe and able to recover from the impact of COVID-19.

During lockdown we continued to provide essential services and made supporting our people and the business community our number one priority. We developed and implemented a COVID-19 Response Plan putting in place a number of initiatives to relieve financial pressure and stress on our community.

We worked hard to reduce the approved pre-COVID-19 rates rise by more than half to 3.8%, with the majority of the increase going directly into Three Waters infrastructure to redirect resource to where it was most needed, finding \$3million in savings with staff playing their part and accepting a pay freeze. As well as making savings we worked at speed to reconfigure services. We invested to save – our technology is outdated and if we are to take advantage of enabling staff to work remotely and our people to access services easily on line we must, and have, invested in this. COVID-19 gave us a glimpse of how being cut off from services for long periods of time can impact on people's wellbeing – technology can provide some of the answers.

In many ways our experiences meant we could change the way we worked and what we could offer our



community faster. Our work with the Hutt Valley Chamber of Commerce, for example, saw our events team redirected to support local businesses. The Love Local campaign was launched and an online resource hub was established along with a Facebook group for businesses to connect with one another. More than 20 livestreams from experts provided critical business advice during lockdown and this service will continue to be offered.

COVID-19 impacted financial performance for the year, mainly due to the closure of pools, libraries and museums. Despite this Council achieved a \$4.8 million improvement on the Annual Plan budgeted operating deficit of \$23.9 million. Capital investment of \$40.4 million was delivered across the Council group during the year. This included core infrastructure investment of \$11.8 million for Three Waters and \$8.3 million for transport related projects.

Operating deficits have been, and continue to be, forecast for the future. We are focused on returning a balanced

budget for our governors and our city. News of our continued high credit rating from Standard & Poor's was welcomed and provided independent backing that our financial strategy and outlook is strong. My thanks to the finance team for providing clear and timely advice.

At this time our values Manaakitanga – show you care, Te Hononga – be connected and Kia Kaha – have courage have never been more meaningful and more relevant.

Thank you to our staff for your service and dedication throughout the year.

Kia kōmiroa, kia whiria ngā weu kia ū, kia roa, kia pītongatonga ai te taura.

As we weave together new strands into our rope, we lengthen and strengthen the essence within.

Jo Miller, Tumu Whakarae | Chief Executive

Te Mate Korona - Tō Tātou Urupare COVID-19 - Our City Responds

EMERGENCY OPERATIONS CENTRE & WELFARE

DURING LOCKDOWN WE DELIVERED



600
HEATERS

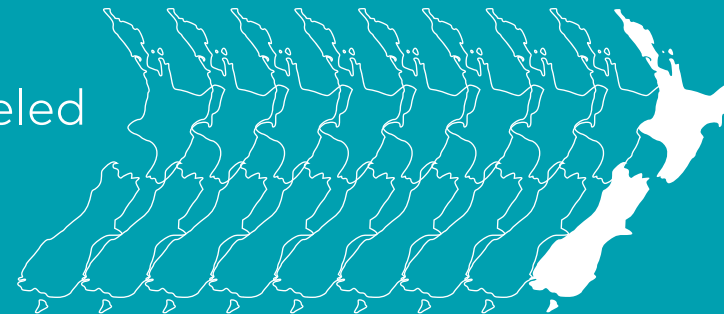


10,500
FOOD PARCELS



1,800 SANITATION PACKS

Our delivery vehicles traveled equal to **9X THE LENGTH OF NZ**



COVID-19 RESPONSE PLAN



OUR STAFF

32 supported **Hutt Emergency Operations Centre**

100 joined **Team Manaakitanga** making deliveries and supporting community



NO PARKING CHARGES



NO LIBRARY FINES

\$26K

GRANTED TO COMMUNITY GROUPS

\$8K

GRANTED TO SPORT AND RECREATION

696
MEMBERS

of the **Hutt Valley COVID-19 Business Support Group** Facebook group



Rang elderly members of the community to support MSD

RATES POSTPONEMENT POLICY

new and extended to businesses for the first time

504 New rates payment arrangements

Responded to **254** rates emails relating specifically to COVID-19

ESSENTIAL SERVICES

OVER LOCKDOWN WE MAINTAINED



water network



street cleaning



roading



rubbish & recycling



public toilets



GOING ONLINE

5

COUNCIL/
COMMITTEE
MEETINGS

held via Zoom
during lockdown

CREATED
VIRTUAL
CONTACT
CENTRE

90 HOUSEHOLDS

received free modems and affordable internet

85% OF STAFF WORKED
FROM HOME

LIBRARIES AND MUSEUMS



2X

eBook
downloads

4X

Video
streaming

155 NEW

online library memberships
processed

81,000 PEOPLE took part in online activities
from Libraries and Museums





**Te oranga i
tō tātou tāone
Wellbeing in our city**

The four wellbeings

The Local Government (Community Wellbeing) Amendment Act 2019 restored the four aspects of community wellbeing. The reintroduction of these wellbeings - social, economic, environmental and cultural - recognises the work local councils do to deliver wellbeing outcomes for their communities. It also explicitly acknowledges the broader role local councils have in fostering liveable communities rather than simply being providers of core services.

Te Awa Kairangi is a city of diverse cultures and communities with passionate people who have strengths and considerable energy, creativity, expertise and potential on which to build. The city also faces challenges with many in our communities experiencing poor health and wellbeing, poor educational attainment, higher unemployment, low incomes and higher vulnerability to crime.

We continue to work actively alongside and for our community to ensure that everyone has an opportunity to thrive socially, economically and culturally and live in an environment that is nurtured and life sustaining for future generations.



Oranga pāpori Social wellbeing



9,977

DOG REGISTRATIONS



76%

of households prepared for an emergency lasting 4-7 days



95% of dog attacks responded to in 30 minutes or less



97%

of residents feel safe in their local neighbourhood



Play in the Hutt nominated for Sports New Zealand Community Impact Award



ONE OF TWO COUNCILS with Beach Access Mats for disability accessibility





A safe community

Ensuring that our people are prepared for emergencies remains a key focus of Council and our regional partners. We work with our communities to make sure they have enough food and water for seven days. Three quarters of households report having sufficient provisions for at least four days.

Feeling safe when out and about is vital to people's sense of wellbeing. Nearly all residents feel safe during the day in their local neighbourhood (96%) and in our city centre (97%). The feeling of safety at night is not as strong with 81 percent feeling safe in their local area and only 68 percent feeling safe in our city centre.

Lower Hutt residents love their dogs and we have 10,000 of our canine friends living with us in our city. Our Animal

Services staff work in the community to teach families about safety around dogs, and respond to dog attacks quickly (95% in 30 minutes or less). Our rehoming programme for stray dogs is known nationally for its success rate.

Urban Plus Limited (UPL), have partnered with Hutt City Council and Wellington City Mission to support people into longer-term sustainable and permanent housing. At the end of 2019, UPL purchased the former Te Omanga Hospice site, Britannia House. Wellington City Mission is now managing Britannia House and providing safe, warm and secure transitional housing for people who are homeless. This partnership complements the implementation of the Homelessness Strategy, a city-wide partnership approach to reducing homelessness in Lower Hutt.

Healthy people

Participation in sport and recreation plays a key role in improving the physical and psychological wellbeing of our people.

Sport and recreation provides the catalyst for community gatherings, from small functions to major events, where people play, talk and share experiences. It has a positive effect at many levels of our society. Sport and recreation also contributes to lifelong learning. As an example, volunteers such as sports administrators, coaches and officials can develop new skills through training and professional development courses.

Most of our community report that they (97%) undertake 30 minutes of moderate exercise at least once a week and three quarters (75%) of residents are members of at least one sport or recreational club, gym or fitness centre, or social/work sports team.

95%

of residents do **30 minutes of exercise** once a week



75%

Residents who regularly **take part in a sport or physical activity**

Oranga ahurea Cultural wellbeing

Free concert -
Symphony in the Hutt

1,000

LOCALS ATTENDED



Epuni community empowerment and
growth project

\$100K

allocated over two year period



100

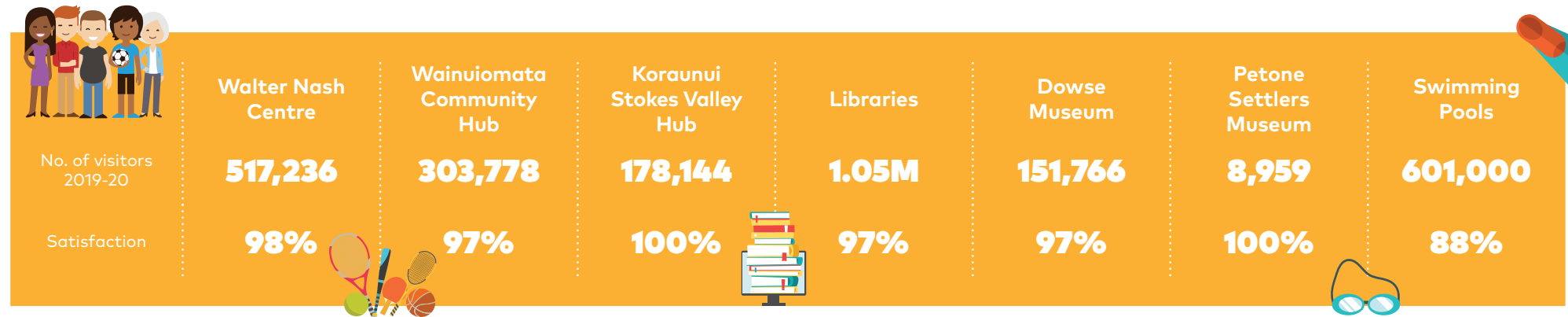


**BIKES TO LOW
DECILE SCHOOLS**

Actively engaged in community activities

Libraries support community learning, literacy and recreation. Our libraries are well placed to support the educational development of our young people, particularly in terms of access to technology. The educational role of museums lies at the core of their service to the public. Learning in museums can be both discovery-based, through interaction with exhibitions and displays in a leisure setting, and also structured, through targeted education activities. Museum experiences help to build a desire for life-long learning.

Our libraries, museums, swimming pools and community hubs provide opportunities for our community to participate in a number of arts, cultural, sports and other recreational and leisure activities. In the last year we had over one million visits to our libraries, just under a million visits to our community hubs, and 600,000 visits to our pools.



Strong and inclusive communities


A sense of self and identity is vital for personal wellbeing. We have started work in partnership with our community and Kāinga Ora to help bring a new community together in the 700 homes currently being built in Eponi. We have set aside \$100K for a project focused on community empowerment and growth, which will be led by a kaitiaki leadership group. This initiative will help identify local skills and give local people stronger voices and greater confidence to speak to the issues that matter to them the most.

Community partnerships enabled 100 brand new bikes to be given away to children, and a free community concert was held at the Walter Nash Stadium with one thousand locals attending.

Feeling good about where you live contributes to sense of wellbeing - 90% of residents feel a sense of pride in the way Lower Hutt looks and feels.



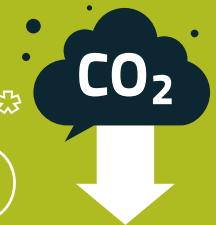
Oranga taiao Environmental wellbeing

13 
**ELECTRIC VEHICLES IN
COUNCIL'S FLEET**

 **98%**
Residents
satisfied with local
water supply

Greenhouse emissions
REDUCED BY

11% 



 **389L** water consumed per person each day

* City wide reduction 2001-2019.

A healthy natural environment

New Zealand has a goal to reach zero carbon emissions by 2050. Council has a role to play in achieving this objective, by making changes in its own operations and activities.

Council has agreed to *“scope the development of a plan to identify relevant objectives and prioritise community-focused actions in order to reduce city-wide greenhouse gas emissions, in line with the proposed New Zealand net Zero by 2050 target.”* To help achieve these goals and obligations we have: put energy and carbon reduction plans in place at our facilities; appointed a new energy advisor jointly funded by the Energy Efficiency & Conservation Authority; and updated our Council’s vehicle fleet with 13 fully electric vehicles.

Under the Emissions Trading Scheme we have been working to register forestry to earn carbon credits (which have a monetary value). Council owns a significant amount of land that either is already forested, or could be put into forest, and be eligible for carbon credits.

Our communities’ drinking water achieved full compliance with drinking water standards and 98 percent of residents were satisfied with our local water supply. As a city we do have some significant challenges though. Our consumption of drinking water per resident is 389 litres per day which is unsustainable. Having enough water for everyone in the future will rely on people using less water, more water-efficient appliances and better monitoring of water use and leakages.

To ensure the resilience of our water supply the Taitā Reservoir has been seismically strengthened to withstand a 1 in 2500 year earthquake, and the Kelson Grove stormwater main was renewed.



Oranga ohaoha Economic wellbeing



493

NEW HOMES

First Council to **include Homefit and Homestar certificates** in our LIMs



1,616
Building consents

Highest number in five years

135

Subdivision and development applications approved



SEAVIEW MARINA

31 more berths being created



\$258 MILLION

Funding for Melling Interchange approved



WAINUIOMATA SHARED PATH

HUTT

65,701
Pedestrians

27,081
Cyclists

since Oct 2018

WAINUIOMATA

116,166
Pedestrians

15,516
Cyclists

since Jul 2019



28KM OF SAFE ON-ROAD CYCLE TRAIL

Heartland ride through Wainuiomata approved (Grade 3-4 trail)





National Fastpitch Softball Tournament 
10 teams/3 days

Capital Football Age Grade Tournament 
400 attendees

10,623 businesses in Lower Hutt


A strong & diverse economy

COVID-19 was the big news in the last quarter of 2019 and, due to the COVID-19 level 3 and level 4 lockdown restrictions, our economy shrunk by 11% pa in the June 2020 quarter – the first time since 2014.

This resulted in a rise of 8.7% in the number of Jobseeker Support recipients to just over 4,336 in the June 2020 year – the highest since 2010, but lower than the 19% rise nationally.

The city is home to 10,623 businesses of which 10% (1053) are in the medium and high tech sector. In 2020, the Shop Naenae virtual marketplace was launched and twenty businesses have already listed. Our city is promoted through the HuttValleyNZ website. The launch of the refreshed website in March 2020 saw a 40% increase in the number of visitors.

A healthy and attractive built environment

Council is committed to working in partnership with others to build and deliver warm, safe and affordable homes to those Lower Hutt households in need, as well as addressing the overall housing shortage in the city. In the last year: 493 new homes were completed; 1,616 building consents were granted and 135 subdivision and development applications were approved. We became the first to include Homefit and Homestar certificates in our Land Information Memorandums (LIMs).

Housing shortage remains a critical issue with 4,382 emergency housing grants issued (up from 3,108 currently) and 584 households on the social housing register. Twelve percent of our residents live in overcrowded homes; this percentage is higher among our Māori and Pacific Communities – 22 percent and 33 percent respectively. We are taking a partnership approach to addressing homelessness and supporting people into longer-term sustainable and permanent housing.

District Plan Change 43 came into force in March 2020 and the additional housing provided through this will help address the city’s housing supply shortage. The Plan Change supports medium density residential areas close to transport, shopping, schools – this helps to address carbon emissions by reducing congestion on the roads.

Central government has agreed to fund the new Melling Interchange and this is due to be completed by 2026 at a cost of \$258 million. Council’s shovel ready funding application for building Naenae Pool and the Eastern Bays Shared Path was shortlisted and has since been approved. This success has substantially reduced the impact on ratepayers and has many other benefits including local employment opportunities on both projects.

Seaview Marina¹ is situated near Point Howard, and is Wellington’s newest and fastest developing marina. The marina was granted a 35 year Seabed Licence and

approved a contract for 31 more berths. This will help the marina grow into one of New Zealand’s premier businesses through further expansion and diversification of the marina facilities, maximising the financial returns achieved and the value added.

We had 92,782 pedestrians and cyclists on the Hutt side of the Wainuiomata Shared Path since it opened in October 2018, and 131,682 pedestrians and cyclists on the Wainuiomata side since installation in July 2019. The Heartland Ride through Wainuiomata was approved to start at the Ōrongorongo River car park and connect to the Hutt River Trail. It will create a safe 28km on-road grade 3-4 cycle trail.

¹ Seaview Marina is 100% owned by Hutt City Council and is a Council Controlled Trading Organisation (CCTO) as defined by the Local Government Act 2002 (LGA). Seaview Marina Limited (the Company) is responsible for the operation of the boating facilities and services, the maintenance of infrastructural assets and the development of additional facilities and services as demand dictates.

Whakarāpopoto Pūtea Our Finances at a Glance

Being accountable to ratepayers and residents for the management of our finances, both in the short term and the long term, is a key responsibility of Council. This section aims to provide a brief overview to understand our finances, and in particular, where we have spent the money that we have received and how we have invested in the future of our City.

The Council Group's Financial Strategy promotes the sustainable funding of services and is based on the key principles of:

- Affordability of rates;
- Delivering services effectively and efficiently;
- Achieving intergenerational equity by spreading the costs between both present and future ratepayers;
- Maintaining prudent debt levels; and
- Strengthening the Group's financial position.

These principles provide the foundation to drive towards sustainable financial management.

As at 30 June 2020, the Council Group's total assets were worth \$1.7 billion and included infrastructure assets, land and buildings, whilst total liabilities were lower at \$0.3 billion and included borrowings and payables to suppliers. During the 2019/20 year, the Group delivered capital investment for the year of \$40.4 million which comprised \$14 million to replace existing assets, \$23 million to improve the level of service and \$3 million to meet additional demand for service.

Council's 2019/20 Annual Plan projected income of \$173.5 million, operating expenditure of \$186.8 million and a net deficit of \$13.3 million. These budgets fund the wide range of services delivered by Council and also include the cost of asset maintenance. Council achieved income of \$169.7 million and operating expenditure of \$181.1 million with a net deficit of \$11.3 million for the year. This year end result excludes the unbudgeted loss on revaluation of financial instruments of \$10.1 million and the gain on property revaluations of \$69.0 million. The underlying net operating deficit for the year was \$19.1 million after adjusting for income received towards capital works of \$5.8 million and the gain on disposal of properties; this was an improved result compared to the budgeted Annual Plan net operating deficit of \$23.9 million.

The cost to run the city (based on total Group expenditure) is approximately **\$13.35 PER DAY** for each rateable unit (property that pays rates) or **\$4.90 PER DAY PER PERSON**

THESE COSTS PER YEAR ARE APPROXIMATELY:

\$14 million

to maintain over **18,000 hectares of parks and reserves** including bush reserves and trails, street trees and horticultural gardens, public spaces and neighbourhood parks, beaches and;

				
4	27	about 200	3	57
wharves	sportsgrounds	sports fields	cemeteries	playgrounds

around the city

\$36 million

to run **8** local libraries including the **central library and community hubs**, plus the **Dowse Museum, Petone Settlers Museum**



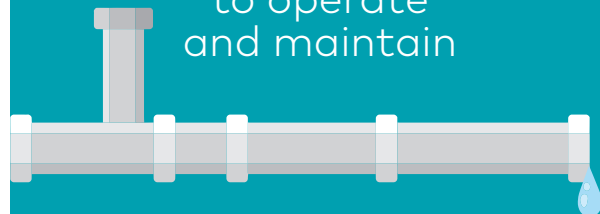
6 swimming pools



as well as various community halls and venues, and Community Facilities Development

\$52 million

to operate and maintain



711km of pipes for water	678km of pipes for wastewater	534km of pipes for storm water services
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\$31 million

to maintain more than **485km of road** and **683km of footpath**



\$23 million

for other costs including **City Development, Environment and Resilience, and Organisation**



\$13 million

for solid waste including **rubbish and recycling collection** and to **operate our landfills**



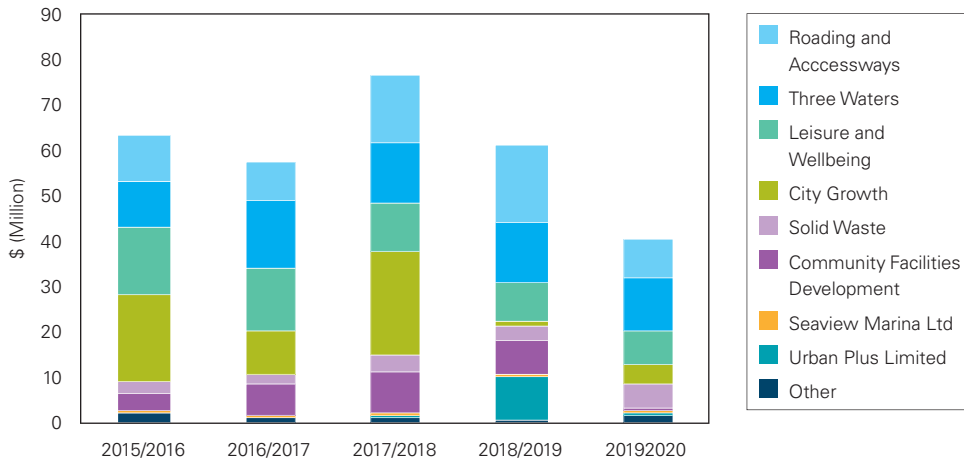
\$12 million

to carry out **resource and building consenting services** and **regulatory services**

Capital investment delivery

Continued investment in core infrastructure for the city was further progressed during the year with a focus on the vision for the city as a connected, resilient and inclusive city where all of our people thrive.

Group five year trend on capital spend (\$ million)



Key capital investments during 2019/20 included:

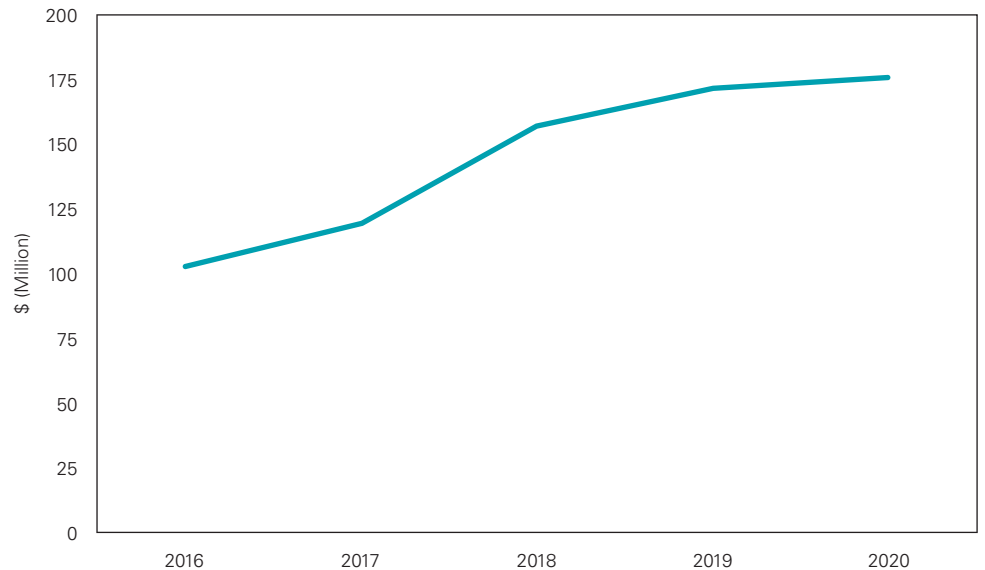
- \$11.8 million for Three Waters Infrastructure projects, including \$1.4 million reservoir upgrades, \$4 million for network upgrades and renewals, and \$2.8 million on wastewater asset development and replacement
- \$8.3 million for Transport projects including \$1.5 million on cycleways and shared pathway project
- \$5.1 million for Solid Waste including developments at our Silverstream Landfill site
- \$4.5 million for strategic property purchase and other costs in relation to the RiverLink project, and
- \$7.1 million for Leisure and Wellbeing projects (including \$2.3 million for pools, halls, libraries, and museums projects, \$2.3 million for wharves refurbishment and \$2.4 million for other parks and garden projects).

This investment has resulted in the value of our property, plant and equipment assets growing to \$1.56 billion. A further increase of \$77 million from the recent revaluation of significant asset classes brought the total value of these assets to \$1.64 billion.

Total Group assets equate to approx. \$43,100 per rateable unit or \$15,800 per person/resident

Borrowings

Council Net Debt (\$ million)



The Council's debt is primarily driven by investment in new assets with long lives. The benefits from this expenditure will be spread over time. Using debt financing means that costs will be shared with those people who will benefit from the assets in the future, including this generation and future generations.

Our debt and finances are managed in a prudent manner. This is a key reason why we have a strong credit rating of AA from Standard and Poor's – the highest in New Zealand apart from central government.

Over the last five years debt has increased due to investment across a range of important infrastructure and community assets, such as Three Waters investment, Rooding and Cycleways, Fraser Park Sportville, Huia Pools, Riddiford Gardens, Walter Nash Stadium, Stokes Valley Hub, the Council Administration Building and funding for the Development Stimulus Package.

To help pay for investment in 2019/20, Council net debt increased by \$4 million to \$175.8 million at June 2020 (Group net debt: \$192.7 million). This debt level was lower than planned largely as a result of delays in capital delivery largely due to the COVID-19 pandemic.

Net Group borrowings equate to approx. \$4,800 per rateable unit or \$1,800 per person/resident

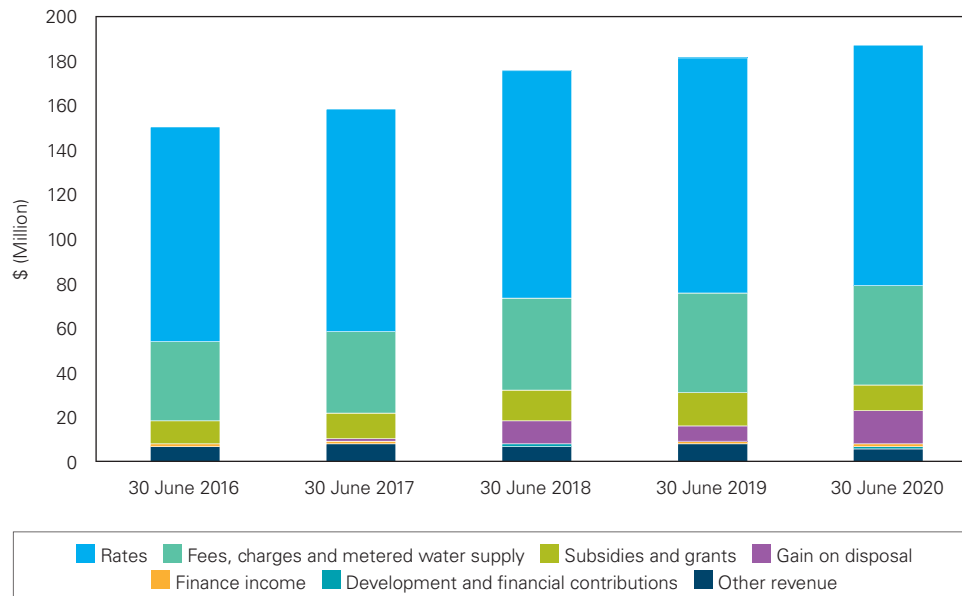
Financial operating performance

For the financial year 2019/20 the Group achieved a net deficit (before revaluation of financial instruments and property) of \$8.0 million. Including the revaluation of financial instruments, property and the performance of Council Controlled Organisations, the Group comprehensive result was a surplus of \$57.5 million.

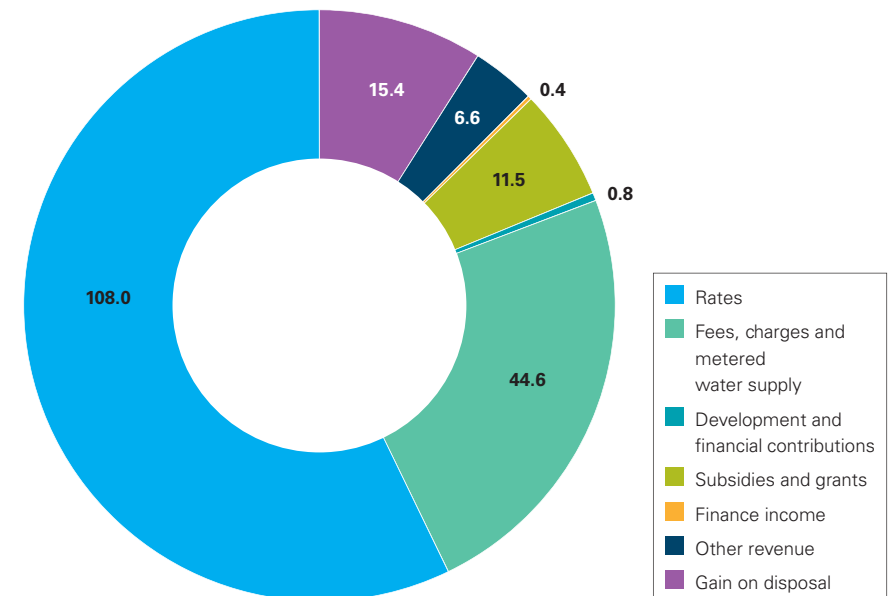
During the fourth quarter of 2019/20 New Zealand moved through the COVID-19 Alert levels emerging on 8 June to Alert level 1 where we stayed for the remainder of the quarter. Accordingly, Council's response to the COVID-19 pandemic dominated the quarter and impacted our performance on a number of fronts. Capital investment and asset maintenance programmes were unable to progress as planned and the enforced closure of facilities impacted on service delivery performance and reduced revenue levels in a number of areas. More detailed information on the impact of COVID-19 and other significant variances to budget can be located in note 31 and 34 of the financial statements in the full Annual Report.

Operating Revenue

Sources of Group revenue (\$ million) for the past five years



Sources of Group revenue (\$ million) for 2019/20 year



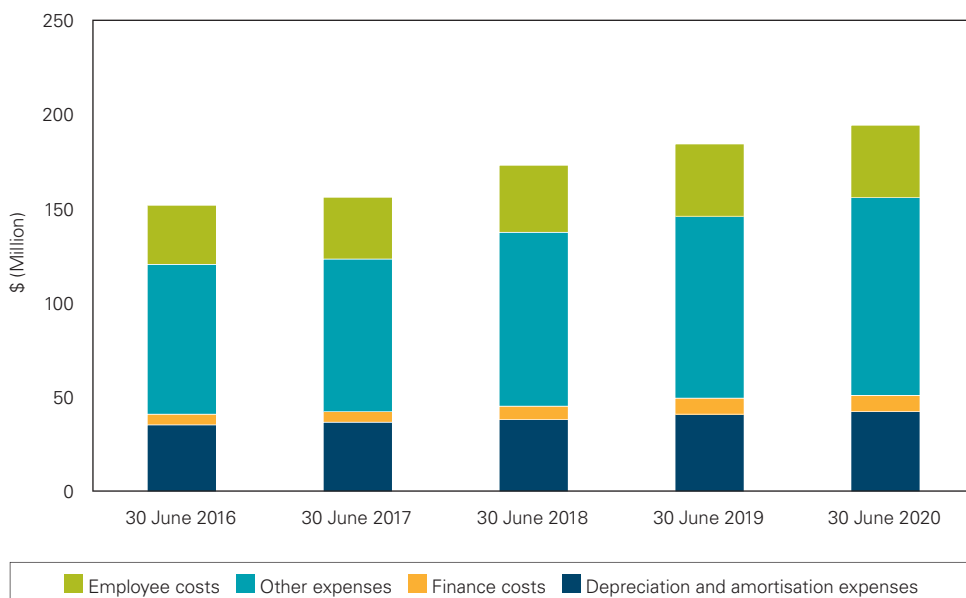
Total revenue was \$187.4 million. The level of revenue was lower than expected due to:

- \$1.7 million decreased user charges from community facilities (pools, libraries, museums) services and entry fees due to closures under COVID-19 level 3 and 4 restrictions,
- \$3.6 million decreased capital subsidies as a result of delays in completing planned road and cycleway projects,
- \$1.0 million decreased Development Contributions and Vested Assets due to fewer developments completed than expected.

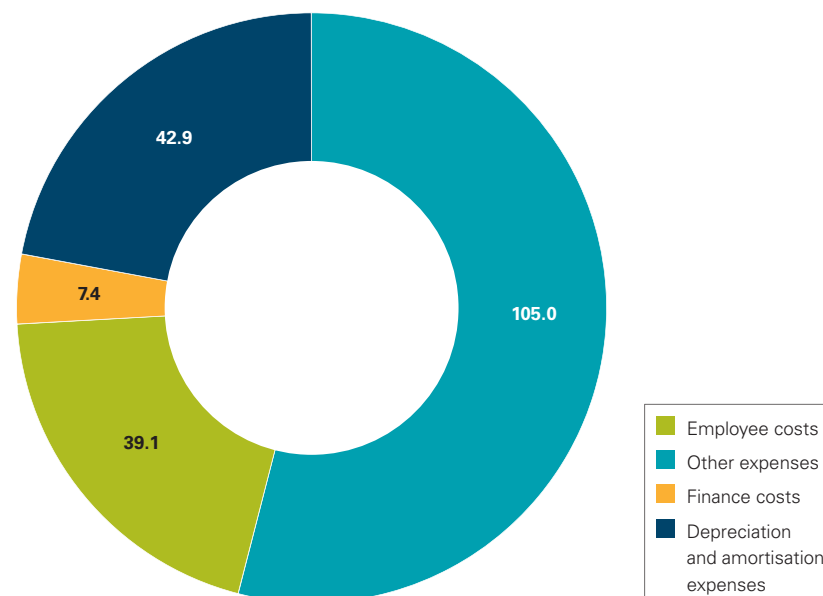
These are offset by a \$1.9 million gain on asset disposals.

Operating Expenditure

Group expenditure (\$ million) for the past five years



Group operating expenditure (\$ million) for the 2019/20 year



Total expenditure (excluding losses on the revaluation of financial instruments) for the Group was \$194.4 million. The level of expenditure was lower than expected due to:

- deferred costs of \$3 million for the Development Stimulus Package,
- decisions not to progress \$6.1 million of grants funding in 2019/20 to Hutt Valley Tennis, Hutt Valley Gym Sports and Sportsville Wainuiomata,
- decreased and deferred operating costs of \$1.4 million for Roads and Accessways,
- transferred costs of \$1.0 million for RiverLink from operating to capital,
- decreased finance costs of \$1.4 million due to lower than expected interest rates and borrowing levels.

This was offset by:

- increased costs of \$2.0 million associated with the operations of Three Water activities,
- increased costs of \$2.6 million in landfills due to extra volumes (\$2.2 million) and unbudgeted landfill aftercare provision (\$0.4 million),
- increased costs of \$1.8 million relating to Information Technology as a result of implementing technology as a service rather than as a capital investment.

Statement of Comprehensive Revenue and Expenses

For the year ending 30 June 2020

	Council		Group		
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Total revenue	169,739	173,515	172,645	187,351	180,938
Finance costs	(7,406)	(8,796)	(8,042)	(7,406)	(8,042)
Loss on revaluation of financial instruments	(10,147)	-	(11,557)	(10,147)	(11,557)
Other operating expenditures	(173,680)	(177,972)	(170,983)	(186,958)	(175,726)
Share of associate's surplus/(Deficit)	-	-	-	(40)	6
Surplus / (deficit) before tax	(21,494)	(13,253)	(17,937)	(17,199)	(14,381)
Income Tax expense	-	-	-	997	436
Surplus / (deficit) after tax	(21,494)	(13,253)	(17,937)	(18,196)	(14,817)
Gain/(losses) on property revaluations	68,961	-	-	76,687	4,031
Impairment gain/(losses) on revalued property	-	-	(9,358)	-	(9,358)
Deferred tax on revaluation	-	-	-	(1,039)	369
Total other comprehensive revenue and expenses	68,961	-	(9,358)	75,648	(4,958)
Total comprehensive revenue and expenses attributable to Hutt City Council	47,467	(13,253)	(27,295)	57,452	(19,774)

Net Equity

For the year ending 30 June 2020

	Council		Group		
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Equity at the beginning of the year	1,285,175	1,298,906	1,312,470	1,347,101	1,366,875
Total comprehensive income	47,467	(13,253)	(27,295)	57,452	(19,774)
Adjustment to deferred tax on transition to PBE accounting standards	-	-	-	-	-
Equity at the end of the year	1,332,642	1,285,653	1,285,175	1,404,553	1,347,101

Statement of Financial Position

For the year ending 30 June 2020

	Council		Group		
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Current assets	62,500	43,680	29,281	75,051	37,693
Non-current assets	1,580,912	1,523,203	1,514,927	1,643,151	1,570,044
Total assets	1,643,412	1,566,883	1,544,208	1,718,202	1,607,737
Current liabilities	77,120	76,464	30,215	77,799	31,688
Non-current liabilities	233,650	204,766	228,818	235,850	228,948
Total liabilities	310,770	281,230	259,033	313,649	260,636
Net assets	1,332,642	1,285,653	1,285,175	1,404,553	1,347,101
Total equity	1,332,642	1,285,653	1,285,175	1,404,553	1,347,101

Statement of Cash Flows

For the year ending 30 June 2020

	Council		Group		
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Net cash flow from operating activities	27,254	26,430	27,231	15,975	21,536
Net cash flow from investing activities	(48,698)	(51,180)	(32,881)	(36,487)	(36,596)
Net cash flow from financing activities	37,000	24,750	11,961	37,000	11,961
Net cash flow for the year	15,556	-	6,311	16,489	(3,099)

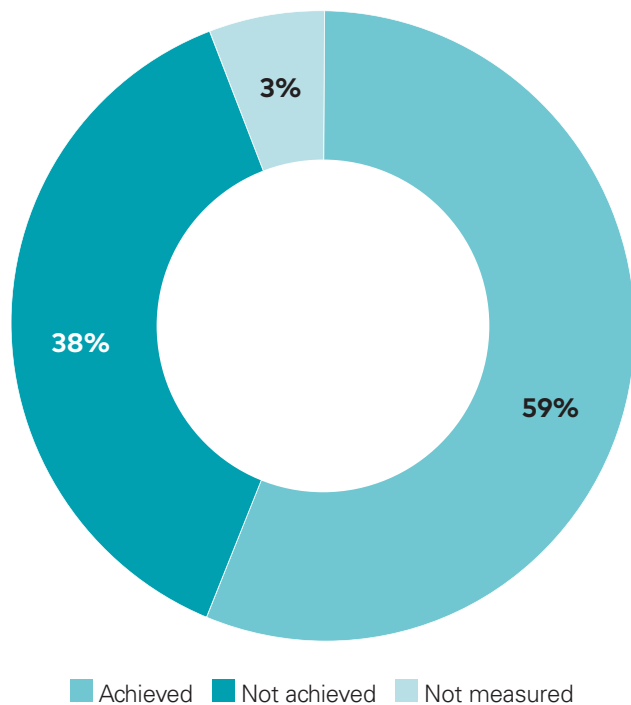
Group Results at a Glance

	2020 \$M	2019 \$M	2018 \$M	2017 \$M	2016 \$M
Net surplus / (deficit)	(18.2)	(14.8)	-	7.0	(10.5)
Total assets	1,718.2	1,607.7	1,611.6	1,488.4	1,450.4
Total liabilities	313.6	260.6	244.7	196.0	171.0
Total equity	1,404.6	1,347.1	1,366.9	1,292.4	1,279.3

Whakarāpopoto Tātaritanga

Our Performance at a Glance

Overall Performance Targets Summary



Overall Key Performance Targets by Activity Area



Customer Research

Providing the best local government services is a key priority for Council. To achieve this we need to know how satisfied our customers are, how we can do better and what is most important to our customers so we can prioritise and deliver better value for the community.

COVID-19 impact on performance

On 21 March 2020 the Government introduced a 4-tiered Alert Level system in response to COVID-19 and New Zealand immediately moved to Alert Level 2. Later that day Hutt City Council announced that facilities like libraries, swimming pools, community hubs, museums, sports facilities, and community centres would be closed from Sunday 22 March. Council's main offices on Laings Road remained open to the public until the country went into lockdown on 26 March and 85% of staff were set up to work from home. Our contact centre became virtual and meetings, including Council meetings, were held via Zoom.

During Alert Levels 3 and 4 Council continued to provide essential services including rubbish collection, maintaining roads and ensuring the water network continued to function (through our CCO Wellington Water Ltd). When the country moved to Alert Level 2 on 13 May most Hutt City Council services and facilities reopened with some restrictions.

The closure of facilities adversely impacted the annual number of visitors to our facilities and the volume of some services such as building consents and inspections. Those services and facilities whose performance was affected by the various Alert Level lockdown periods have had this noted against the relevant measures.



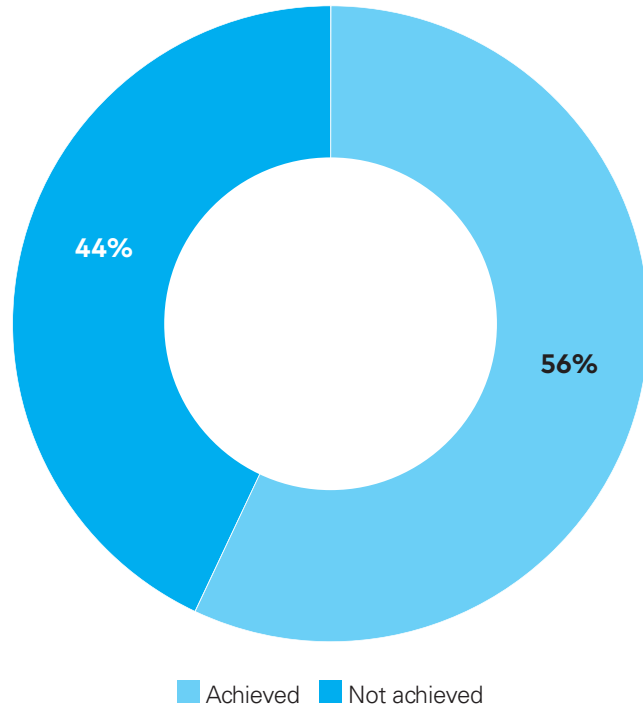




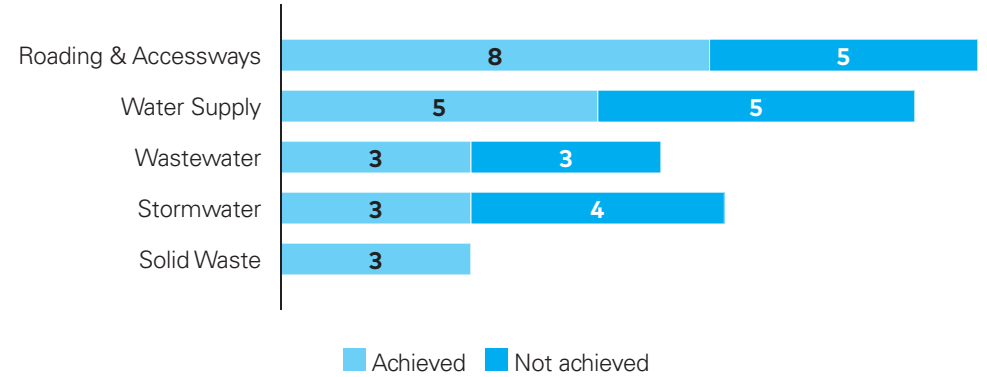
Pou Tarāwaho Infrastructure

Infrastructure performance

Infrastructure: Performance targets summary



Infrastructure: Key performance targets by activity area



Roading and accessways

What we do

Our Roading and Accessways activity includes:

- the professional and technical work involved in managing the city's roading network
- the improvement and day-to-day operation and maintenance of footpaths, road pavement/ reconstruction/upgrades, traffic signals, signs, street lighting, parking services, bridge maintenance and various road safety activities.

We support this work through policy development, forward planning, road safety coordination and various quality and safety management systems.

Why we do it

Having the road corridor in public ownership ensures that all our residents have appropriate access to property and freedom of travel throughout Lower Hutt. We provide sealed roads, footpaths and streetlights so that motor vehicles, bicycles and pedestrians can travel efficiently and safely.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Residents' satisfaction with:							Key Research
• street lighting	≥ 81%	81%	90%	84%	87%	✓	
• roads and gutters being free of litter	≥ 72%	72%	87%	81%	82%	✓	
• city free of graffiti	≥ 91%	91%	90%	91%	89% ¹	✗	
• traffic control	≥ 80%	80%	89%	87%	88%	✓	
• footpaths	≥ 82%	82%	84%	83%	83%	✓	
• roads	≥ 92%	92%	90%	92%	91% ²	✗	
• parking in and around Hutt City	≥ 65%	65%	77%	75%	76%	✓	
'Road Condition Index', which measures the condition of the road surface ^{3,4}	Hold or improve (lower) rating	1.5	1.4	1.6	3.2	✗	Data from the Road Assessment and Maintenance Management System (RAMM)
The average quality of ride on a sealed local road network, measured by smooth travel exposure ⁵	Hold or improve rating	81%	78%	81%	81%	✓	Data from RAMM
The change from previous financial year in number of injury and fatal crashes on the local road network expressed as a number ⁶	Contributes to lower overall injury & fatal crash stats	139	190	174	184	✗	Data from NZTA
Response to service requests – percentage of customer service requests relating to roads and footpaths which are responded to within the timeframe specified in the Long Term Plan	> 94%	93%	99%	97%	95%	✓	Confirm
Percentage of sealed local road network that is resurfaced	8% ⁷ (long-term target)	5.9%	3.6%	4.7%	3.5%	✗	Resurfacing programme records
Percentage of footpaths that fall within the service standard for footpath condition	>98%	98%	97%	99%	98%	✓	Data from RAMM

Notes:

1. There were no comments from residents relating to graffiti
2. Residents' comments on urban roads referred to: a need for maintenance; too many potholes and repair of them not lasting, and; roads not wide enough.
3. A lower number indicates an improved rating
4. On NZTA advice we have changed the way we measure this KPI. We now measure the whole network each year, rather than half of it, and measure the whole of each road rather than the first 50m of each road. This explains the changed result in 2019-20 which will now be the basis of future performance measurement.
5. A higher percentage indicates an improved rating
6. Data relates to previous calendar year, not financial year
7. The 8% target reflects the 12 year average life of a road in New Zealand. However, resurfacing is undertaken on an 'as needed' basis. Roads in Lower Hutt are, apart from SH2, lower use roads and need resurfacing less frequently than the national average.

Roads and accessways: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	20,622	19,724	19,673	21,969	21,648
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	3,958	4,240	4,102	4,162	4,279
Fees and charges	5,217	4,805	5,321	4,846	4,310
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	968	1,761	987	987	1,034
Total operating funding (A)	30,765	30,530	30,083	31,964	31,271
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	14,149	13,820	13,964	14,516	13,373
Finance costs	1,715	1,440	1,801	1,700	1,366
Internal charges and overheads applied	2,729	2,729	2,779	2,796	2,796
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	18,593	17,989	18,544	19,012	17,535
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	12,172	12,541	11,539	12,952	13,736
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	10,775	8,089	4,542	8,067	4,395
Development and financial contributions	70	-	96	212	-
Increase (decrease) in debt	865	(3,889)	(6,240)	(2,651)	(9,760)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	11,710	4,200	(1,602)	5,628	(5,365)
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	17,445	11,281	2,880	10,610	2,882
- to replace existing assets	6,437	5,460	7,057	7,970	5,489
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	23,882	16,741	9,937	18,580	8,371
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(12,172)	(12,541)	(11,539)	(12,952)	(13,736)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

Roads and accessways: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	5,217	4,805	5,321	4,846	4,310	(536)
Operating Subsidies & Grants	3,958	4,240	4,102	4,162	4,279	117
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	10,775	8,089	4,542	8,067	4,395	(3,672)
Development Contributions	70	-	96	212	-	(212)
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	110	110
Vested Assets	500	1,205	510	510	312	(198)
Other Revenue	468	556	477	477	612	135
Total Revenue	20,988	18,895	15,048	18,274	14,018	(4,256)
EXPENDITURE						
Employee Costs	1,644	1,683	1,677	1,733	1,945	(212)
Operating Costs	12,505	12,137	12,287	12,783	11,428	1,355
Support Costs	2,729	2,729	2,779	2,796	2,796	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	1,715	1,440	1,801	1,700	1,366	334
Depreciation	12,172	12,541	11,539	12,952	13,736	(784)
Total Expenditure	30,765	30,530	30,083	31,964	31,271	693
DEFICIT BEFORE TAX	(9,777)	(11,635)	(15,035)	(13,690)	(17,253)	(3,563)
TOTAL CAPITAL EXPENDITURE	23,882	16,741	9,937	18,580	8,371	10,209
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(9,777)	(11,635)	(15,035)	(13,690)	(17,253)	(3,563)
Add Capital Contributions	(10,845)	(8,089)	(4,638)	(8,279)	(4,395)	3,884
Total Rates Funding Requirement	(20,622)	(19,724)	(19,673)	(21,969)	(21,648)	321
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	(17,445)	(11,281)	(2,880)	(10,610)	(2,882)	7,728
Capital To Replace Existing Assets	(6,437)	(5,460)	(7,057)	(7,970)	(5,489)	2,481
Less Capital Contributions	10,845	8,089	4,638	8,279	4,395	(3,884)
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	12,172	12,541	11,539	12,952	13,736	784
Total Loan Funding Requirement	(865)	3,889	6,240	2,651	9,760	7,109
TOTAL FUNDING REQUIREMENT	(21,487)	(15,835)	(13,433)	(19,318)	(11,888)	7,430

Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
Rapid Response Anti-Graffiti Service	223	216	7
Safety Initiatives	20	13	7

Significant operating variations from Annual Plan

Revenue is under budget partly due to reduced user charges from parking revenue as a result of COVID-19 and also due to reduced capital subsidies as a result of delays in capital projects some as a result of COVID-19. Development contributions and vested assets have not been realised this year. Operating subsidies and grants are above budget due to NZTA now providing subsidies on footpath maintenance. Other revenue is also higher than budget.

Total expenditure is under budget mainly due to lower operating road maintenance costs which have been carried over to 2020/21. Finance costs are under budget due to delays in capital spend and lower interest rates. These are offset by higher employee costs due to extra resourcing and higher depreciation costs mainly due to the recent asset revaluation.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Acessibility & Footpaths	50	4	46
Broadband Ducting	21	-	21
Cross Valley Link - Investigation/Design	870	(37)	907
Cycleway/Shared Path Beltway	2,780	747	2,033
Cycleway/Shared Path Eastern Bays	5,110	309	4,801
Local Area Traffic Management	140	5	135
LED Streetlighting	-	1,000	(1,000)
Land Purchase For Roads	10	4	6
Cycleway/Shared Path Wainuiomata Hill	-	553	(553)
Port Road Erosion Mitigation	-	2	(2)
Pedestrian Crossings - New	53	-	53
Reconstruction Improvements	80	-	80
Substandard Roads Upgrade	910	112	798
School Speed Zone Programme	60	51	9
Traffic Safety Improvements	451	90	361
Wheelchair-Friendly Footpath Routes	75	43	32
CAPITAL TO REPLACE EXISTING ASSETS			
Area Wide Pavement Treatment	2,250	2,010	240
Carpark Resurfacing	67	20	47
Corrosion Protection - Port Road And Seaview Road Bridges	250	-	250
Footpath Resurfacing And Replacement	205	198	7
Pavement Surfacing	2,500	2,645	(145)
Minor Safety Works	51	9	42
Minor Road And Footpath Construction	74	56	18
Pedestrian Crossing Maintenance	31	1	30
Road Reconstruction	407	7	400
Streetlight Lantern Replacement Programme	200	-	200
Streetlight Standard Replacement	250	-	250
Street Name Sign Replacement	20	-	20
Traffic Signal Replacement	80	27	53
Wainuiomata Hill Road Safety Seal	1,585	517	1,068

Significant capital variations from Annual Plan

Capital is significantly underspent mainly as a result of delays in capital projects, some as a result of COVID-19. Most of the unspent budgets have been carried over to enable these projects to be completed in 2020/21 or later years and these include: Aecessibility and Footpaths, Cross Valley Link - Investigation/Design, Cycleway/Shared Path Beltway, Cycleway/Shared Path Eastern Bays, Local Area Traffic Management, Pedestrian Crossings - New, Reconstruction Improvements, Substandard Roads Upgrade, School Speed Zone Programme, Traffic Safety Improvements, Wheelchair-Friendly Footpath Routes, Area Wide Pavement Treatment, Carpark Resurfacing, Pavement Surfacing, Minor Safety Works, Pedestrian Crossing Maintenance, Road Reconstruction, Street Name Sign Replacement, Traffic Signal Replacement, and Wainuiomata Hill Road Safety Seal. The LED Streetlighting project was unbudgeted which was carried out due to availability of an 85% subsidy by NZTA and was offset by underspends on the Street Lantern Replacement Programme and Street Standard Replacement projects.

Water supply

What we do

We provide a sustainable and high-quality water supply to our community for domestic and commercial use. We buy bulk water from Greater Wellington Regional Council (GWRC), then distribute it to the community through our water supply network. We regularly monitor the water quality and plan for the city's future water supply, including any maintenance and upgrades needed to maintain the required service.

Water quality issues, and security of the water supply, have been a major focus of Wellington Water Ltd (acting on behalf of all the Territorial Authorities in the Wellington metropolitan area), both in advance of, and in response to, the Havelock North incident and subsequent enquiry.

The major outcome of that focus and associated work has been a recognition that water from the Waiwhetu Aquifer, previously untreated, could no longer be deemed to be a secure supply, and as a consequence, water from that source is now both chlorinated and UV treated.

Why we do it

In supplying high-quality, affordable water, we contribute to:

- our community's health
- community safety (through the water supply system's fire-fighting capability)
- industrial and residential development.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Residents' satisfaction with the city water supply	≥ 95%	97%	94%	95%	98%	✓	Key Research
Drinking water supply complies with part 4 of the drinking-water standards (bacteria compliance criteria)	Full compliance	Achieved full compliance	Achieved full compliance	Achieved full compliance	Achieved full compliance	✓	Potable Water Testing Contract Reports
Drinking water supply complies with part 5 of the drinking-water standards (protozoal compliance criteria)	Full compliance	Achieved full compliance	Achieved full compliance	Achieved full compliance	Achieved full compliance	✓	Potable Water Testing Contract Reports
Number of complaints for drinking water per 1000 connections ¹ <ul style="list-style-type: none"> • clarity • taste • odour • pressure or flow • continuity of supply • responsiveness to issues 	< 20 per 1000 connections	12	16	14	13 ²	✓	Wellington Water SLA Spreadsheet

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured ¹ :							
• attendance for urgent callouts	≤ 60 minutes	45 minutes	38 minutes	38 minutes	99 minutes ³	✘	Operations and Maintenance Contract Monthly
• resolution of urgent callouts	≤ 4 hours	3.4 hours	2.9 hours	3.2 hours	7.5 hours ⁴	✘	
• attendance for non-urgent callouts	≤ 36 hours	42 hours	48 hours	77 hours	113 hours ³	✘	
• resolution of non-urgent callouts	≤ 15 days	1.93 days	2.70 days	4.10 days	13 days ⁴	✔	
Average drinking water consumption per resident per day	345 litres per day	352 l/p/d	378 l/p/d	376 l/p/d	389 l/p/d ⁵	✘	Wellington Water SLA Spreadsheet
Percentage of real water loss from networked reticulation system ¹	≤ 18%	22%	24%	20%	19% ⁶	✘	Wellington Water SLA Spreadsheet

Notes:

1. During the year, issues were identified in relation to the systems and processes that WWL use to record information that supports performance measures. Refer to disclosure on page 100 for further information. WWL is working on improving the maturity of its performance management and reporting systems. It has identified opportunities for improvement, particularly its ability to independently verify results, document processes, collect data and the way it manages and maintains data quality.
2. Customer complaints reported through councils and the Palmerston North City Council (PNCC) after hours contact centre were under reported. Wellington Water will work with councils and PNCC to review and improve complaint reporting procedures
3. Wellington Water records for attendance were insufficient to enable results to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of WWL vehicles to addresses in the service request records. Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework.
4. Wellington Water could not independently verify fault resolution response times. The proposed method of corroborating the data by matching timesheets to job sheets did not support sufficient data being available or able to be matched. Going forward internal WWL system and or manual controls will be built into the service request workflow to enable results to be certified.
5. Wellington Water has completed a study as part of our sustainable water supply work looking at options to improve the assessment of domestic consumption, and therefore improve the quantification and management of leakage. Year-end consumption for HCC is tracking above target. This may be in part due to leak repair backlog this financial year
6. The Wellington Water ability to report water loss is impacted by low meter coverage. In the absence of meters across the Wellington Region Wellington Water will continue to apply the current "Benchloss approach" methodology to calculate water loss. For Hutt City Council the regional result (19%) rather than council specific results are reported with a 95% confidence interval of between 7% and 32%. Reporting this result is more accurate as a regional percentage until more data is available to support this measure at a council level.

Water supply: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	-	316	-	-	1,027
Targeted rates	14,651	14,655	15,115	15,973	15,983
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	3,135	3,142	3,198	3,198	3,282
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	114	162	116	116	135
Total operating funding (A)	17,900	18,275	18,429	19,287	20,427
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	12,785	13,255	13,239	14,003	15,250
Finance costs	582	488	632	565	454
Internal charges and overheads applied	473	473	479	493	493
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	13,840	14,216	14,350	15,061	16,197
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	4,060	4,059	4,079	4,226	4,230
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	35	6	69	106	9
Increase (decrease) in debt	773	1,109	(372)	(330)	(81)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	808	1,115	(303)	(224)	(72)
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	639	245	448	439	416
- to improve level of service	3,197	3,492	1,390	1,663	1,520
- to replace existing assets	1,032	1,437	1,938	1,900	2,222
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	4,868	5,174	3,776	4,002	4,158
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(4,060)	(4,059)	(4,079)	(4,226)	(4,230)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

Water supply: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	3,135	3,142	3,198	3,198	3,282	84
Operating Subsidies & Grants	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	35	6	69	106	9	(97)
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Vested Assets	114	162	116	116	135	19
Other Revenue	-	-	-	-	-	-
Total Revenue	3,284	3,310	3,383	3,420	3,426	6
EXPENDITURE						
Employee Costs	-	-	-	-	-	-
Operating Costs	12,785	13,255	13,239	14,003	15,250	(1,247)
Support Costs	473	473	479	493	493	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	582	488	632	565	454	111
Depreciation	4,060	4,059	4,079	4,226	4,230	(4)
Total Expenditure	17,900	18,275	18,429	19,287	20,427	(1,140)
DEFICIT BEFORE TAX	(14,616)	(14,965)	(15,046)	(15,867)	(17,001)	(1,134)
TOTAL CAPITAL EXPENDITURE	4,868	5,174	3,776	4,002	4,158	(156)
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(14,616)	(14,965)	(15,046)	(15,867)	(17,001)	(1,134)
Add Capital Contributions	(35)	(6)	(69)	(106)	(9)	97
Total Rates Funding Requirement	(14,651)	(14,971)	(15,115)	(15,973)	(17,010)	(1,037)
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	(639)	(245)	(448)	(439)	(416)	23
Capital To Improve Level Of Service	(3,197)	(3,492)	(1,390)	(1,663)	(1,520)	143
Capital To Replace Existing Assets	(1,032)	(1,437)	(1,938)	(1,900)	(2,222)	(322)
Less Capital Contributions	35	6	69	106	9	(97)
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	4,060	4,059	4,079	4,226	4,230	4
Total Loan Funding Requirement	(773)	(1,109)	372	330	81	(249)
TOTAL FUNDING REQUIREMENT	(15,424)	(16,080)	(14,743)	(15,643)	(16,929)	(1,286)

Operating projects

There were no operating projects separately budgeted for the year.

Significant operating variations from Annual Plan

Revenue is under budget due to the expected development contributions not being received but partly offset by an increase in revenue from metered water.

Expenditure is over budget mainly due to an increase in costs to provide resources to manage a large backlog and increase in leaks throughout the network. There was also unbudgeted costs to manage risks to maintain essential services during the COVID-19 restrictions and additional costs for working safely within the legal road.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO MEET ADDITIONAL DEMAND			
Reservoir Upgrades	439	416	23
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Data Collection Water Supply	40	5	35
Holborn Booster Pump	300	-	300
Reservoir Upgrades	1,023	970	53
Stokes Valley Road -Main /Rider/Services Renewals Stage 2	-	1	(1)
Water Resilience	300	545	(245)
CAPITAL TO REPLACE EXISTING ASSETS			
Distribution Pipe Model Development	50	176	(126)
Reactive Network Renewals	150	338	(188)
Reactive Pump Station Renewals	50	-	50
Reactive Reservoir Renewals	50	73	(23)
Control Systems Renewals	105	119	(14)
Network Renewals Water Supply	1,495	1,516	(21)

Significant capital variations from Annual Plan

Capital is slightly over budget largely due to overspends in Water Resilience, Reactive Network Renewals (Pharazyn Pump Station & Cleland Crescent Watermain), and Distribution Pipe Model Development, offset by an underspend in the Holborn Booster Pump project which has been carried over to 2020/21. The “Additional Demand” projects reflect a portion of costs mainly for “Improvement” projects that are to cater for additional demand.

There was no material impact on capital as a result of COVID-19.



Wastewater

What we do

We provide a pipe network that takes household and commercial effluent to the Seaview Wastewater Treatment Plant, which treats it to public health and environmental standards. Opened in November 2001, the resource consents under which the treatment plant now operates ensure that all relevant standards are adhered to, and that full compliance with the Resource Management Act 1991 is achieved. The Plant's operation has led to a significant improvement in the environment. We regularly undertake maintenance and upgrades to maintain the required service levels.

Why we do it

By collecting, treating and disposing of wastewater, we provide a service to residents and businesses that supports development in the city and protects the physical environment and our community's health.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Residents' satisfaction with the city wastewater service	≥ 95%	96%	95%	94%	94% ¹	✘	Key Research
Dry weather wastewater overflows per 1000 connections ¹	0 per 1000 connections	0.05	0.05	0.49	4.2 ²	✘	Wellington Water SLA
Number of complaints per 1000 connections ¹ <ul style="list-style-type: none"> wastewater odour wastewater system faults wastewater system blockages responsiveness to wastewater system issues 	≤ 30 per 1000 connections	25	23	22	19 ³	✓	Wellington Water SLA
Where the territorial authority attends to sewage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured ¹ : <ul style="list-style-type: none"> attendance time resolution time 	<ul style="list-style-type: none"> ≤ 60 minutes ≤ 6 hours 	<ul style="list-style-type: none"> 35 minutes 2.5 hours 	<ul style="list-style-type: none"> 35 minutes 2.6 hours 	<ul style="list-style-type: none"> 37 minutes 2.8 hours 	<ul style="list-style-type: none"> 86 minutes⁴ 3.8 hours⁵ 	<ul style="list-style-type: none"> ✘ ✓ 	Wellington Water SLA
Compliance with resource consents for discharges from wastewater system <ul style="list-style-type: none"> number of abatement notices number of infringement notices number of enforcement orders number of convictions 	Nil (No enforcement action)	Achieved: Nil	Achieved: Nil	Achieved: Nil	Achieved: Nil	✓	Compliance Reports from GWRC

Notes:

- During the year, issues were identified in relation to the systems and processes that WWL use to record information that supports performance measures. Refer to disclosure on page 100 for further information. WWL is working on improving the maturity of its performance management and reporting systems. It has identified opportunities for improvement, particularly its ability to independently verify results, document processes, collect data and the way it manages and maintains data quality.
- The original methodology Wellington Water applied to generate results did not follow DIA guidelines. A methodology that does meet these guidelines has now been implemented and Wellington Water is confident the numbers reported using this new methodology fairly represent the number of overflow events.
- Customer complaints reported through councils and the Palmerston North City Council (PNCC) after hours contact centre were under reported. Wellington Water will work with councils and PNCC to review and improve complaint reporting procedures.
- Wellington Water records for attendance were insufficient to enable results to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of WWL vehicles to addresses in the service request records. Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework.
- Wellington Water could not independently verify fault resolution response times. The proposed method of corroborating the data by matching timesheets to job sheets did not support sufficient data being available or able to be matched. Going forward internal WWL systems and or manual controls will be built into the service request workflow to enable results to be certified.

Wastewater: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	-	(168)	-	-	543
Targeted rates	17,784	17,782	18,063	18,213	18,260
Subsidies and grants for operating purposes	2,518	2,346	2,568	2,545	2,397
Fees and charges	1,037	1,084	1,057	1,057	1,200
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	114	652	116	116	124
Total operating funding (A)	21,453	21,696	21,804	21,931	22,524
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	12,036	12,273	12,288	12,190	12,767
Finance costs	763	641	831	756	608
Internal charges and overheads applied	971	971	986	1,000	1,000
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	13,770	13,885	14,105	13,946	14,375
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	7,683	7,811	7,699	7,985	8,149
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	2,187	1,500	958	1,619	1,046
Development and financial contributions	406	596	838	1,233	819
Increase (decrease) in debt	(1,535)	(3,008)	(3,341)	(2,535)	(4,581)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	1,058	(912)	(1,545)	317	(2,716)
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	4,850	3,507	2,303	3,849	2,496
- to improve level of service	1,879	1,111	603	1,220	615
- to replace existing assets	2,012	2,281	3,248	3,233	2,322
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	8,741	6,899	6,154	8,302	5,433
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(7,683)	(7,811)	(7,699)	(7,985)	(8,149)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-



Wastewater: Statement of comprehensive revenue and expenses

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	1,037	1,084	1,057	1,057	1,200	143
Operating Subsidies & Grants	-	-	-	-	-	-
UHCC Operating Subsidy	2,518	2,346	2,568	2,545	2,397	(148)
Capital Subsidies	-	-	-	-	-	-
Development Contributions	406	596	838	1,233	819	(414)
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	233	-	-	(4)	(4)
Vested Assets	114	419	116	116	128	12
Other Revenue	-	-	-	-	-	-
Total Revenue	4,075	4,678	4,579	4,951	4,540	(411)
EXPENDITURE						
Employee Costs	-	-	-	-	-	-
Operating Costs	12,036	12,273	12,288	12,190	12,767	(577)
Support Costs	971	971	986	1,000	1,000	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	763	641	831	756	608	148
Depreciation	7,683	7,811	7,699	7,985	8,149	(164)
Total Expenditure	21,453	21,696	21,804	21,931	22,524	(593)
DEFICIT BEFORE TAX	(17,378)	(17,018)	(17,225)	(16,980)	(17,984)	(1,004)
TOTAL CAPITAL EXPENDITURE						
	8,741	6,899	6,154	8,302	5,433	2,869
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(17,378)	(17,018)	(17,225)	(16,980)	(17,984)	(1,004)
Add Capital Contributions	(406)	(596)	(838)	(1,233)	(819)	414
Total Rates Funding Requirement	(17,784)	(17,614)	(18,063)	(18,213)	(18,803)	(590)
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	(4,850)	(3,507)	(2,303)	(3,849)	(2,496)	1,353
Capital To Improve Level Of Service	(1,879)	(1,111)	(603)	(1,220)	(615)	605
Capital To Replace Existing Assets	(2,012)	(2,281)	(3,248)	(3,233)	(2,322)	911
Less Capital Contributions	406	596	838	1,233	819	(414)
Less UHCC Capital Contributions	2,187	1,500	958	1,619	1,046	(573)
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	7,683	7,811	7,699	7,985	8,149	164
Total Loan Funding Requirement	1,535	3,008	3,341	2,535	4,581	2,046
TOTAL FUNDING REQUIREMENT	(16,249)	(14,606)	(14,722)	(15,678)	(14,222)	1,456

Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
Wastewater Flow Management Wainuiomata	90	71	19
Rising Main Vulnerability Assessment	130	-	130

Significant operating variations from Annual Plan

Revenue is under budget mainly due to expected Development Contributions not being received.

Expenditure is higher than budget mainly due to increased costs for maintenance and to manage risks to maintain essential services during the COVID-19 restrictions.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO MEET ADDITIONAL DEMAND			
Trunk Type B Asset Development	655	511	144
Trunk DBO Type B Network Development	309	244	65
Trunk Main Outfall Pipeline Overflow Mitigation	350	113	237
Trunk Type A Asset Development	1,302	568	734
Trunk DBO Asset Replacement Fund	617	867	(250)
Trunk DBO Network Cyclic Replacement	328	25	303
Trunk Non-DBO Minor Works	218	141	77
Trunk Network Improvement Plan	70	27	43
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Trunk Type B Asset Development	280	219	61
Trunk DBO Type B Network Development	132	104	28
Trunk Main Outfall Pipeline Overflow Mitigation	150	48	102
Trunk Type A Asset Development	558	243	315
Water Resilience	100	-	100
CAPITAL TO REPLACE EXISTING ASSETS			
Network Upgrades (WW)	-	4	(4)
Pressure Testing Of Sewers	-	8	(8)
Control Systems Renewals WW	63	63	-
Trunk DBO Asset Replacement Fund	264	372	(108)
Trunk DBO Network Cyclic Replacement	140	11	129
Trunk Non-DBO Minor Works	94	60	34
Trunk Network Improvement Plan	30	12	18
Trunk Resource Consent Renewals	-	21	(21)
Victoria Street Pumping Station Seismic Strengthening	50	-	50
Wastewater Modelling	900	1,070	(170)
Network Renewals	1,693	661	1,032
Pump Station Upgrades	-	41	(41)

Significant capital variations from Annual Plan

Capital is under budget mainly due to significant delays to a number of projects as a result of COVID-19. Carry-overs have been approved for this underspend including Trunk Type A Asset Development, Trunk Non-DBO Minor Works, and Network Renewals projects. The "Additional Demand" projects reflect a portion of costs mainly for "Improvement" projects that are to cater for additional demand.

There was no material impact on capital as a result of COVID-19.

Stormwater

What we do

We provide a stormwater drainage pipe network to manage the surface water run-off from urban catchments, providing flood protection and control. Our objective is to achieve the best possible balance between the level of protection and the cost to our community. This includes maintaining and upgrading assets to maintain the required service levels.

Why we do it

Most of the development in Lower Hutt is concentrated on flat valley plains with the potential for flooding. We need to control stormwater to protect our community's health and safety and minimise property damage. A comprehensive stormwater system is the most efficient way to do this.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Residents' satisfaction with the city's stormwater service	≥ 73%	73%	86%	83%	78% ¹	✓	Key Research
Achieve water quality at main recreational beaches: Monitored beaches are suitable for recreational use	90% of days during the bathing season (1 Dec to 31 Mar)	100%	100%	100%	100%	✓	Operations and Maintenance Contract Monthly Report
Number of flooding events (where stormwater enters a habitable floor)	0	1	1	1	1 ²	✗	Wellington Water SLA Spreadsheet
Number of habitable floors flooded (compliant with District Plan)	0 out of 1000 connections per flooding event	0.05	0.03	0.08	0.16 ²	✗	Wellington Water SLA Spreadsheet
Number of complaints about stormwater system performance ³	≤ 30 per 1000 connections	11	11	11	10 ⁴	✓	Wellington Water SLA Spreadsheet
Median response time to attend a flooding event ³	≤ 60 minutes	48 minutes	37 minutes	52 minutes	264 minutes ⁵	✗	Wellington Water SLA Spreadsheet
Compliance with resource consents for discharges from stormwater system: <ul style="list-style-type: none"> number of abatement notices number of infringement notices number of enforcement orders number of convictions 	Nil (No enforcement action)	Nil	Nil	Nil	1 ⁶	✗	Compliance Reports from GWRC

Notes:

- Residents commented that: the drains and gutters need clearing and maintenance; that there are issues with flooding in heavy rain; the management of runoff; blocked streams.
- A large storm event with high intensity rain occurred in early December 2019 resulting in the flooding of six habitable floors. Two were garages attached to a dwelling.
- During the year, issues were identified in relation to the systems and processes that WWL use to record information that supports performance measures. Refer to disclosure on page 100 for further information. WWL is working on improving the maturity of its performance management and reporting systems. It has identified opportunities for improvement, particularly its ability to independently verify results, document processes, collect data and the way it manages and maintains data quality.
- Customer complaints reported through councils and the Palmerston North City Council (PNCC) after hours contact centre were under reported. Wellington Water will work with councils and PNCC to review and improve complaint reporting procedures
- Wellington Water records for attendance were insufficient to enable results to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of WWL vehicles to addresses in the service request records. Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework
- Received a regional abatement notice for sediment discharge from flushing activities.

Stormwater: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	8,539	8,177	8,633	8,776	9,036
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	8	5	9	8	5
Fees and charges	11	19	12	12	22
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	114	517	116	116	70
Total operating funding (A)	8,672	8,718	8,770	8,912	9,133
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	3,705	3,796	3,788	3,904	4,172
Finance costs	333	280	367	323	260
Internal charges and overheads applied	356	356	360	368	368
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	4,394	4,432	4,515	4,595	4,800
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	4,278	4,286	4,255	4,317	4,333
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	50	63	79	151	1
Increase (decrease) in debt	(948)	(2,997)	(2,428)	(1,074)	(2,088)
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(898)	(2,934)	(2,349)	(923)	(2,087)
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	269	43	109	260	152
- to improve level of service	2,579	537	490	1,853	1,347
- to replace existing assets	532	772	1,307	1,281	747
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	3,380	1,352	1,906	3,394	2,246
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(4,278)	(4,286)	(4,255)	(4,317)	(4,333)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

Stormwater: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	11	19	12	12	22	10
Operating Subsidies & Grants	8	5	9	8	5	(3)
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	50	63	79	151	1	(150)
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Vested Assets	114	517	116	116	70	(46)
Other Revenue	-	-	-	-	-	-
Total Revenue	183	604	216	287	98	(189)
EXPENDITURE						
Employee Costs	-	-	-	-	-	-
Operating Costs	3,705	3,796	3,788	3,904	4,172	(268)
Support Costs	356	356	360	368	368	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	333	280	367	323	260	63
Depreciation	4,278	4,286	4,255	4,317	4,333	(16)
Total Expenditure	8,672	8,718	8,770	8,912	9,133	(221)
DEFICIT BEFORE TAX	(8,489)	(8,114)	(8,554)	(8,625)	(9,035)	(410)
TOTAL CAPITAL EXPENDITURE	3,380	1,352	1,906	3,394	2,246	1,148
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(8,489)	(8,114)	(8,554)	(8,625)	(9,035)	(410)
Add Capital Contributions	(50)	(63)	(79)	(151)	(1)	150
Total Rates Funding Requirement	(8,539)	(8,177)	(8,633)	(8,776)	(9,036)	(260)
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	(269)	(43)	(109)	(260)	(152)	108
Capital To Improve Level Of Service	(2,579)	(537)	(490)	(1,853)	(1,347)	506
Capital To Replace Existing Assets	(532)	(772)	(1,307)	(1,281)	(747)	534
Less Capital Contributions	50	63	79	151	1	(150)
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	4,278	4,286	4,255	4,317	4,333	16
Total Loan Funding Requirement	948	2,997	2,428	1,074	2,088	1,014
TOTAL FUNDING REQUIREMENT	(7,591)	(5,180)	(6,205)	(7,702)	(6,948)	754

Operating projects

There were no operating projects separately budgeted for the year.

Significant operating variations from Annual Plan

Revenue is under budget mainly due to expected Development Contributions not being received.

Expenditure is higher than budget mainly due to an increase in network operating costs on deferred maintenance and to manage risks to maintain essential services during the COVID-19 restrictions.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO MEET ADDITIONAL DEMAND			
Network Upgrades	189	145	44
Network Renewals	71	7	64
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Awamutu Stream	50	-	50
Dowse Drive Stormwater Improvement	-	11	(11)
Network Upgrades	1,703	1,309	394
Pump Station Upgrades	-	22	(22)
Stormwater Consenting Project	-	5	(5)
Water Resilience	100	-	100
CAPITAL TO REPLACE EXISTING ASSETS			
Control Systems Renewals	42	34	8
Stormwater Network Modelling	550	560	(10)
Network Renewals	639	58	581
Pump Station Reactive Renewals	50	95	(45)

Significant capital variations from Annual Plan

The capital works programme was under budget due to the timing of construction of Network Renewals (Kelso Grove) projects and Stormwater Network Modelling projects, which have been updated to reflect the delays due to COVID-19 and resource constraints. The “Additional Demand” projects reflect a portion of costs mainly for “Improvement” projects that are to cater for additional demand.





Solid waste

What we do

We manage contracts for the collection of the city's refuse and recycling, and own and operate a landfill at which people and businesses can dispose of residual waste.

Why we do it

Solid waste management is necessary for the health and quality of life of the community, the local economy and the environment.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Residents' satisfaction with:							
• rubbish collection	≥ 93%	95%	95%	94%	94%	✓	Key Research
• refuse disposal	≥ 85%	85%	93%	91%	88%	✓	
No resource consent-related infringement notices received from GWRC	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance	✓	Compliance Reports from GWRC

Solid waste: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	(6,707)	(7,359)	(6,991)	(6,781)	(4,686)
Targeted rates	1,337	1,337	1,364	1,337	1,344
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	13,970	16,174	14,249	15,155	15,878
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	255	20	515	5	19
Total operating funding (A)	8,855	10,172	9,137	9,716	12,555
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	7,222	8,345	7,367	8,032	10,614
Finance costs	337	548	417	382	576
Internal charges and overheads applied	300	300	305	318	318
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	7,859	9,193	8,089	8,732	11,508
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	996	979	1,048	984	1,047
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	2,100	2,186	2,880	3,556	4,022
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	2,100	2,186	2,880	3,556	4,022
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	3,096	3,165	3,928	4,540	5,069
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	3,096	3,165	3,928	4,540	5,069
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(996)	(979)	(1,048)	(984)	(1,047)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

Solid waste: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income		-			-	-
User Charges	13,970	16,174	14,249	15,155	15,878	723
Operating Subsidies & Grants	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-
Other Revenue	255	20	515	5	19	14
Total Revenue	14,225	16,194	14,764	15,160	15,897	737
EXPENDITURE						
Employee Costs	-	71	-	59	80	(21)
Operating Costs	7,222	8,274	7,367	7,973	10,534	(2,561)
Support Costs	300	300	305	318	318	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	337	548	417	382	576	(194)
Depreciation	996	979	1,048	984	1,047	(63)
Total Expenditure	8,855	10,172	9,137	9,716	12,555	(2,839)
SURPLUS BEFORE TAX	5,370	6,022	5,627	5,444	3,342	(2,102)
TOTAL CAPITAL EXPENDITURE	3,096	3,165	3,928	4,540	5,069	(529)
RATES FUNDING REQUIREMENT						
Surplus Before Tax	5,370	6,022	5,627	5,444	3,342	(2,102)
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	5,370	6,022	5,627	5,444	3,342	(2,102)
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	(3,096)	(3,165)	(3,928)	(4,540)	(5,069)	(529)
Capital To Replace Existing Assets	-	-	-	-	-	-
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	996	979	1,048	984	1,047	63
Total Loan Funding Requirement	(2,100)	(2,186)	(2,880)	(3,556)	(4,022)	(466)
TOTAL FUNDING REQUIREMENT	3,270	3,836	2,747	1,888	(680)	(2,568)

Operating projects

There were no operating projects separately budgeted for the year.

Significant operating variations from Annual Plan

Revenue is higher than budget mainly due to increased volumes at the Silverstream Landfill.

Expenditure over budget mainly due to increases in landfill aftercare provision, refuse and recycling collection costs, and higher operational contract costs at Silverstream Landfill due to additional volumes and dealing with specialist materials.

There was no material impact on net operating as a result of COVID-19.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Silverstream Landfill Building Improvements	-	27	(27)
Cleanfill Site Development	5	-	5
Silverstream Landfill Development	4,535	5,042	(507)

Significant capital variations from Annual Plan

Capital is over budget mainly due to upgrade work at the Silverstream Landfill that has run over budget mainly due to urgent improvement works required for traffic management and carparking.

There was no material impact on capital as a result of COVID-19.

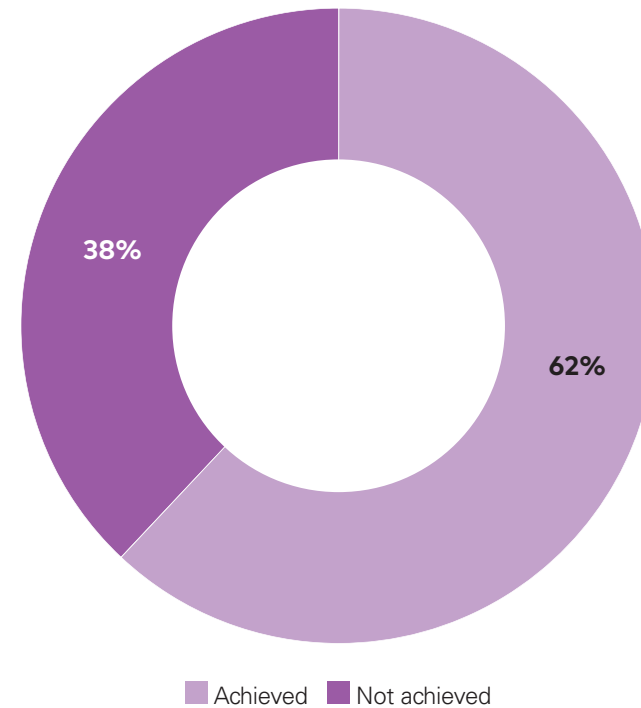
A graphic illustration in a light purple color showing the silhouettes of various houses and buildings of different heights and styles, including some with chimneys. The illustration is centered horizontally and serves as a background for the main text.

Whanake tāone City growth

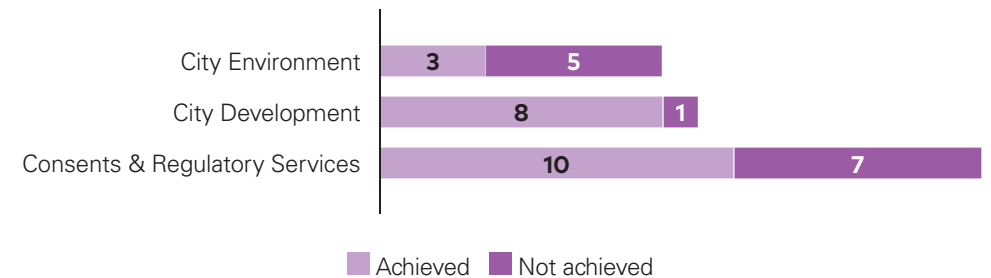


City growth performance

City growth: Performance targets summary



City growth: Key performance targets by activity area



City growth: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	16,572	17,539	17,206	20,565	15,126
Targeted rates	137	137	140	137	137
Subsidies and grants for operating purposes	55	80	56	55	196
Fees and charges	5,734	6,520	5,893	7,910	7,418
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1,497	1,393	1,578	1,537	1,348
Total operating funding (A)	23,995	25,669	24,873	30,204	24,225
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	18,294	20,971	17,173	25,014	20,782
Finance costs	1,795	1,506	2,047	1,663	38
Internal charges and overheads applied	3,051	3,064	3,150	3,303	3,303
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	23,140	25,541	22,370	29,980	24,123
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	855	128	2,503	224	102
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	10,906	1,109	5,721	4,526	4,455
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	10,906	1,109	5,721	4,526	4,455
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	2,886	-	5,067	1,450	-
- to improve level of service	8,875	1,237	3,137	3,300	4,557
- to replace existing assets	-	-	20	-	-
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	11,761	1,237	8,224	4,750	4,557
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(855)	(128)	(2,503)	(224)	(102)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

City environment

What we do

We work to develop an urban environment that will enhance the city's image, attracting people, businesses and investment, and meet our community's needs and aspirations now and into the future, while recognising the important role of our heritage and features.

We do this by:

- developing, reviewing, implementing and monitoring the District Plan
- advocating for good long term spatial and urban form solutions through expert design advice
- preserving and protecting our heritage buildings, reflecting and enhancing our distinctive character and identity

Why we do it

This activity is fundamental to achieving a clean, healthy, attractive and sustainable environment. We recognise that our urban design and infrastructure must support our changing business and community environment. We manage and develop Lower Hutt's public spaces and preserve our heritage buildings because this benefits both businesses and our community. It contributes to our point of difference from other cities, supporting local cultures and enhancing how we identify ourselves.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Making Places: RiverLink Project							
• Lodgement of Resource Consent application	January 2019	New measure for 2018-19	New measure for 2018-19	Not achieved	Not achieved ¹	✘	RiverLink project plan
• Start construction	February 2020	New measure for 2018-19	New measure for 2018-19	Not achieved	Not achieved ²	✘	
Residents feel a sense of pride in the way the city looks and feels	≥ previous results	76%	85%	87%	90%	✓	Key Research
Residents' satisfaction with:							
• litter control	≥ 86%	86%	85%	86%	83% ³	✘	Key Research
• recycling	≥ 86%	88%	90%	87%	81% ⁴	✘	
Percentage of households that have used the recycling service in the previous 12 months	86% of households	Not measured in 2016-17	86%	86%	90%	✓	Key Research
Tonnes of recycling collected per annum	Increasing	7,619	8,235	8,144	7,025 ⁵	✘	Waste Management New Zealand
Percentage of Plan Changes and Notices of Requirements processed within statutory requirements	100%	100%	100%	100%	100%	✓	Section 32 Report

Notes:

1. Lodgement now due 2021. Timing was changed to include NZTA/Melling project that was announced on 29 January 2020: <https://www.nzta.govt.nz/projects/melling-transport-improvements/>
2. Construction to start 2022. Timing was changed to include NZTA/Melling Melling project that was announced on 29 January 2020: <https://www.nzta.govt.nz/projects/melling-transport-improvements/>
3. The decreased satisfaction aligns with residents' comments about: rubbish blowing out of recycling crates, litter clogging up drains and the need for more public bins.
4. Residents mentioned: problems with the bins and recycling blowing everywhere; dissatisfaction with not all recycling being collected anymore; and concerns that recycling was going directly to landfill
5. These figures were impacted by the decision to not collect paper and plastic recycling during the COVID-19 level 4 lockdown

City environment: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	112	4	159	82	-	(82)
Operating Subsidies & Grants	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	(14)	-	-	(1)	(1)
Vested Assets	-	-	-	-	-	-
Other Revenue	50	36	102	-	4	4
Total Revenue	162	26	261	82	3	(79)
EXPENDITURE						
Employee Costs	627	626	640	651	439	212
Operating Costs	2,023	2,586	1,556	2,979	2,322	657
Support Costs	495	495	503	507	507	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	1,712	1,437	1,842	1,616	-	1,616
Depreciation	747	4	1,374	122	-	122
Total Expenditure	5,604	5,148	5,915	5,875	3,268	2,607
DEFICIT BEFORE TAX	(5,442)	(5,122)	(5,654)	(5,793)	(3,265)	2,528
TOTAL CAPITAL EXPENDITURE	8,875	1,175	3,157	3,300	4,557	(1,257)
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(5,442)	(5,122)	(5,654)	(5,793)	(3,265)	2,528
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	(5,442)	(5,122)	(5,654)	(5,793)	(3,265)	2,528
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	(8,875)	(1,175)	(3,137)	(3,300)	(4,557)	(1,257)
Capital To Replace Existing Assets	-	-	(20)	-	-	-
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	747	4	1,374	122	-	(122)
Total Loan Funding Requirement	(8,128)	(1,171)	(1,783)	(3,178)	(4,557)	(1,379)
TOTAL FUNDING REQUIREMENT	(13,570)	(6,293)	(7,437)	(8,971)	(7,822)	1,149

Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
Making Places RiverLink	1,050	-	1,050
Heritage Incentives	52	22	30
Sculpture Trust	50	100	(50)
Petone 2040	110	23	87
District Plan Work	300	27	273

Significant operating variations from Annual Plan

Revenue is under budget mainly due to reduced user charges rental income as a result of COVID-19.

Expenditure is under budget mainly due to reduced employee costs as a result of vacancies and due to Council's share of costs for the Making Places RiverLink project which was budgeted as operating but is being treated as capital. The finance costs are under budget as operating costs for the new Events Centre have been moved to the Integrated Community Services activity as a community venue that is now in use rather than under construction. The underspends on Petone 2040 and District Plan Work have been carried over to 2020/21.



Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Civic Events centre - Operational Fitout	-	3	(3)
Making Places - Civic Events Centre Upgrade	-	(42)	42
RiverLink - Promenade & Urban Improvements	3,000	632	2,368
Suburban Shopping Centres Improvements	300	95	205
Strategic Property Purchases	-	3,869	(3,869)

Significant capital variations from Annual Plan

The capital overspend is mainly due to the property purchases related to the Making Places RiverLink project being completed in the financial year which is partly offset by underspends on the RiverLink Promenade & Urban Improvements and Suburban Shopping Centre Improvements which have been carried over to later years.

There was no material impact on capital as a result of COVID-19.

City development

What we do

We take a lead role in promoting Lower Hutt to develop and grow by:

- creating a business-friendly environment
- facilitating the expansion and creation of local businesses and employment
- increasing tourism and events in Lower Hutt
- contributing to regional growth through regional economic development
- providing quality online and digital experiences to our customers
- managing an integrated year-round events calendar.
- building our reputation and community as a hub for cutting-edge sciences, engineering and technology business.

Why we do it

Attracting and providing services for business and visitors is necessary for the city's economic development. By supporting the business sector and promoting Lower Hutt as a business location and vibrant city, we generate benefits for local enterprises and our residents. Major events make the city a more vibrant and interesting place, and attract visitors from outside the city.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Urban Growth Strategy							
• population growth (to achieve population increase of 110,000 by 2032)	≥ 0.6% per annum	1.4%	1.3%	1.1%	1.0%	✓	Statistics New Zealand Estimates ⁶
• number of new homes (to achieve 6000 new homes by 2032)	≥ 328 new homes per annum	325	466	224	493	✓	Building consents with Code of Compliance Certificates
Lower Hutt's economic performance							
• number of businesses in Lower Hutt	11,000 by 2028 ³			10,365	10,623	✓	Infometrics
• employment in medium/high-tech sector	4,600 by 2028 ³	New measure for 2018-19	New measure for 2018-19	3,819	3,772	✗	
• medium/high tech businesses as a percentage of total business numbers in Lower Hutt	10% by 2028 ³			9.6%	9.9%	✓	
• number of businesses in medium and high-tech sector	1,100 by 2028 ³			993	1,053	✓	
Major events in Lower Hutt supported by the major event fund ¹	100,000 people attending events	101,500 attendees	154,000 attendees	158,500 attendees	124,000 attendees ⁴	✓	Hutt City Council Events Team
Minor events in Lower Hutt supported through the event support fund ²	25 diverse events	37 events supported	29 events supported	35 events supported	32 events supported	✓	Hutt City Council Events Team
Commercial event attraction: Commercial events will be secured to take place in Lower Hutt	\$1million pa economic benefit to the city	New measure for 2018-19	New measure for 2018-19	\$5,041,000	\$1,871,000 ⁵	✓	Hutt City Council Events Team

Notes:

1. The major event fund is used for Council owned events, as well as providing support to other events that take place in our city.
2. The event support fund (previously named minor event funds) is a grant fund that community event organisers can apply to for support.
3. If the change from 2018-19 to 2019-20 is higher than the average change needed to accomplish the 10 year goal then the target for the year has been achieved.
4. The biggest contributor to attendee numbers being significantly lower in 2019-20 compared to 2018-19 was due to cancelling our largest Christmas event to avoid conflict with the 'World's Biggest Sleep Out' event which also had a Christmas concert event built into it. The COVID-19 restrictions resulted in Te Wā Heke (previously STEMM Festival) and Hutt Food Lab (run as part of Wellington on a Plate) being cancelled.
5. In the 2018-2019 year \$5,000,000 came from an investment of \$82,000. In the 2019-20 year \$1,871,000 came from an investment of \$29,000. Events were also restricted by COVID-19 from 11:59pm Wednesday 25 March – 11:59pm Wednesday 13 May.
6. Population estimates are published in October each year; data provided is latest available at time of publication.

City development: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	62	48	63	126	97	(29)
Operating Subsidies & Grants	55	80	56	55	196	141
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-
Other Revenue	315	292	321	388	214	(174)
Total Revenue	432	420	440	569	507	(62)
EXPENDITURE						
Employee Costs	2,110	2,125	2,097	2,238	2,079	159
Operating Costs	4,507	6,082	4,174	9,882	6,259	3,623
Support Costs	631	631	647	669	669	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	69	58	192	33	27	6
Depreciation	14	14	1,053	12	12	-
Total Expenditure	7,331	8,910	8,163	12,834	9,046	3,788
DEFICIT BEFORE TAX	(6,899)	(8,490)	(7,723)	(12,265)	(8,539)	3,726
TOTAL CAPITAL EXPENDITURE	2,886	-	5,067	1,450	-	1,450
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(6,899)	(8,490)	(7,723)	(12,265)	(8,539)	3,726
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	(6,899)	(8,490)	(7,723)	(12,265)	(8,539)	3,726
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	(2,886)	-	(5,067)	(1,450)	-	1,450
Capital To Improve Level Of Service	-	-	-	-	-	-
Capital To Replace Existing Assets	-	-	-	-	-	-
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	14	14	1,053	12	12	-
Total Loan Funding Requirement	(2,872)	14	(4,014)	(1,438)	12	1,450
TOTAL FUNDING REQUIREMENT	(9,771)	(8,476)	(11,737)	(13,703)	(8,527)	5,176

Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
Jackson Street Programme	137	137	-
Events Funding	679	717	(39)
International Co-operating Cities	45	17	28
Economic Development Strategy	85	79	6
Research - Monitoring & Evaluation Of Outcome	60	30	30
Urban Precinct Placemaking	40	35	5
Love Wainuiomata	100	55	45
Hutt Valley Chamber Of Commerce	100	130	(30)
Economic Development Contestable Fund	44	44	-
Science & Technology	150	26	124
Development Stimulus Package	6,283	3,333	2,950
Development Stimulus Marketing	30	-	30
CBD Place Maker	100	117	(17)
Regional Amenities Fund	200	200	-
Urban Growth Strategy	125	70	55
1st Assembly (Start Up Hub)	200	117	83
Technology Valley	260	228	32
Naenae CBD Activation	200	71	129
Southend Business Group	45	6	39

Significant operating variations from Annual Plan

Revenue is under budget mainly due to a reduction in property lease revenue and loss of sponsorship income relating to cancelled events.

Expenditure is under budget mainly due to an underspend on the Development Stimulus Package, which has been carried over to 2020/21. Other projects underspent and carried over include Love Wainuiomata, Science & Technology, 1st Assembly (Start Up Hub), Technology Valley, Naenae CBD Activation, and Southend Business Group.

The reduction in operating costs from delays in some projects were due to COVID-19.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO MEET ADDITIONAL DEMAND			
Urban Growth Strategy Improvements	1,450	-	1,450

Significant capital variations from Annual Plan

Capital is under budget as the full budget for the Urban Growth Strategy Capital project has been carried over to 2020/21.

There was no material impact on capital as a result of COVID-19.



Consents and regulatory services

What we do

This activity includes:

- providing resource management and building consents and inspections
- regular monitoring to ensure compliance with legislative requirements, the District Plan, resource and building consent conditions and bylaw requirements
- inspections of business and food premises, certifications, and liquor licensing bylaw compliance
- pollution and trade waste control
- monitoring beaches to promote and protect public health and safety
- monitoring and controlling noise and hazardous substances
- animal control services
- parking enforcement.

Why we do it

This activity is fundamental to achieving a clean, healthy, attractive and sustainable environment for residents and visitors. It is also a legal requirement for Hutt City Council.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Land Information Memoranda (LIMs) processed within 10 working days to comply with statutory requirements	> 95% processed within nine working days	99%	92%	98%	99%	✓	Computer Database Records
Building consent/project information and resource consents processed to comply with the Building Code, Resource Management Act 1991 (RMA) and District Plan requirements	≥ 80% of building & non-notified land use consents processed within 18 working days	95% of building consents	97% of building consents	96% of building consents	94% of building consents	✓	Computer Database Records
		81% of non-notified land-use resource consents	80% of non-notified land-use resource consents	55% of non-notified land-use resource consents	16% of non-notified land-use resource consents ¹	✗	
Resource consents are monitored within five working days of being notified that development is commencing or within six months of the consent being granted, whichever is the sooner	≥ 90% of resource consents monitored within these timeframes	100% within five working days	100% within five working days	100% within five working days	97% within five working days	✓	Computer Database Records
		90% within six months of the consent being granted	100% within six months of the consent being granted	100% within six months of the consent being granted	100% within six months of the consent being granted	✓	
Requests for service referred to RMA monitoring and enforcement team responded to within required timeframes	100% acknowledged within 24 hours	100%	100%	100%	99%	✗	Computer Database Records
Building consents for fireplaces processed in a timely manner	100% processed within five working days	100%	100%	100%	99%	✗	Computer Database Records
Building consents for solar panels processed in a timely manner	100% processed within five working days	100%	100%	100%	100%	✓	Computer Database Records
Code compliance certificates issued within 20 working days to comply with statutory requirements in the Building Act 2004	80% issued within 18 working days	100% within 20 working days	100% within 20 working days	100% within 20 working days	100% within 20 working days	✓	Computer Database Records
		98% within 18 working days	99% within 18 working days	99% within 18 working days	86% within 18 working days ²	✓	

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Residents' satisfaction with:							
• animal services	≥ 80%	76%	85%	86%	88%	✓	Key Research
• enforcement of parking restrictions	≥ 70%	79%	82%	81%	82%	✓	
Animal services open 300 days per year	100%	100%	100%	100%	100%	✓	Request for Service system
Dog complaints are responded to:							
• within 30 minutes for dog attacks	At least 95%	95%	95%	95%	95%	✓	Request for Service system
• within 24 hours for other complaints	At least 95%	95%	95%	96%	96%	✓	
Noise complaints responded to within 45 minutes	≥ 85%	91%	85%	86%	69% ³	✗	RECON
New food businesses verified within six weeks of the date of registration under the Food Act 2014	95%	New measure for 2018-19	New measure for 2018-19	0%	41% ⁴	✗	Computer Database Records
Existing food businesses verified within their agreed timeframes (between 3 to 18 months, depending upon the outcome of their previous verification)	95%	New measure for 2018-19	New measure for 2018-19	6%	79% ⁴	✗	Computer Database Records
High risk premises selling liquor are inspected during their peak trading hours to maintain compliance with the Sale and Supply of Alcohol Act 2012	95%	New measure for 2018-19	New measure for 2018-19	98%	87% ⁵	✗	Computer Database Records

Notes:

1. We were dealing with a high number of consents throughout the year, and at the same time reduced our reliance on consultants to save costs.
2. A decision from IANZ audit in February affected a change in the way working days are counted. The change comes from improvements in our IT processes that inform the days counted for the measure.
3. At the beginning of the financial year a new contractor was employed to respond to noise complaints. Due to poor performance this contractor was replaced and an improvement in results has been seen.
4. A backlog of verifications was still being worked through and this work has been further impacted by the COVID-19 restrictions on premises.
5. Set back by COVID-19 lockdown restrictions which stopped or restricted access to premises.

Consents and regulatory services: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$'000	2018-19 ACTUAL 2019 \$'000	2018-28 LTP (Year 2) 2020 \$'000	2019-20 AP 2020 \$'000	2019-20 ACTUAL 2020 \$'000	ACT v AP VAR 2020 \$'000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	5,560	6,468	5,671	7,702	7,321	(381)
Operating Subsidies & Grants	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	(1)	(1)
Vested Assets	-	-	-	-	-	-
Other Revenue	1,132	1,079	1,155	1,149	1,132	(17)
Total Revenue	6,692	7,547	6,826	8,851	8,452	(399)
EXPENDITURE						
Employee Costs	6,991	6,621	6,960	7,397	7,128	269
Operating Costs	2,036	2,931	1,746	1,867	2,555	(688)
Support Costs	1,925	1,938	2,000	2,127	2,127	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	14	11	13	14	11	3
Depreciation	94	110	76	90	90	-
Total Expenditure	11,060	11,611	10,795	11,495	11,911	(416)
DEFICIT BEFORE TAX	(4,368)	(4,064)	(3,969)	(2,644)	(3,459)	(815)
TOTAL CAPITAL EXPENDITURE	-	62	-	-	-	-
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(4,368)	(4,064)	(3,969)	(2,644)	(3,459)	(815)
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	(4,368)	(4,064)	(3,969)	(2,644)	(3,459)	(815)
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	-	(62)	-	-	-	-
Capital To Replace Existing Assets	-	-	-	-	-	-
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	94	110	76	90	90	-
Total Loan Funding Requirement	94	48	76	90	90	-
TOTAL FUNDING REQUIREMENT	(4,274)	(4,016)	(3,893)	(2,554)	(3,369)	(815)

Operating projects

There were no operating projects separately budgeted for the year.

Significant operating variations from Annual Plan

Revenue is under budget mainly due to reduction in income from building consents, partly offset by an increase in income from resource consents. The reduction in revenue in building consents is mainly due to Kāinga Ora – Homes and Communities' decision to set up its own Building Consent Authority.

Expenditure is over budget mainly due to consultant fees to cover staff vacancies in the Resource Consents Team to process the volume of applications. This cost is partly offset by savings in employee costs.

There was no material impact on net operating as a result of COVID-19.

Capital projects

There were no capital projects budgeted or carried out during the year.

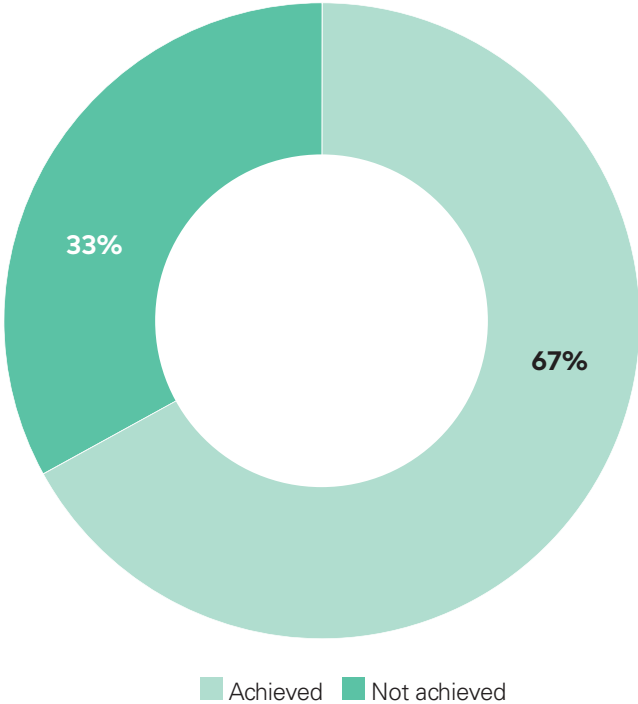
The background is a solid teal color. In the center, there is a faint, light-colored graphic of a leaf with a central vein and two smaller leaflets branching out from it. Overlaid on this graphic is the text 'Toitūtanga Sustainability' in a white, bold, sans-serif font.

Toitūtanga Sustainability

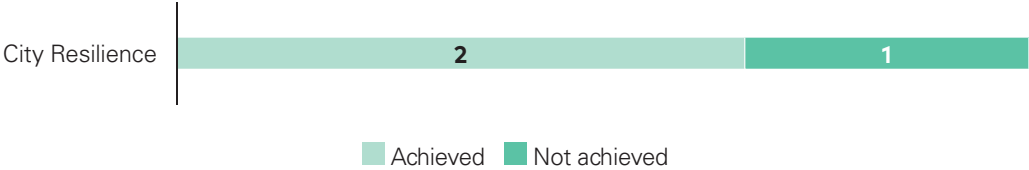


Sustainability performance

Sustainability: Performance targets summary



Sustainability: Key performance targets by activity area



Sustainability: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	1,223	1,201	1,335	1,470	1,138
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	411	431	419	419	557
Total operating funding (A)	1,634	1,632	1,754	1,889	1,695
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	1,478	1,476	1,600	1,729	1,531
Finance costs	1	1	1	6	5
Internal charges and overheads applied	152	152	150	153	153
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	1,631	1,629	1,751	1,888	1,689
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	3	3	3	1	6
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	(3)	14	(3)	266	139
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	(3)	14	(3)	266	139
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	-	17	-	267	145
- to replace existing assets	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	-	17	-	267	145
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(3)	(3)	(3)	(1)	(6)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

City resilience

What we do

We take a lead role in supporting our city and its residents to be sustainable now and in the future. Climate change is presenting significant challenges for communities here and around the world. We have work underway to understand and respond to the particular challenges for our city. In December 2018, Council agreed to set an organisational target for reducing its greenhouse gas emissions to net zero by no later than 2050. Council is working on reducing its greenhouse gas emissions at its facilities, carefully considering climate change objectives in its procurement and increasingly electrifying its vehicle fleet. We are also involved in regional initiatives, such as the Wellington Region Climate Change Working Group and the Wellington Regional Natural Hazards Strategy.

This city resilience activity also includes our work with the Civil Defence and Emergency Management (CDEM) Group under the CDEM Act 2002. From 1 July 2012 all emergency management staff and resources have been pooled together with the expectation of improved effectiveness from increased scale and coordination, as well as efficiencies from the centralised provision of services such as training and public education.

This activity includes:

- implementing environmental policies and plans for Hutt City's sustainable development, including environmental education and promotion
- delivering on the goals within our Environmental Sustainability Strategy, and Waste Management and Minimisation Plan 2017-23
- running an annual waste minimisation programme to promote the concept of 'reduce, reuse, recycle' to businesses and residents
- educating people about the risks they face and how to prepare for emergency events
- maintaining the Wellington Region CDEM Group's Emergency Operation Centres so they can be quickly activated to manage an emergency event
- working with central government, emergency services, welfare groups, lifeline utilities and a wide range of interested and affected organisations on emergency management issues
- improving city resilience in light of sea level rise.

Why we do it

We live in a beautiful natural environment but our environment is facing some challenges and needs to be valued. Our Environmental Sustainability Strategy recognises that our dependence on the environment is fundamental to many aspects of our lives, and that proper care is essential if the city and our communities are to prosper.

We manage our waste (through promoting recycling and waste reduction) to maintain our community's health and quality of life.

Our approach to emergency management is based on the principles of reduction of risk, readiness, response and recovery.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Percentage of households that are prepared for a civil defence emergency ¹	≥ 30%	22%	27%	20%	25%	✘	Key Research
Time to activate Emergency Operations Centres (EOC)	Within one hour of any incident or notification of a likely threat	Achieved	Achieved	Achieved	Achieved	✔	Debrief notes
Community Response Plans are developed, maintained, and agreed	Covering 90% of the geographical area	75%	85%	83%	100%	✔	Wellington Regional Rural Fire Committee

Notes:

1. Supporting residents to be resilient and prepared for a civil defence emergency is a priority for Council. Past measures have not provided a realistic view on the percentage of households prepared for a civil defence emergency as the interpretation of 'prepared' was not defined. Our definition of 'prepared' is based on guidelines issued by Wellington Regional Emergency Management Office and our recent earthquake experience in November 2016. According to these guidelines, all households in the Wellington region should have enough food and water to last them at least seven days in the event of an emergency.

City resilience: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	-	-	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-
Other Revenue	411	431	419	419	557	138
Total Revenue	411	431	419	419	557	138
EXPENDITURE						
Employee Costs	267	275	272	278	307	(29)
Operating Costs	1,211	1,201	1,328	1,451	1,224	227
Support Costs	152	152	150	153	153	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	1	1	1	6	5	1
Depreciation	3	3	3	1	6	(5)
Total Expenditure	1,634	1,632	1,754	1,889	1,695	194
DEFICIT BEFORE TAX	(1,223)	(1,201)	(1,335)	(1,470)	(1,138)	332
TOTAL CAPITAL EXPENDITURE	-	17	-	267	145	122
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(1,223)	(1,201)	(1,335)	(1,470)	(1,138)	332
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	(1,223)	(1,201)	(1,335)	(1,470)	(1,138)	332
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	-	(17)	-	(267)	(145)	122
Capital To Replace Existing Assets	-	-	-	-	-	-
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	3	3	3	1	6	5
Total Loan Funding Requirement	3	(14)	3	(266)	(139)	127
TOTAL FUNDING REQUIREMENT	(1,220)	(1,215)	(1,332)	(1,736)	(1,277)	459

Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
Waste Minimisation Projects	316	311	5
Environmental Sustainability Projects	121	179	(58)
Resilience Projects	50	9	41
Sea Level Mapping & Consultation	200	31	169
Keep Hutt Beautiful	15	19	(4)

Significant operating variations from Annual Plan

Revenue is over budget due to additional Government Foodbank funding.

Expenditure is under budget due to the timing of Sustainability & Resilience projects that have been carried over as a result of COVID-19. There is also a saving in operating costs which has been applied to the cost of a new emergency management shed. These are offset by increased foodbank costs.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO IMPROVE LEVEL OF SERVICE			
105 Western Hutt Road EMO Shed	-	145	(145)
Generators - Backup Power Supply	267	-	267

Significant capital variations from Annual Plan

Capital is under budget due to the purchase of generators being reduced and also being carried over to 2020/21. This is offset by the unbudgeted Emergency Management Shed being built, also partly offset from savings in operating costs.

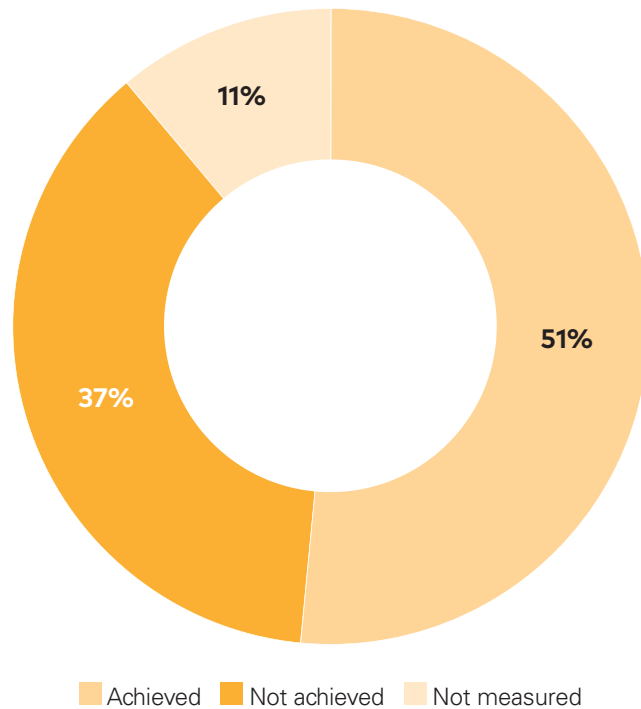
There was no material impact on capital as a result of COVID-19.



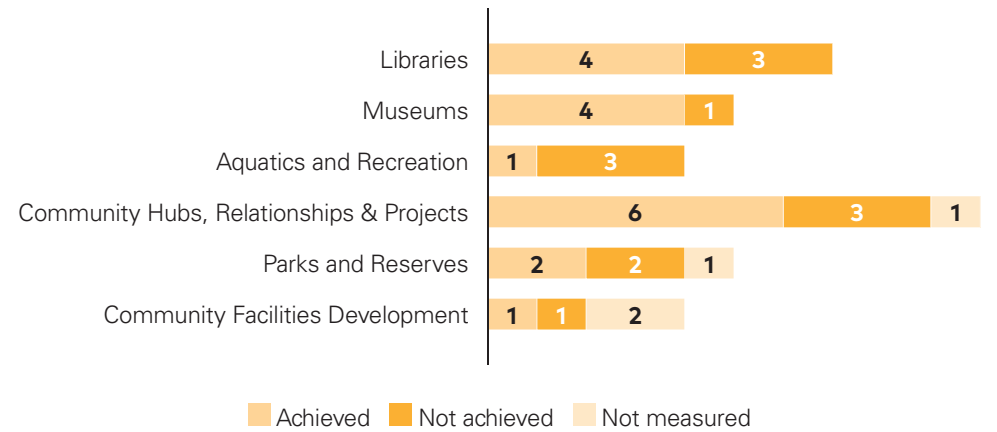
Ngā mahi a te rēhia Leisure and wellbeing

Leisure and wellbeing performance

Leisure and wellbeing: Performance targets summary



Leisure and wellbeing: Key performance targets by activity area



Leisure and wellbeing: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	43,022	44,013	42,783	47,502	41,594
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	259	133	126	143	271
Fees and charges	8,615	7,118	8,914	8,663	6,466
Internal charges and overheads recovered	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	2,031	5,206	1,609	2,104	4,003
Total operating funding (A)	53,927	56,470	53,432	58,412	52,334
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	40,415	42,196	39,399	42,161	35,772
Finance costs	2,107	1,768	2,527	2,480	3,292
Internal charges and overheads applied	4,839	4,839	5,040	5,705	5,705
Other operating funding applications	-	-	-	-	-
Total applications of operating funding (B)	47,361	48,803	46,966	50,346	44,769
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	6,566	7,667	6,466	8,066	7,565
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	5,778	(5,114)	7,157	11,753	(2,696)
Gross proceeds from sale of assets	1,250	6,075	510	2,123	2,238
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	7,028	961	7,667	13,876	(458)
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	8,643	5,324	11,167	17,229	4,721
- to replace existing assets	4,951	3,304	2,966	4,713	2,386
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	13,594	8,628	14,133	21,942	7,107
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(6,566)	(7,667)	(6,466)	(8,066)	(7,565)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

Integrated community services

What we do

We provide:

- eight libraries across the city, which run as a single city-wide service. Libraries are located in the Lower Hutt CBD, Moera, Naenae, Taita, Stokes Valley, Eastbourne, Petone and Wainuiomata. Petone Community Library provides a focus for heritage collections and services
- two museums, the Dowse Art Museum and the Petone Settlers Museum, which are open to the public at no charge with the exception of special exhibitions
- six swimming pools, nine community halls and three community gyms
- a range of community based recreational programmes and events designed to remove barriers to participation and encourage residents to engage in recreational activities
- two integrated community hubs or facilities that provide core community and other council services. The hubs are focused on providing communities with opportunities for social and leisure activities, practical help and advice, and contributing to growing social capital.

Why we do it

Our libraries and museums enable all citizens to access information, knowledge, arts and cultural facilities that support and enrich individuals and the community. People's lives are positively affected by participation in recreation, sport and fitness. We provide these high quality services at a low user cost so the whole community is able to access them. Our libraries, museums, aquatic and recreation facilities and community hubs act as a focal point for the community. They enhance cultural life, diversity, wellbeing and promote civic pride and community values. Contributing to stronger communities means the city as a whole will achieve better social and economic outcomes and be more resilient in the future.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
LIBRARIES							
Percentage of residents who have used a library during the last 12 months	≥ 72%	72%	67%	70%	70% ³	✘	Key Research
Residents' satisfaction with library services	≥ 96%	96%	97%	99%	97%	✓	Key Research
Number of physical visits per year ¹	Over 1,000,000	1,415,759	1,295,893	1,303,639	1,054,923	✓	Automated door counters
Number of visits via the internet per year:							Google Analytics
• Libraries Online visits	500,000	507,974	476,122	453,170	413,085 ⁴	✘	Monitor (Computer management software)
• Sessions on Connect	110,000	176,620	167,926	146,038	102,888 ⁴	✘	
Library stock turnover	≥ national mean	4.2 (national mean 3.4)	4.6 (national mean 3.5)	4.4 (national mean 3.1)	4.0 (national mean 3.1)	✓	Spydus (Library management system)
Library programmes and events delivered to participants	New measure for 2017-18	New measure for 2017-18	50,107	62,868	42,982 ⁴	✓	Manual attendance count

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
MUSEUMS							
Number of total museum visits per year	≥ 215,000 (Dowse and Petone Settlers)	225,693 Dowse: 210,402 Petone Settlers: 15,291	229,219 Dowse: 215,990 Petone Settlers: 13,229	213,852 ⁵ Dowse: 200,623 Petone Settlers: 13,431	207,903 ⁴ Dowse: 198,944 Petone Settlers: 8,959	✗	Automated door counters
Residents' satisfaction with:							
• the Dowse Art Museum	≥ 87%	87%	93%	95%	97%	✓	Key Research
• the Petone Settlers Museum	≥ 89%	89%	98%	97%	100%	✓	
Public education programmes delivered that meet the needs and expectations of community and school groups:							
• Number of participants attending public education programmes	5,500 participants	10,159	8,104	10,481	9,836	✓	Participant Evaluation Forms
• Participant satisfaction with public education programmes	≥ 90%	97%	98%	97%	99%	✓	
AQUATICS AND RECREATION							
Residents' satisfaction with pools	≥ 92%	93%	98%	95%	88% ⁶	✗	Key Research
Number of swimming pool visits per year	900,000	New measure for 2018-19	New measure for 2018-19	957,325	601,373 ⁷	✗	POS
POOLS SAFE accreditation for swimming pool operation ²	Accreditation maintained	Accreditation maintained	Accreditation maintained	Accreditation maintained	Accreditation maintained	✓	Annual NZRA External Audit
Cost per visit to Council of aquatic services provided	\$5.00	\$5.00	\$4.83	\$5.44	\$8.66 ⁸	✗	Tech One data report & POS
COMMUNITY HUBS, RELATIONSHIPS AND PROJECTS							
Residents' perceptions of Hutt City in terms of their sense of safety		79%	84%	84%	86%		
• in their local neighbourhood during day	≥ 79% overall	92%	95%	94%	96%	✓	Key Research
• in their local neighbourhood after dark		77%	78%	77%	81%		
• in the Lower Hutt city centre during day		95%	96%	97%	97%		
• in the Lower Hutt city centre after dark		58%	68%	67%	68%		
Community organisations' satisfaction with the availability and quality of our funding service	≥ 90%	95% (62 responses received)	96% (96 responses received)	97% (29 responses received)	UM ⁹		Survey of Community Organisations
Number of visits per year to Community Hubs:							
• Walter Nash Centre	≥ 750,000	771,000	867,000	848,834	517,236 ^{4,10}	✗	Electronic Door Counter
• Wainuiomata Community Hub	≥ 300,000	New measure for 2017-18	319,150	292,745	303,778	✓	
• Koraunui Stokes Valley Community Hub	≥ 250,000	New measure for 2017-18	165,506 ¹¹	254,235	178,144 ⁴	✗	
Satisfaction with Community Hubs:							
• Walter Nash Centre facilities	≥ 90%	96%	100%	98%	98%	✓	Key Research
• Wainuiomata Community Hub facilities	≥ 90%	New measure for 2018-19	New measure for 2018-19	95%	97%	✓	
• Koraunui Stokes Valley Community Hub facilities	≥ 90%	New measure for 2017-18	93%	93%	97%	✓	

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Significant events held each year at Walter Nash Centre	≥ 3	5 significant events	8 significant events	10 significant events	10 significant events	✓	Intel-Leisure
Planning completed for the Naenae Hub ¹²	30 June 2019	New measure for 2018-19	New measure for 2018-19	On hold due to Naenae Pool		✗	Additional Ordinary Council Meeting – 9 July 2019

Notes:

- Physical visits to Stokes Valley Library not counted from 16 September 2016.
- Accreditation including quality standards for health, safety, water quality, supervision, pool building and operation, and signage etc.
- Residents reasons for not visiting libraries, or not visiting often, included: not enough books, they need to be open longer hours, and they need maintenance/upgrading.
- Figures were affected by Alert Level 3 & 4 lockdown (11:59pm Wednesday 25 March – 11:59pm Wednesday 13 May) and the Alert Level 2 restrictions that were in effect until 11:59pm Monday 8 June. Community facilities were closed one week before the initial Alert Level 3 lockdown.
- Number from 2018-19 has been revised due to the discovery of a systems error that has been traced back to March 2019. A basic two door counter system is used for reporting the number of entries per hour. At some point in March of 2019 the reporting parameters where changed and instead of direct counting for both doors, the main door was only reporting half the numbers. This was picked up in September 2020 when a further alteration was made.
- The drop in residents satisfaction with pools relates to the closure of Naenae Pool which has directly inconvenienced local Naenae residents but also stretched resources and space at other pools reducing satisfaction of other users.
- Swimming Pool visits are significantly below target due to the closure of Naenae Pool (accounted for 420k visits annually) and the closures due to COVID-19 mentioned above.
- Cost per visit has been significantly affected by continuing to carry some costs for Naenae Pool and reduction in usage due to Naenae and COVID-19 closures.
- Survey usually completed in March/April but not completed in 2019-20 due to COVID-19.
- The corridor in Walter Nash between the old and new courts was closed for earthquake strengthening in January. This meant access to the 2 old courts at the back was via the back door only. This door has no door counter on it.
- Koraunui Stokes Valley opened in late October 2017 so the number of visits reflects that the hub was open for 8 months only. 2018/19 was the first year of full operation.
- The decision to postpone development of the Naenae Hub was agreed to at the Additional Ordinary Council Meeting on 9 July 2019. This decision was made following the decision to close Naenae Pool.

Integrated community services: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	5,566	4,917	5,810	5,390	3,666	(1,724)
Operating Subsidies & Grants	253	104	120	138	74	(64)
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	(135)	-	-	(57)	(57)
Vested Assets	-	-	-	-	-	-
Other Revenue	2,031	2,120	1,609	2,044	2,171	127
Total Revenue	7,850	7,006	7,539	7,572	5,854	(1,718)
EXPENDITURE						
Employee Costs	14,308	14,177	14,439	14,323	14,286	37
Operating Costs	9,810	10,150	8,976	9,738	9,735	3
Support Costs	4,160	4,160	4,350	4,995	4,995	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	733	615	736	991	2,095	(1,104)
Depreciation	4,588	5,519	4,436	5,329	5,228	101
Total Expenditure	33,599	34,621	32,937	35,376	36,339	(963)
DEFICIT BEFORE TAX	(25,749)	(27,615)	(25,398)	(27,804)	(30,485)	(2,681)
TOTAL CAPITAL EXPENDITURE	5,891	2,850	2,419	14,564	2,330	12,234
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(25,749)	(27,615)	(25,398)	(27,804)	(30,485)	(2,681)
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	(25,749)	(27,615)	(25,398)	(27,804)	(30,485)	(2,681)
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	(1,924)	(604)	(448)	(10,876)	(549)	10,327
Capital To Replace Existing Assets	(3,967)	(2,246)	(1,971)	(3,688)	(1,782)	1,906
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	4,588	5,519	4,436	5,329	5,228	(101)
Total Loan Funding Requirement	(1,303)	2,669	2,017	(9,235)	2,897	12,132
TOTAL FUNDING REQUIREMENT	(27,052)	(24,946)	(23,381)	(37,039)	(27,588)	9,451

Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
Community Houses Funding	3	5	(2)
Marae Funding	200	229	(29)
Arts & Culture Funding	40	40	-
Scholarships	10	(9)	19
Events Funding	20	20	-
Hutt City Youth Council	10	5	5
Safety Initiatives	334	341	(7)
Nuku Tewhatewha Research	40	17	23
Regional Grants	33	33	-
Tamaiti Whangai Grant	20	20	-
Waiwhetu Marae Scholarship	5	5	-
Wellington Free Ambulance	100	100	-
Sportsville	20	20	-
North East Projects	10	4	6
Youth Partnership Fund	3	1	2
Sport Wellington Long Term Regional Strategy	15	15	-
New Arts Funding	121	47	75
Volunteer Hutt	5	5	-
Kakano Fund	70	25	45
Mahia Atua General Fund	230	182	48
Mahia Atua Partnership Fund	532	299	233
Healthy Families - Action	290	9	281
Naenae Community Activities	100	81	19

Significant operating variations from Annual Plan

Revenue is under budget due to reduced user charges mainly as a result of the closure of pools, libraries, halls and museums due to COVID-19.

Expenditure is over budget mainly due to higher than budgeted finance costs which are due to operating costs for the new Events Centre now moved to this activity from the City Environment activity where there is an offsetting reduction.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Citizens Advice Bureau Relocation	25	-	25
Civic Events Centre Improvements	75	88	(13)
Civic Events centre - Operational Fitout	-	1	(1)
Making Places - Civic Events Centre Upgrade	-	24	(24)
Community Halls Improvements	328	136	192
Community Hubs - Building Improvements	5	3	2
Clubhouse Equipment Replacement	15	6	9
Community Houses	-	(5)	5
Community Panel Projects	294	94	200
Dowse Entrance Upgrade	250	35	215
Dowse New Artworks	84	89	(5)
Huia Pool Replace Roof Membranes	250	-	250
Libraries Buildings Improvements	45	4	41
Little Theatre Improvements	25	12	13
Little Theatre Sound and Lighting Improvements	50	17	33
Naenae Pool Major Refurbishment	9,000	13	8,987
Nuku Tewhatewha Hardware (Computer)	7	-	7
Nuku Tewhatewha Refurbishment	34	3	31
Nuku Tewhatewha Software Licences	45	-	45
Pools Other Improvement Projects	105	6	99
RFID Robotic Returns Sorter	160	-	160
Walter Nash Centre Equipment and Fitout	30	24	6
Walter Nash Taita Centre Furniture	50	-	50
CAPITAL TO REPLACING EXISTING ASSETS			
Civic Events Centre Maintenance	20	7	13
Dowse Carpets and Soft Furnishings Gallery and Office	45	-	45
Community Hubs - Interior & Exterior Maintenance	2	-	2
Community Hubs - Furniture & Equipment Replacements	10	10	(1)
Community Houses Building Maintenance	40	7	33
CCTV Replacement	-	19	(19)
Dowse Office Furniture and Equipment	10	26	(16)
Dowse Gallery Lighting	25	22	3
Dowse Building and Plant Maintenance	80	92	(12)
Dowse Museum Maintenance	356	141	215
Community Halls External and Internal Maintenance	474	306	168
Huia Pool Coloursteel Roof Replacement	280	-	280
Furniture and Equipment Replacement Programme Libraries	78	43	35
Libraries Interior and Exterior Maintenance	263	14	249
Replace Library Shelving	45	-	45

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
Libraries Security Maintenance	-	6	(6)
Libraries Stock Replacement	850	824	26
Little Theatre Maintenance	20	-	20
Other Pool Projects	492	224	268
Petone Settlers Museum Exhibition Furniture and Fittings	5	-	5
Petone Settlers Museum Building & Plant Maintenance	-	41	(41)
Stokes Valley Hub Maintenance	30	-	30
Stokes Valley Pool Roof Replacement	400	-	400
Walter Nash Centre Maintenance	165	-	165

Significant capital variations from Annual Plan

Capital was underspent mainly due to the deferral of the Naenae Pool Major Refurbishment project and also due to delays to a number of other projects caused by COVID-19.

These projects which include Huia Pool Replace Roof Membranes, Naenae Pool Major Refurbishment, RFID Robotic Returns Sorter, Dowse Museum Maintenance, Huia Pool Coloursteel Roof Replacement and Stokes Valley Pool Roof Replacement, have been carried over to 2020/21 or later years.

Parks and reserves

What we do

We provide and maintain active and passive recreational facilities in Lower Hutt for public enjoyment and wellbeing, with access largely free of charge. Our recreation areas are both natural and developed. Most of our work is targeted at maintaining developed areas and retaining bush land in its natural state. 'Parks and Reserves' also includes Council cemeteries.

Why we do it

In providing and maintaining parks, reserves, sportsgrounds, street gardens and street trees, we help to create a pleasant environment in which people can live, work and play. Providing and maintaining these areas at high quality and low user cost makes them available to the whole community.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Residents' satisfaction with:							
• sports grounds	≥ 95%	95%	95%	95%	94%	✘	Key Research
• parks, reserves and gardens	≥ 95%	96%	94%	96%	97%	✔	
• cemeteries	≥ 95%	95%	95%	97%	95%	✔	
Sportsfields - scheduled sports games that take place	>90%	New measure for 2018-19	New measure for 2018-19	95%	UM ¹		
Percentage of households that have used or visited parks, reserves or gardens in the previous 12 months	≥ 85%	84%	84%	85%	84%	✘	Key Research

Notes:

1. A figure for this measure is not able to be calculated in a meaningful way. The intention of the measure was to track how many sports games failed to occur due to ground closures where the ground closure was due to a maintenance or upkeep issue where Council was responsible for the upkeep and/or maintenance. The proportion of sport games that take place was used as a proxy for this. However, a number of scheduled sports games are undertaken on grounds outside of Council control and can be cancelled for reasons other than the ground being closed.

Parks and reserves: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$'000	2018-19 ACTUAL 2019 \$'000	2018-28 LTP (Year 2) 2020 \$'000	2019-20 AP 2020 \$'000	2019-20 ACTUAL 2020 \$'000	ACT v AP VAR 2020 \$'000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	3,049	2,201	3,104	3,273	2,800	(473)
Operating Subsidies & Grants	6	29	6	5	4	(1)
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	3,172	-	-	1,889	1,889
Vested Assets	-	-	-	-	-	-
Other Revenue	-	49	-	-	-	-
Total Revenue	3,055	5,451	3,110	3,278	4,693	1,415
EXPENDITURE						
Employee Costs	793	736	808	751	601	150
Operating Costs	9,708	11,271	9,902	11,524	9,825	1,699
Support Costs	679	679	690	710	710	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	783	657	919	862	693	169
Depreciation	1,978	2,148	1,939	2,737	2,337	400
Total Expenditure	13,941	15,491	14,258	16,584	14,166	2,418
DEFICIT BEFORE TAX	(10,886)	(10,040)	(11,148)	(13,306)	(9,473)	3,833
TOTAL CAPITAL EXPENDITURE	5,703	5,778	5,594	7,378	4,776	2,602
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(10,886)	(10,040)	(11,148)	(13,306)	(9,473)	3,833
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	(10,886)	(10,040)	(11,148)	(13,306)	(9,473)	3,833
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	(4,719)	(4,720)	(4,599)	(6,353)	(4,172)	2,181
Capital To Replace Existing Assets	(984)	(1,058)	(995)	(1,025)	(604)	421
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	1,250	6,075	510	2,123	2,238	115
Less Depreciation	1,978	2,148	1,939	2,737	2,337	(400)
Total Loan Funding Requirement	(2,475)	2,445	(3,145)	(2,518)	(201)	2,317
TOTAL FUNDING REQUIREMENT	(13,361)	(7,595)	(14,293)	(15,824)	(9,674)	6,150

Operating projects

	2019-20 AP 2020 \$'000	2019-20 ACTUAL 2020 \$'000	ACT v AP VAR 2020 \$'000
Hutt Valley Tennis - Mitchell Park	1,350	-	1,350
Biodiversity Assistance for Private Landowners	265	39	226

Significant operating variations from Annual Plan

Revenue is higher than budget mainly due to gains on the sale of property which is partly offset by reduced user charges as a result of lower reserve purchase revenue.

Expenditure is under budget mainly due to deferral to 2020/21 of the Hutt Valley Tennis and Biodiversity Assistance projects as well as reduced employee costs, finance costs, and depreciation costs.

Apart from a slight reduction in revenue and some deferred parks maintenance there was no material impact on net operating as a result of COVID-19.

Capital projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Akatarawa Cemetery Toilet Block	-	100	(100)
Avalon Park Development	100	6	94
Parks & Gardens Protection Bollards	5	-	5
Bell Park Development	250	-	250
Fraser Park Reinstatement	250	-	250
Light Boxes	12	-	12
Land Purchase - Hall Crescent	-	588	(588)
Mountain Bike Park	50	54	(4)
Manor Park Cycle Trail	370	-	370
Naenae Hub Ground Works	400	-	400
New Tracks & Track Upgrades	100	7	93
Percy Reserve SH2 Development	50	66	(16)
Making Places Riddiford Gardens Stage 3	-	60	(60)
Valley Floor Review Implementation	399	189	210
Sportsground Drainage Upgrades	222	344	(122)
Avalon Park Toilets	315	392	(77)
Toilets Upgrade	50	4	46
Te Whiti Park Building Extension	300	-	300
Wharves Refurbishment	3,450	2,358	1,092
Wainuiomata Garden Of Remembrance	-	4	(4)
Wainuiomata Welcome Sign	30	-	30
CAPITAL TO REPLACE EXISTING ASSETS			
Korohiwa Bus Barn Maintenance	80	5	75
Avalon Park Lions Train - track replace	50	43	7
Seats & Bins	60	64	(4)
Parks Hard Surfaces Maintenance	250	84	166
Parks Signage & Interpretation	30	35	(5)
Playgrounds	305	43	262
Sportsground Buildings Maintenance	220	301	(81)
Track Maintenance	30	-	30
Wharves Maintenance	-	28	(28)

Significant capital variations from Annual Plan

Total capital is under budget mainly due to a number of projects being delayed as a result of COVID-19. Some of these projects which include Bell Park Development, Fraser Park Reinstatement, Manor Park Cycle Trail, Naenae Hub Ground Works, New Tracks & Track Upgrades, Valley Floor Review Implementation, Toilets Upgrade, Te Whiti Park Building Extension, Wharves Refurbishment, Wainuiomata Welcome Sign, and Playgrounds have been carried over to 2020/21.

Community facilities development

What we do

Hutt City Council has a Long Term Integrated Facilities Plan which provides a clear guide for Council and community decision-making regarding the future development of community facilities. The Hutt City Community Facilities Trust (CFT) (a Council Controlled Organisation established in August 2012) plays an integral role in assisting Council in implementing this plan.

Why we do it

After a stocktake and review of the community facilities in Lower Hutt, Council consulted with the community around the future provisioning of public infrastructure in Lower Hutt. The resulting Integrated Community Facilities Plan endorsed the concept of community hubs and identified the CFT as the prime delivery agent for new community facilities. The key to the hub concept is integration. A community hub gathers in one convenient place the community services that together provide an environment where social, educational, recreational and cultural activities can occur, enhancing connections and relationships among people in the area as a result.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Gymsports:							
• Fundraising	50% complete by 30 June 2020	New measure 2019-20	New measure 2019-20	New measure 2019-20	Unmeasured ¹		
• Design finalised		New measure 2019-20	New measure 2019-20	New measure 2019-20	Unmeasured ¹		
Community Facilities Trust:							
• Operating and capital expenditure	within budget	Achieved	Achieved	Not achieved	Not ² achieved	✘	CFT Annual Report
• Council accountability requirements met	100%	Achieved	Achieved	Not achieved	Achieved	✓	

Notes:

1. Funding of the Hutt Valley Gymsports was initially deferred to 2020/21 then reduced to a \$500k grant as part of the Annual Plan 2020-21 process. It is planned that the Gymsports facility will be managed and owned by Hutt Valley Gymnastics and that this will no longer be a Community Facilities Trust or Council project.
2. Largely due to repayment of funding relating to the Naenae Hub development (on hold) received in 2018/19, which was no longer required.

Community facilities development: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	-	-	-	-	-	-
Operating Subsidies & Grants	-	-	-	-	193	193
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-
Other Revenue	-	-	-	60	-	(60)
Total Revenue	-	-	-	60	193	133
EXPENDITURE						
Employee Costs	-	-	-	-	-	-
Operating Costs	5,796	5,862	5,274	5,825	1,325	4,500
Support Costs	-	-	-	-	-	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	591	496	872	627	504	123
Depreciation	-	-	91	-	-	-
Total Expenditure	6,387	6,358	6,237	6,452	1,829	4,623
DEFICIT BEFORE TAX	(6,387)	(6,358)	(6,237)	(6,392)	(1,636)	4,756
TOTAL CAPITAL EXPENDITURE	2,000	-	6,120	-	-	-
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(6,387)	(6,358)	(6,237)	(6,392)	(1,636)	4,756
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	(6,387)	(6,358)	(6,237)	(6,392)	(1,636)	4,756
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	(2,000)	-	(6,120)	-	-	-
Capital To Replace Existing Assets	-	-	-	-	-	-
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	-	-	91	-	-	-
Total Loan Funding Requirement	(2,000)	-	(6,029)	-	-	-
TOTAL FUNDING REQUIREMENT	(8,387)	(6,358)	(12,266)	(6,392)	(1,636)	4,756

Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CFT Operating Grant	350	350	-
CFT Fraser Park Sportsville	300	450	(150)
CFT Hutt Valley GymSports	2,000	-	2,000
CFT Sportsville Wainuimata	2,650	-	2,650

Significant operating variations from Annual Plan


Revenue is over budget mainly due to the repayment of the unused portion of a capital funding grant from CFT Naenae pending a final decision on Naenae pool rebuild. This is partly offset by Fraser Park naming rights income not received.

Expenditure is under budget due to deferral of Hutt Valley GymSports and Sportsville Wainuimata projects to 2020/21.

There was no material impact on net operating as a result of COVID-19.

Capital projects

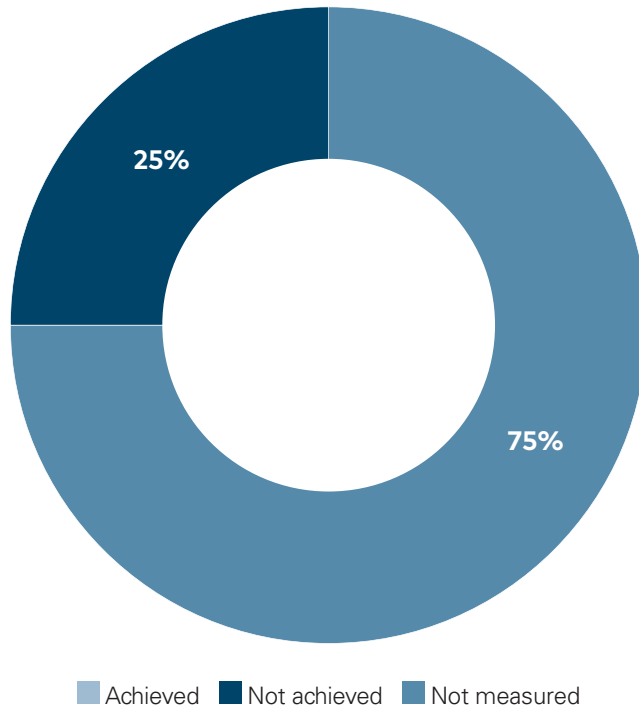
There were no capital projects budgeted or carried out during the year.



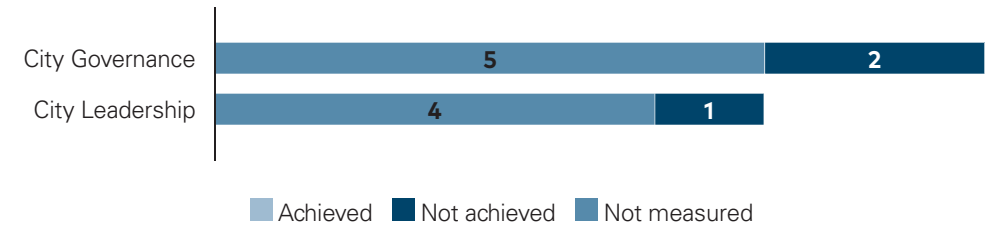
**Kāwanatanga, ruruku
me te tōpūtanga
Governance, engagement
and organisation**

Governance, engagement and organisation performance

Governance, engagement and organisation: Performance targets summary



Governance, engagement and organisation: Key performance targets by activity area



Governance, engagement and organisation: Funding impact statement

For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	(12,057)	(12,038)	(9,254)	(21,094)	(12,727)
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	944	1,150	963	999	1,094
Internal charges and overheads recovered	16,290	16,303	16,625	17,519	17,519
Local authorities fuel tax, fines, infringement fees, and other receipts	1,175	1,617	1,397	1,526	1,984
Total operating funding (A)	6,352	7,032	9,731	(1,050)	7,870
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	13,632	15,742	13,828	15,882	18,612
Finance costs	1,148	1,370	1,107	921	807
Internal charges and overheads applied	3,419	3,419	3,376	3,383	3,383
Other operating funding applications	-	11,557	-	-	10,147
Total applications of operating funding (B)	18,199	32,088	18,311	20,186	32,949
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	(11,847)	(25,056)	(8,580)	(21,236)	(25,079)
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	-	-	-	-	-
Increase (decrease) in debt	15,152	26,069	10,085	23,356	26,737
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	15,152	26,069	10,085	23,356	26,737
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	-	-	-	-	-
- to improve level of service	465	250	638	1,290	776
- to replace existing assets	2,840	763	867	830	882
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-
Total applications of capital funding (D)	3,305	1,013	1,505	2,120	1,658
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	11,847	25,056	8,580	21,236	25,079
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

City governance

What we do

This activity comprises the processes that govern our city and support decision-making. It includes elected members (the Mayor and Councillors), strategic planning, policy development and monitoring and reporting. The elected members have an important role in the community. They:

- provide a governance role for the city
- set Council's strategic direction, including determining the activities we undertake (within legal parameters)
- monitor our performance on behalf of the city's residents and ratepayers.

Our governance structure included community panels (disestablished in October 2019) and includes community boards which provide local input into our decision-making.

Why we do it

Under the Local Government Act 2002, Council has two purposes:

- To enable democratic local decision-making and action by, and on behalf of, communities; and
- To meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

The elected members, processes and professional advice support Council to fulfil its first obligation to sound governance and robust decision-making for the city.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Residents' satisfaction with the Mayor's and Councillors' performance	≥ 78%	78%	82%	80%	79%	✓	Key Research
Residents' satisfaction with the way we spend their rates	≥ 71%	71%	75%	72%	74%	✓	Key Research
Residents' satisfaction with our public consultation	≥ 71%	71%	72%	72% ¹	70%	✗	Key Research
Councillors are satisfied or more than satisfied with the formal advice they receive from officers	≥80%	96%	90%	100%	89% ²	✓	Survey of Elected and Appointed Members
Councillors are satisfied or more than satisfied with responses to requests for help from officers	≥80%	98%	90%	100%	93% ²	✓	Survey of Elected and Appointed Members
Community Board and Community Panel members are satisfied or more than satisfied with the formal advice they receive from officers	≥ 80%	92%	85%	100%	88% ³	✓	Survey of Elected and Appointed Members
Community Board and Community Panel members are satisfied or more than satisfied with responses to requests for help from officers	≥ 80%	84%	78%	100%	69% ³	✗	Survey of Elected and Appointed Members

Notes:

1. Figure of '61%' reported in 2018/19 was incorrectly transposed from Key Research report
2. This survey was undertaken face to face in 2020 rather than online as in previous years. The change in methodology will need to be taken into account when comparing the data to previous years.
3. The Community Boards and Panels were disestablished in October 2019 and their role and function reviewed. Both have since been re-established as Community Boards and Community Funding Panels. Only Community Boards completed the satisfaction survey.

City governance: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	-	-	-	-	-	-
User Charges	-	1	-	-	2	2
Operating Subsidies & Grants	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Gain On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-
Other Revenue	-	2	204	234	235	1
Total Revenue	-	3	204	234	237	3
EXPENDITURE						
Employee Costs	-	2	10	24	21	3
Operating Costs	1,303	1,281	1,618	1,679	1,701	(22)
Support Costs	3,419	3,419	3,376	3,383	3,383	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Finance Cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Total Expenditure	4,722	4,702	5,004	5,086	5,105	(19)
DEFICIT BEFORE TAX	(4,722)	(4,699)	(4,800)	(4,852)	(4,868)	(16)
TOTAL CAPITAL EXPENDITURE						
	-	-	-	-	-	-
RATES FUNDING REQUIREMENT						
Deficit Before Tax	(4,722)	(4,699)	(4,800)	(4,852)	(4,868)	(16)
Add Capital Contributions	-	-	-	-	-	-
Total Rates Funding Requirement	(4,722)	(4,699)	(4,800)	(4,852)	(4,868)	(16)
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	-	-	-	-	-	-
Capital To Improve Level Of Service	-	-	-	-	-	-
Capital To Replace Existing Assets	-	-	-	-	-	-
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	-	-	-	-	-	-
Less Depreciation	-	-	-	-	-	-
Total Loan Funding Requirement	-	-	-	-	-	-
TOTAL FUNDING REQUIREMENT	(4,722)	(4,699)	(4,800)	(4,852)	(4,868)	(16)

Operating projects

There were no operating projects separately budgeted for the year.

Significant operating variations from Annual Plan

There are no significant revenue variances.

There are no significant expenditure variances.

There was no material impact on net operating as a result of COVID-19.

Capital projects

There were no capital projects budgeted or carried out during the year.

City leadership

What we do

City Leadership incorporates the organisation-wide support functions that help us to provide our other activities efficiently to lead and deliver services for the community.

Why we do it

The City Leadership activity supports all our activities by providing business, legal and support services and tools.

How we measure the success of our services:

Measure	Target	Achieved 2016-17	Achieved 2017-18	Achieved 2018-19	Achieved 2019-20	Year end 2019-20 vs Target	Source of information
Budget management	All activities are expected to operate within net capital and operating budgets	Operating: \$15.5 million favourable variance Capital: \$42.3 million favourable variance	Operating: \$4.9 million unfavourable variance Capital: \$22.1 million favourable variance	Operating: \$4.3 million unfavourable variance Capital: \$28.4 million favourable variance	Operating: \$1.9 million favourable variance Capital: \$29.2 million favourable variance ¹	✓ ✓	Financial System
Customer satisfaction – satisfaction with the overall performance of Hutt City Council	> previous year result	88%	89%	86%	87%	✓	Key Research
Project completion – the percentage of completed projects	80%	65%	82%	50%	52% ²	✗	Financial System
Work-related accidents resulting in medically approved time off work	< 4	Nil	Four	Four	One	✓	HR Payroll

Notes:

1. The actual deficit, excluding gains/losses on revaluation of financial instruments and asset revaluations, was more favourable than budgeted by \$1.9 million mainly due to reduced costs including deferral of CFT projects partly offset by reduced revenue from capital subsidies and user charges which were impacted by COVID-19. Capital expenditure was under-spent compared to budget by \$29.2 million mainly from delays, some due to COVID-19, in completing a number of projects. Most of these projects are due to be completed in 2020/2021.
2. This key performance indicator compares the number of completed projects as a percentage of the number of projects that were budgeted. In 2019/2020 a number of projects were delayed or not completed. This was impacted by a work programme that contained a number of projects requiring an increased level of project management and also by the impact of COVID-19. Many of the incomplete projects have been carried over and are due to be completed in 2020/2021.

City leadership: Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	2018-28 LTP (Year 1) 2019 \$000	2018-19 ACTUAL 2019 \$000	2018-28 LTP (Year 2) 2020 \$000	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
REVENUE						
Rates Income	105,123	105,316	108,067	108,067	108,423	356
User Charges	944	1,149	963	999	1,092	93
Operating Subsidies & Grants	-	-	-	-	-	-
UHCC Operating Subsidy	-	-	-	-	-	-
Capital Subsidies	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-
Interest Earned	968	1,300	982	982	1,006	24
Dividends	-	5	-	-	406	406
Gain On Prop Revaluations, Sales, Disposals	-	(3)	-	-	(67)	(67)
Gain On Revaluation Of Financial Instruments	-	-	-	-	-	-
Vested Assets	-	-	-	-	-	-
Other Revenue	207	313	211	310	404	94
Total Revenue	107,242	108,080	110,223	110,358	111,264	906
EXPENDITURE						
Employee Costs	9,579	9,525	9,686	10,628	10,890	(262)
Operating Costs	2,750	4,934	2,514	3,551	6,000	(2,449)
Support Costs	(16,290)	(16,303)	(16,625)	(17,519)	(17,519)	-
Loss On Prop Revaluations, Sales, Disposals	-	-	-	-	-	-
Loss On Revaluation Of Financial Instruments	-	11,557	-	-	10,147	(10,147)
Finance Cost	1,148	1,370	1,107	921	807	114
Depreciation	1,568	1,635	1,709	1,786	1,639	147
Total Expenditure	(1,245)	12,718	(1,609)	(633)	11,964	(12,597)
SURPLUS BEFORE TAX	108,487	95,362	111,832	110,991	99,300	(11,691)
TOTAL CAPITAL EXPENDITURE	3,305	1,013	1,505	2,120	1,658	462
RATES FUNDING REQUIREMENT						
Surplus Before Tax	108,487	95,362	111,832	110,991	99,300	(11,691)
Add Capital Contributions	-	-	-	-	-	-
Rate Funded Debt Repayment	13,415	26,691	10,289	23,022	26,718	3,696
Total Rates Funding Requirement	121,902	122,053	122,121	134,013	126,018	(7,995)
LOAN FUNDING REQUIREMENT						
Capital To Meet Additional Demand	(465)	(250)	(638)	(1,290)	(776)	514
Capital To Improve Level Of Service	(2,840)	(763)	(867)	(830)	(882)	(52)
Capital To Replace Existing Assets	-	-	-	-	-	-
Less Capital Contributions	-	-	-	-	-	-
Less UHCC Capital Contributions	-	-	-	-	-	-
Less Asset Sales	1,568	1,635	1,709	1,786	1,639	(147)
Less Depreciation	(13,415)	(26,691)	(10,289)	(23,022)	(26,718)	(3,696)
Total Loan Funding Requirement	(15,152)	(26,069)	(10,085)	(23,356)	(26,737)	(3,381)
TOTAL FUNDING REQUIREMENT	106,750	95,984	112,036	110,657	99,281	(11,376)

Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
Social Development Projects	75	57	18
Research - Monitoring & Evaluation Of Outcome	50	50	-
Smokefee Signage	11	5	6
Homelessness Strategy	585	406	179

Significant operating variations from Annual Plan

Revenue is greater than budget mainly due to Rates being higher than expected as a result of higher than expected growth and an adjustment for internal rates plus the receipt of an unbudgeted dividend and higher recoveries from CCOs for business support services.

Expenditure is greater than budget due to higher IT operating costs as a result of implementing Technology as a service rather than as a capital investment with an offsetting reduction in capital spend. Other unfavourable adjustments include higher than budgeted costs for revaluation of assets and audit services.

Apart from the timing of some costs related to the set up for working remotely there was no material impact on net operating as a result of COVID-19.



Operating projects

	2019-20 AP 2020 \$000	2019-20 ACTUAL 2020 \$000	ACT v AP VAR 2020 \$000
CAPITAL TO IMPROVE LEVEL OF SERVICE			
Internal Relocation - Capex	-	22	(22)
Mobile Devices	80	-	80
Other (IT) Projects	545	-	545
Internet Online Services	605	-	605
Post Room Admin Building	-	59	(59)
Vehicle Purchase	60	696	(636)
CAPITAL TO REPLACE EXISTING ASSETS			
Civic Administration Building Maintenance	55	81	(26)
CEO - Office Refurbishment	-	10	(10)
Network Storage/Server Hardware and PC Replacement Programme	350	670	(320)
Pavilion Maintenance	10	8	2
System Maintenance	180	24	156
System Upgrades	195	89	106
Telecommunications	40	-	40

Significant capital variations from Annual Plan

Capital is under budget mainly due to cost for IT moving from an ownership (capital investment) model to Technology as a Service as reflected in higher than budgeted operating costs. This is partly offset by cost related to the move to purchase rather than lease vehicles and the move to EVs.

There was no material impact on capital as a result of COVID-19.

Tō koutou kaunihera

How council works for you

Hutt City Council was established in 1989 through the amalgamation of the former Lower Hutt City, Eastbourne Borough, Petone Borough and Wainuiomata District Councils, and the Hutt Valley Drainage Board. Its jurisdiction covers the city of Lower Hutt.

Its purpose is:

- to enable democratic local decision-making and action by, and on behalf of, communities; and
- to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

Council governance

Hutt City Council is governed by a Mayor and 12 Councillors. The Mayor and six Councillors are elected on a city-wide basis and six Councillors are elected to represent their respective wards, while working in the best interests of the city as a whole. There are six wards - Northern, Eastern, Central, Western, Harbour and Wainuiomata – each with one Councillor.

Community boards and community panels

Council also works with three Community Boards covering Eastbourne, Petone and Wainuiomata, and also worked with four Community Panels covering the Northern, Eastern, Central and Western wards until their disestablishment in October 2019. These are to be replaced by Community Funding Panels in the 2020-2021 financial year.

Each Community Board has up to six members elected by the community, plus the ward Councillor. The only exception is Eastbourne Community Board, which has agreed to have only five elected members.

The role of a Community Board is to:

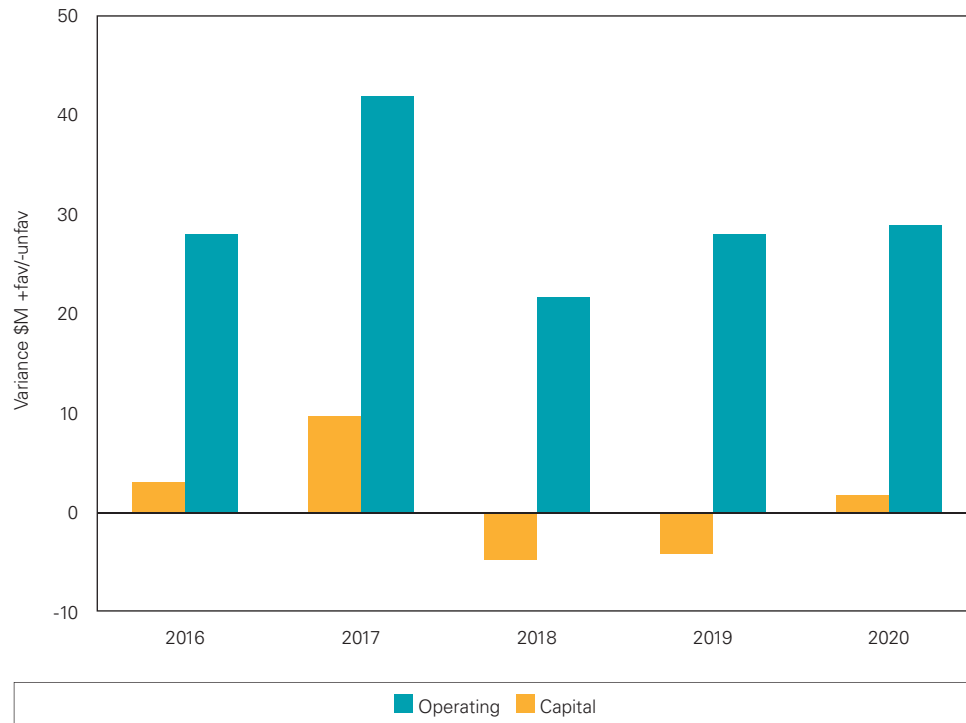
- Represent and act as an advocate for the interests of its community.
- Consider and report on any matter referred by Council and any issues of interest.
- Make an annual submission to Council on projects and expenditure in the community.
- Maintain an overview of services provided by Council within the local community.
- Be a channel of communication between the community and Council.
- Undertake any other responsibilities delegated by Council.

For the 2020/2021 financial year Council will have four Community Funding Panels in the Central, Eastern, Northern and Western ward communities. Each panel will consist of up to five community representatives along with the ward Councillor, a city wide Councillor and an alternate city-wide Councillor appointed to attend Community Funding Panel meetings as required or in the absence of the sitting city-wide Councillor.

The role of the panels will be that of community funders focused on supporting local projects and initiatives in their communities:

- Allocating and managing a Local Community Projects Fund
- Allocating and managing the local Community Engagement Fund for the Central, Eastern, Northern and Western wards to assist and support local community events and initiatives.

Budget management

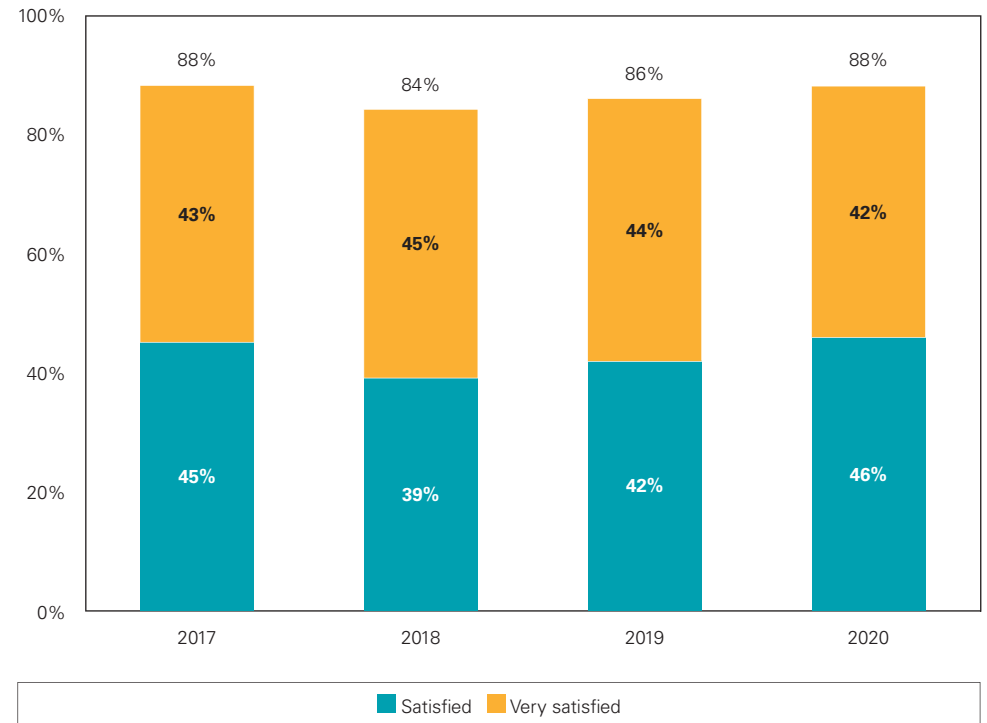


This key performance indicator compares results with budget targets. All activities are expected to operate within net operating budgets and capital budgets.

For 2019/2020, excluding the expected gains/losses on revaluation of financial instruments and asset revaluations, Council budgeted for an operating deficit of \$13.3 million. This included \$4.7 million in capital grants to fund community rejuvenation projects planned to be undertaken by the Hutt City Community Facilities Trust (CFT), which is part of the Council Group. The actual deficit, excluding gains/losses on revaluation of financial instruments and asset revaluations, was more favourable than budgeted by \$1.9 million mainly due to reduced costs including deferral of CFT projects partly offset by reduced revenue from capital subsidies and user charges which were impacted by COVID-19.

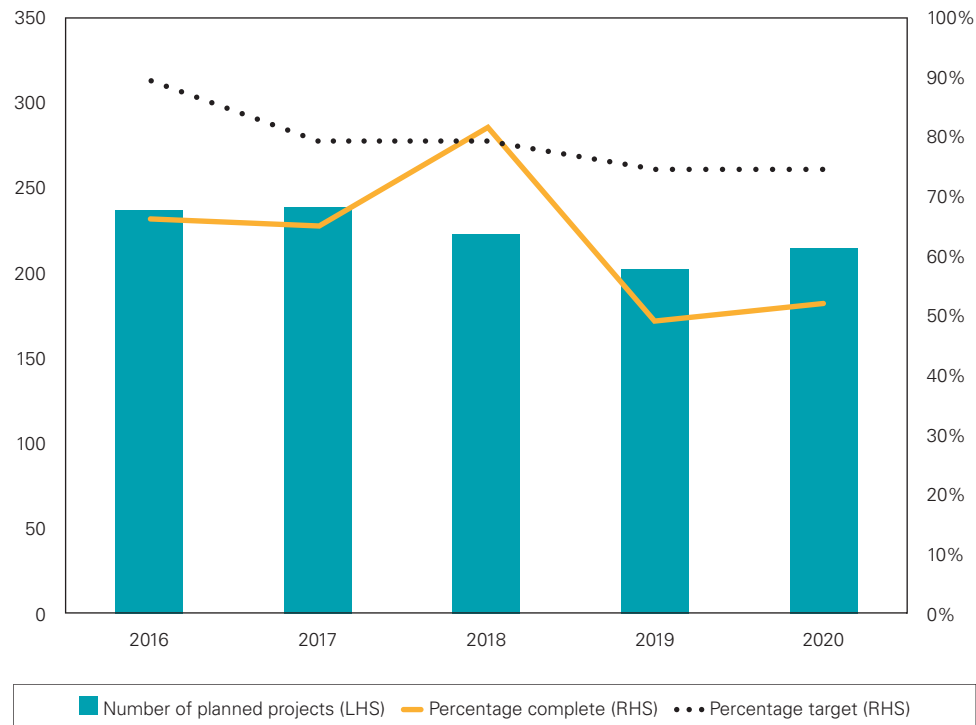
Capital expenditure was under spent compared to budget by \$29.2 million mainly from delays, some due to COVID-19, in completing a number of projects. Most of these projects are due to be completed in 2020/2021. Further details are contained in the information that is provided for each Activity and in the Financial Overview.

Customer satisfaction



Council is committed to delivering a high level of service to the community. We monitor residents' satisfaction through an independent annual survey. Overall our satisfaction levels are high with more than four out of every five residents (88%) indicating they are satisfied. Overall satisfaction has increased slightly and the proportion of residents who are very satisfied has decreased slightly.

Project completion



Every year Council commits to between 200–300 projects through the Annual/Long Term Plan. Inevitably some projects cannot be completed in time and are usually carried over to be completed in the next financial year. This key performance indicator compares the number of completed projects as a percentage of the number of projects that were budgeted.

In 2019/2020 a number of projects were delayed or not completed with the completion rate for the year impacted by a work programme that contained a number of projects requiring an increased level of project management and also by the impact of COVID-19. Many of the incomplete projects have been carried over and are due to be completed in 2020/2021. Further details are contained in the information that is provided for each Activity and in the Financial Overview.

Compliance

Year	Non-compliance instances	
	Insignificant	Significant
2004	9	-
2005	6	-
2006	1	-
2007	3	-
2008	1	-
2009	1	-
2010	1	-
2011	2	-
2012	4	-
2013	1	-
2014	1	-
2015	-	1
2016	-	1
2017	-	-
2018	-	-
2019	1	-
2020	4	-

It is vital for staff, contractors and other businesses associated with Council to comply with the law, contracts, consents, employment agreements, health and safety requirements and Council policy. Council monitors this compliance on a monthly basis, and has a target of no significant cases of non-compliance. We have achieved this target for the fourth consecutive year.

Staff Engagement

Council has initiatives to support staff engagement including a commitment to workplace flexibility, health and wellbeing, improving leadership effectiveness and enhancing the employee experience. Council is currently considering its options for measuring workplace engagement and satisfaction.

Ngā ringaringa me ngā waewae o te kaunihera

Council controlled organisations and associates

Seaview Marina Limited (SML)

Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented: Council's objective for this company is for it to own and operate Seaview Marina.

Nature and scope of its activities:

Council expects the company to own and operate Seaview Marina as a facility for the enjoyment of the Lower Hutt community without compromising its commercial objectives and environmental responsibilities.

Key performance targets

Measures	2020 Target	2020 Actual	2020 YE vs target	2019 Target	2019 Actual	Variance Explanation and Notes
FINANCIAL						
Deliver annual budgeted revenues for each of the four business entities:						
1. Boat storage	100%	94%	✘	New measure 2019/20 financial year		
2. Hardstand	100%	102%	✔			
3. Marine Centre	100%	101%	✔			
4. Launching ramp	100%	135%	✔			
Control operational expenses - operational expenses within budget ¹	≤100% (\$2,305,360)	% (\$2,272,856)	✔	≤100% (\$1,762,852)	% (\$2,009,498)	
Achieve prescribed return on equity ²	≥4%	4.5%	✔	≥5%	5%	
Manage capital expenditure ³	Complete within budget and on time	Not achieved	✘	Complete within budget and on time	Not achieved	Overall, capital spend was under budget due to a delay in starting the H & I pier development and the postponement of the Catamaran haul-out project to next year. Three projects were over budget - cafe development, miscellaneous items and the tunnel house.
RELATIONSHIP AND COMMUNICATION						
Client service	85% satisfaction	93%	✔	85% satisfaction	91% satisfaction	Satisfaction for the exit/entry survey (bi-annual survey)
Newsletter communications	Complete 4 newsletters in 2019/20	Achieved	✔	Complete 4 newsletters in 2018/19	Not achieved	
Meet all shareholder reporting deadlines	Reporting Deadlines for 2019/20	Achieved	✔	Reporting Deadlines for 2019/20	Not achieved	Annual Report received by Council before 30 Sept 2019. Six month report to the Shareholder and the draft SOI for 2020/21 to 2022/23 delivered to Council before 1 Mar 2020. Final SOI delivered to Council before 30 Jun 2020.
RISK MANAGEMENT						
Notifiable health and safety incidents	Nil incidents	Achieved	✔	Nil incidents	Achieved	
Business continuity plan	Run test scenario and review	Achieved	✔	Run test scenario and review	Achieved	Business continuity plan implemented for COVID-19 emergency, and worked according to plan.
MARKETING						
Implement marketing strategy to improve occupancy rates	N/A	N/A		Berth occupancy >90%	Achieved	
Media and public relations	10 enquiries per month from website	Achieved	✔	10 enquiries per month from website	Achieved	

Notes:

- Operational expenses are defined as all expenses controllable by Seaview Management. Excludes losses arising from the revaluation of similar assets within an asset class
- Return on equity is calculated as the net surplus / (deficit) excluding losses of gains arising from the revaluation of similar assets within an asset class divided by the opening balance of equity at the start of the year
- Capital expenditure excludes carry forward of expenses on projects from previous years.

Urban Plus Limited

Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented: Council's objective for this company is for it to own and operate a portfolio of rental housing, develop property in preparation for sale or lease and manage Council property and building assets.

Nature and scope of its activities: Activities include property development, rental property management, facilities management of Council property, provision of strategic property advice to Council and the purchase of surplus property from Council.

The Urban Plus Group comprises Urban Plus Limited, UPL Developments Limited (formerly Fairfield Waters Limited), and UPL Limited Partnership (formerly Fairfield Limited Partnership).

Key performance targets

Measures	2020 Target	2020 Actual	2020 YE vs target	2019 Target	2019 Actual	Variance Explanation and Notes
RENTAL HOUSING						
Capital expenditure	Within budget: \$180,000	\$30,151	✓	Within budget: capital \$9,345,000	\$9,202,584	
Operational expenditure ¹	Within budget: \$1,024,407	\$1,177,926	✗	Within budget: operating \$922,114	\$966,920	
Net surplus before depreciation and after finance expenses as a proportion of the net book value of residential land and buildings at the start of the year ²	> 3.5%	3.1%	✗	> 3.5%	4.4%	
Tenant satisfaction with the provision of the company's rental housing ³	> 90%	95%	✓	> 90%	93%	
Percentage of total housing units occupied by low-income elderly	> 85%	76%	✗	> 85%	73%	The existing tenants at the recently acquired 17 Britannia St lowered the percentage of residents identifying NZ Superannuation as their primary source of income. ⁴
Rentals charged	> 85% of 'market' rent	76%	✗	> 85% of 'market' rent	87%	
Increasing the portfolio size	220 units by 30 June 2020	189	✗	220 units by 30 June 2020	189 units at 30 June 2019	Number of units remains at 189, however the 220 target is expected to be achieved by 30 June 2021
By 30 June 2020, assess the performance of the rental housing portfolio against the HomeFit® standard	Assess the performance of the rental housing portfolio against the HomeFit® standard	Not achieved	✗	New measure 2019/20		This assessment was to form part of the healthy homes compliance statement and will now be completed prior to the extended deadline of 1 December 2020 ⁵
Any rental housing units purchased and not already utilising electricity or renewable sources of energy for space heating, water heating, and cooking facilities, shall be converted to utilise only electricity or renewable sources of energy within five years of acquisition	Not applicable	Not applicable	Not applicable	New measure 2019/20		No units in the existing portfolio utilise non-renewable energy sources No acquisitions were made during 2019/20
New rental housing units constructed by UPL to utilise only electricity or renewable sources of energy for space heating, water heating and cooking facilities	Not applicable	Not applicable	Not applicable	New measure 2019/20		No units were constructed during 2019/20

Measures	2020 Target	2020 Actual	2020 YE vs target	2019 Target	2019 Actual	Variance Explanation and Notes
PROPERTY DEVELOPMENT						
Capital expenditure	Within budget: \$5,228,921	\$653,108	✓	Within budget: \$nil	\$1,230	
Operational expenditure	Within budget: \$1,410,447	\$1,410,049	✓	Within budget: \$442,050	\$538,810	
Return on each project	> 10% after interest and tax	Not applicable		> 10% after interest and tax	Not applicable	No developments were completed during 2019/20
From 1 July 2019, any new developments not already resource consented as at 30 June 2019, shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities	All developments consented after 30 June 2019 to utilise only electricity and renewable energy sources for space heating, water heating and cooking facilities	Not applicable		New measure 2019/20		No units were consented during 2019/20
By the year ending 30 June 2020, at least one housing unit (standalone house or townhouse) shall achieve a certified HomeStar™ rating of at least six stars	One or more units to achieve a HomeStar™ rating of at least six stars	Not achieved	✗	New measure 2019/20		The UPL Limited Partnership sought to achieve this target for a unit at The Lane development, but did not receive a rating by 30 Jun 2020
PROFESSIONAL PROPERTY ADVICE						
Return on additional services provided to the shareholder	Achieve a market return on additional services provided to the shareholder	Not applicable		Achieve a market return on additional services provided to the share holder	Not applicable	Additional services were not charged to the shareholder during 2019/20
UPL DEVELOPMENTS LIMITED						
Tender processes	Undertake, negotiate and execute tender processes for and on behalf of the Partnership and 'parent' company as required	Achieved	✓	Undertake, negotiate and execute tender processes for and on behalf of the Partnership and 'parent' company as required	Achieved	Central Park & The Lane: Contracts negotiated and executed in 2018/19, continued to be managed during 2019/20. 132A Molesworth St & 17 Britannia St: Contracts for civil engineering and surveying were negotiated in 2019/20. Contracts for other suppliers are being negotiated and executed as and when required
Civil and construction contracts	Facilitate civil and construction contracts for and on behalf of the Partnership and 'parent' company as required	Achieved	✓	Facilitate civil and construction contracts for and on behalf of the Partnership and 'parent' company as required	Achieved	Central Park & The Lane: The contracts for civil works negotiated in 2018/19 were completed in 2019/20
Payment of contract progress claims and payments to other suppliers engaged to provide services or goods to defined development projects	Facilitate the payment of contract progress claims for Board approved contracts and payments to other suppliers engaged to provide services or goods to defined development projects	Achieved	✓	Facilitate payment of contract progress claims for Board approved contracts as well as payments to other suppliers	Achieved	Facilitated the payment of contract progress claims for Parkview, Central Park and The Lane developments, as well as payments to other suppliers engaged to provide services or goods on these property development projects
Future developments	If used for future developments, the same performance measures apply as for Property Development (refer above)	Not applicable		If used for future developments, the same performance measures apply as for Property Development (refer above)	Not applicable	UPL DL was not used for development projects in 2019/20
Development projects	Act as General Partner when a Limited Partnership structure is utilised for development projects.	Achieved	✓	Act as General Partner when a Limited Partnership structure is utilised for development projects	Achieved	

Measures	2020 Target	2020 Actual	2020 YE vs target	2019 Target	2019 Actual	Variance Explanation and Notes
UPL LIMITED PARTNERSHIP						
Land development	Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds	Achieved	✓	Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds	Achieved	
Business undertakings	Perform business undertakings in common with Urban Plus Limited with a view to profit from development projects for the purposes of funding for the elderly housing portfolio	Achieved	✓	Perform business undertakings in common with Urban Plus Limited with a view to profit from development projects for the purposes of funding for the elderly housing portfolio	Achieved	
Capital expenditure ⁶	Within budget: \$19,039,739	\$10,634,601	✓	Within budget: \$9,648,446	\$11,720,294	
Operational expenditure ⁷	Within budget: \$616,717	\$356,794	✓	Within budget: \$23,706	\$350,940	
6.1 Return on each project ⁸	>10%	44%	✓	>10%	25%	
From 1 July 2019, any new developments not already resource consented as at 30 June 2019, shall only utilise electricity or renewable sources on energy for space heating, water heating and cooking facilities.	All developments consented after 30 June 2019 to utilise only electricity and renewable energy sources for space heating, water heating and cooking facilities	Achieved	✓	New measure 2019/20		All developments consented after 30 June 2019 have only utilised electricity and renewable energy sources for space heating, water heating and cooking facilities
By 30 June 2020, at least one housing unit (standalone house or townhouse) shall achieve a certified HomeStar™ rating of at least six stars.	One or more units to achieve a HomeStar™ rating of at least six stars	Not achieved	✗	New measure 2019/20		A HomeStar™ rating application was submitted for one unit at The Lane, but the result of the application has not yet been received

Notes:

- Operating expenditure before depreciation and tax expense
- Calculated as net surplus plus depreciation, over the opening value of residential land and buildings.
- This measure is from a survey of tenants who on a 5 point rating scale, with 3 being 'neutral', rated their satisfaction as neutral or better. There was a response rate of 33% from the 184 surveys sent.
- Information on the existing tenants at 17 Britannia St has not yet been fully gathered so a conservative approach has been taken to assume that tenants are not low income elderly unless UPL has received confirmation they are.
- The deadline for landlords providing a compliance statement for the healthy homes standards has been extended from 1 July 2020 to 1 December 2020 in response to COVID-19.
- Capital expenditure relates to expenditure on property development projects. These properties are developed for sale and held as inventory rather than being capitalised at completion. This expenditure includes interest expenses.
- Operational expenditure excludes cost of commercial development sales.
- The return after tax and interest is calculated by taking the company tax rate (28%) off the profit and dividing by cost of development sales and direct costs attributable to the development.

Community Facilities Trust

Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented: Council's objective for the CFT is for it to enhance the health and wellbeing of the city's communities through the effective and efficient provision, development and operation of leisure and community facilities throughout Lower Hutt.

Hutt City Council's Integrated Community Facilities Plan will see a series of 'community hubs' cluster civic and sporting facilities into more user-friendly, efficient and well-utilised centres which fit the needs of the communities that make up Lower Hutt now and into the future. The CFT has been entrusted to help Council deliver on this plan.

Council established the CFT, a team of dedicated and experienced local businesspeople, to lead the rejuvenation of key community facilities, including the development of the Taitā Community and Sports Centre, Fraser Park Sportville, the Regional Bowls Centre and other projects.

Nature and scope of its activities: Council expects the company to: establish a development fund to enable investment and improvement of community facilities, develop new or enhance existing facilities, administer any facilities vested in the CFT, and provide strategic direction, expert advice and champion ongoing investment and development.

Key performance targets

Measures	2020 Target	2020 Actual	2020 YE vs target	2019 Target	2019 Actual	Variance Explanation and Notes
OPERATIONAL MANAGEMENT						
Operational expenditure is within budget	100%	Not achieved	✘	100%	Not achieved	Not achieved largely due to repayment of funding relating to the Naenae Hub development (on hold) in 2018/19, which was no longer required
All reporting requirements set by Council and the Board of CFT are met in accordance with the Local Government Act 2002, the CFT Statement of Intent and the CFT Deed of Trust	Annual Report by 30 Sept 2019	Achieved	✓	Annual Report by 30 Sept 2018	Achieved	
	Draft SOI by 1 March 2020	Achieved	✓	Draft SOI by 1 March 2019	Achieved	
	Final SOI by 30 June 2020	Achieved	✓	Final SOI by 30 June 2019	Achieved	
	Half Yearly Report by 1 Mar 2020	Achieved	✓	Half Yearly Report by 1 Mar 2019	Not achieved	
All CFT construction projects have best practice health and safety plans and monitoring in place	100%	UM	UM	100%	Achieved	No construction projects were completed in the 2019/20 reporting year
FACILITIES DESIGN AND DEVELOPMENT						
All capital expended on design and other consultants is within approved monthly progress project budgets at financial year end	100%	UM	UM	100%	Not achieved	Measure not applicable in current financial year
All capital expenditure on approved projects is at or less than approved progress budget for each project at financial year end	100%	UM	UM	100%	Not achieved	Measure not applicable in current financial year

Measures	2020 Target	2020 Actual	2020 YE vs target	2019 Target	2019 Actual	Variance Explanation and Notes
PROJECT DELIVERY						
Concept plans for the proposed Wainuiomata Community and Sporting hub are prepared (subject to funding being approved by Council)	Not applicable, project outside current year, no funding approved by Council. Project on hold.			30 June 2019	Not applicable	
Contract documents are prepared for the Gym Sports Building at Fraser Park (subject to funding being approved by Council)	30 June 2020	Not applicable. CFT will now have no financial involvement in this project		30 June 2021	Not applicable	
Hutt Valley Tennis - subject to funding and resource consent the CFT will provide project management assistance to Lower Hutt Tennis to restore and extend their existing clubrooms	Measure withdrawn in 2019/20 financial year			30 June 2019	Not applicable	
Naenae Community Hub – provide high level governance	Measure not applicable in current year. Measure withdrawn in 2019/20 financial year. Project on hold because of Naenae Pool re-strengthening work.				Achieved	
FACILITIES MANAGEMENT						
All facilities maintain legal compliance, WOFs and/or certification	100% building safety upheld	Not achieved	✓	100% building safety upheld	Achieved	
All facilities have in place an agreement to lease within three months of completion	100% legal partnerships covering leases and maintenance are agreed with the principal tenants		✓	100% legal partnerships covering leases and maintenance are agreed with the principal tenants	Achieved	
All facilities have detailed maintenance plans in place within 12 months of completion	Maintenance programmes instituted to ensure facilities' amenity values are retained and are safe for users		✓	Maintenance programmes instituted to ensure facilities' amenity values are retained and are safe for users	Achieved	
FUNDRAISING						
Ricoh Sports Centre	Final contribution by 30 June 2020	Not achieved	✗	100% funding in place by 30 June 2019	Not achieved	No further funds were raised in 2019/20
Gym Sports Building Fraser Park	50% of the additional agreed funding raised by 30 June 2020	Not applicable due to CFT no longer being involved in the project		Agreed fundraising target met by 30 June 2021	Not applicable	

Wellington Water Limited

Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented: Council's objective for this company is for it to manage the provision of water services to Hutt City and other shareholding councils.

Nature and scope of its activities: Council expects the company to manage, for the long term, the water, wastewater and stormwater assets of the shareholding councils and to operate as a successful business, managed on a non-profit basis.

Note: The Key Performance Measures from the 2018-28 Long Term Plan are reported in the relevant activity sections of this Annual Report (Water Supply, Wastewater and Stormwater). The performance results that follow are key metrics extracted from the Wellington Water Limited 2019-20 Annual Report.

Wellington Water performance measurement systems

The following notes relate to performance measures outlined on pages 37-46 and 102-103.

We outsource the management of our Three Waters infrastructure to Wellington Water Ltd. (WWL). This includes the gathering of information to support the reporting of Council performance measures in these areas.

WWL notified Council in September 2020 that issues were identified in relation to some of the systems and processes that WWL use to record information that supports certain performance measures. These measures are set by the Secretary for Local Government and are required to be reported against by all Councils.

WWL is working on improving the maturity of its performance management and reporting systems. It has identified opportunities for improvement, particularly its ability to independently verify results, document processes, collect data and the way it manages and maintains data quality. This includes the implementation of additional internal controls to provide assurance over data recorded. In addition, we will be seeking additional assurances as part of information provided for quarterly reporting provided by WWL.

An extract from the WWL 2019/2020 Annual Report in relation to the measures impacted are detailed below.

(1) Dry weather overflows – Pages 42, 102

- Issue:
The original methodology WWL applied to generate results did not follow DIA guidelines. WWL have now implemented a methodology taking on board the DIA guidelines. We are

confident the numbers reported using the new methodology fairly represents the number of overflow events. The criteria applied to determine the number of events included a multi-word search which did not rely on identifying the word 'blockages' in isolation. Removing events that included the word blockages from the current results would result in under-reporting of these events. The target is zero for this measure and regardless of the finer details of the methodology, the number of events would result in hundreds of events.

- Proposed remedial action:
WWL will review and improve the methodology to improve the accuracy and reliability of results, this will include:
 - Staff training to ensure wider understanding of the definition of a dry-weather overflow as "wastewater spilling to the surface"
 - Updating field crew job requirements to include a mandatory step of confirming the overflow event by taking a photograph of the job site

(2) Water Loss - Pages 38, 102

- Issue:
WWL's ability to report is impacted by low meter coverage. In the absence of meters across the Wellington region WWL will continue to apply the current Benchloss methodology to calculate water loss. With the exception of Greater Wellington Regional Council and South Wairarapa District Council the regional result (19%) rather than council specific results are reporting for each council with a confidence interval of between 7% and 32%.
- Proposed remedial action:
This end of year result is reported as a mean regional water loss percentage with a 95% confidence interval of between 7% and 32%. It is produced using an updated statistical methodology that aligns with the 'Benchloss approach' described in the Water New Zealand Water Loss Guidelines and meets the requirements of the Non-Financial Performance Measure Rules 2013 specified by the DIA. Reporting this result is more accurate as a regional percentage until more data is available to support this measure at a Council level.

(3) Fault response times - Pages 38, 42, 46, 102

a) Attendance times

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

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

b) Resolution times

- Issue:
WWL could not independently verify fault resolution response times. Our proposed method of corroborating the data by matching timesheets to job sheets did not support sufficient data being available or able to be matched.
- Proposed remedial action:
Internal system and/or manual controls will be built into the service request workflow to enable results to be certified. In practise this means implementing checking procedures to certify all urgent service requests on a daily basis and non-urgent service requests will be checked on a sample basis as part of a wider internal audit programme.

Next steps:

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

(4) Customer complaints - Pages 37, 42, 46, 102, 103

- Issue:
Customer complaints reported through councils and the Palmerston North City Council (PNCC) after hours contact centre were under reported.
- Proposed remedial action:
We will work with the councils and PNCC to review and improve the complaint reporting procedures.



Key performance targets

Measures	2020 Target	2020 Actual	2020 YE vs target	2019 Target	2019 Actual	Variance Explanation and Notes
WATER SUPPLY						
To measure the quality of water supplied to residents and the services that ensure security of supply						
Compliance with Drinking Water Standards for NZ 2005 (revised 2008) - Part 4 bacterial compliance criteria, and Part 5 protozoal compliance criteria	Full compliance	Achieved	✓	Full compliance	Achieved	
Number of complaints about ¹ : <ul style="list-style-type: none"> • Drinking water clarity • Drinking water taste • Drinking water odour • Drinking water pressure or flow • Drinking water continuity of supply • Responsiveness to drinking water complaints per 1000 connections 	<20 complaints	13	✓	<20 complaints	14	Customer complaints reported through councils and the Palmerston North City Council (PNCC) after hours contact centre were under reported. Wellington Water will work with councils and PNCC to review and improve complaint reporting procedures
Median response time for¹:						
Attendance for urgent call outs ¹	<60 minutes	99 minutes	✗	<60 minutes	38 minutes	Wellington Water records for attendance were insufficient to enable results to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of WWL vehicles to addresses in the service request records. Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework
Resolution for urgent call outs ¹	<4 hours	7.5 hours	✗	<4 hours	3.2 hours	Wellington Water could not independently verify fault resolution response times. The proposed method of corroborating the data by matching timesheets to job sheets did not support sufficient data being available or able to be matched. Going forward internal WWL system and or manual controls will be built into the service request workflow to enable results to be certified
Attendance for non-urgent call outs ¹	<36 hours	113 hours	✗	<36 hours	77 hours	Wellington Water records for attendance were insufficient to enable results to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of WWL vehicles to addresses in the service request records. Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework
Resolution for non-urgent call outs ¹	<15 days	13 days	✓	<15 days	4.1 days	Wellington Water could not independently verify fault resolution response times. The proposed method of corroborating the data by matching timesheets to job sheets did not support sufficient data being available or able to be matched. Going forward internal WWL systems and or manual controls will be built into the service request workflow to enable results to be certified
Percentage of real water loss from networked reticulation system ¹	<18%	19%	✗	<18%	20%	The Wellington Water ability to report water loss is impacted by low meter coverage. In the absence of meters across the Wellington Region Wellington Water will continue to apply the current "Benchloss approach" methodology to calculate water loss. For Hutt City Council the regional result (19%) rather than council specific results are reported with a 95% confidence interval of between 7% and 32%. Reporting this result is more accurate as a regional percentage until more data is available to support this measure at a council level.
WASTEWATER						
To measure the quality and timeliness of the wastewater service						
Number of wastewater reticulation incidents per km of reticulation pipeline (blockages)	<0.8	0.92	✗	<0.8	0.73	Slight increase in blockages due to root infiltration, mainly due to a large percentage of the network being old earthenware
Dry weather wastewater overflows/1000 connections ¹	0	4.2	✗	0	0.49	The original methodology Wellington Water applied to generate results did not follow DIA guidelines. A methodology that does meet these guidelines has now been implemented and Wellington Water is confident the numbers reported using this new methodology fairly represents the number of overflow events.
Number of complaints about ¹ : <ul style="list-style-type: none"> • Wastewater odour • Wastewater system faults • Wastewater system blockages • Responsiveness to wastewater system issues per 1000 connections 	<30	19	✓	<30	22	Customer complaints reported through councils and the Palmerston North City Council (PNCC) after hours contact centre were under reported. Wellington Water will work with councils and PNCC to review and improve complaint reporting procedures

Measures	2020 Target	2020 Actual	2020 YE vs target	2019 Target	2019 Actual	Variance Explanation and Notes
Median response time for wastewater overflows¹:						
Attendance time	<60 minutes	86 minutes	✘	<60 minutes	37 minutes	Wellington Water records for attendance were insufficient to enable results to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of WWL vehicles to addresses in the service request records. Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework
Resolution time	<6 hours	3.8 hours	✔	<6 hours	2.8 hours	Wellington Water could not independently verify fault resolution response times. The proposed method of corroborating the data by matching timesheets to job sheets did not support sufficient data being available or able to be matched. Going forward internal WWL system and/or manual controls will be built into the service request workflow to enable results to be certified
Breaches of resource consents for discharges from wastewater system. Number of: • Abatement notices • Infringement notices • Enforcement orders • Convictions	0	0	✔	0	0	
STORMWATER						
To measure the quality and timeliness of the stormwater service						
Number of pipeline blockages per km of pipeline	< 0.5	0.24	✔	< 0.5	0.08	
Number of complaints about stormwater system performance per 1000 connections ¹	< 20	10	✔	< 20	11	Customer complaints reported through Council's and the Palmerston North City Council (PNCC) after hours contact centre were under-reported. Wellington Water will work with councils and PNCC to review and improve complaint reporting procedures
Median response time to attend a flooding event ¹	< 60 min	264 minutes	✘	< 60 min	52 minutes	Wellington Water records for attendance were insufficient to enable results to be verified. By applying E-Road geo-spatial data we can confirm 75% of attendance by matching the presence of WWL vehicles to addresses in the service request records. Better recording and reporting of performance will be achieved through a number of activities as part of a wider programme of improvements and development of a more robust performance framework
To measure the impact of stormwater on the environment						
Breaches of resource consents for discharges from wastewater system. Number of: • Abatement notices • Infringement notices • Enforcement orders • Convictions	0	1	✘	0	0	Received a regional abatement notice for sediment discharge from flushing activities.
Number of flooding events	0	1	✘	0	1	A large storm event with high intensity rain occurred in early December 2019
Number of habitable floors per 1000 connected homes per flooding event	0	0.16	✘	0	0.08	A large storm event with high intensity rain occurred in early December 2019 resulting in the flooding of six habitable floors. Two were garages attached to a dwelling
Percentage of days during the bathing season (1 November to 31 March) that the monitored beaches are suitable for recreational use	>90%	100%	✔	>90%	100%	
Percentage of monitored sites that have a rolling 12 month median value for E.coli (dry weather samples) that do not exceed 1000 cfu/100ml	>90%	88%	✘	>90%	77%	Waiwhetu Stream at Tilbury Street - the investigation found a cross connection which has been fixed. Further investigation is still on-going, however, readings are below the limit. Opahu Stream at Whites Line West - high median due to wastewater issues found upstream on a cross connection; issue has been solved. Opahu Stream at Whites Line West - high median due to wastewater issues found upstream on a cross connection; issue has been solved.

Notes:

1. During the year, issues were identified in relation to the systems and processes that WWL use to record information that supports performance measures. Refer to disclosure on page 100 for further information. WWL is working on improving the maturity of its performance management and reporting systems. It has identified opportunities for improvement, particularly its ability to independently verify results, document processes, collect data and the way it manages and maintains data quality.

Hō mātou rangapū hapori

Our community partnerships

We can't fulfil our role in the Lower Hutt community on our own, and our success depends largely on working closely with other people. We've forged a number of close and highly productive working relationships with people and groups in our community, including:

- Local mana whenua and marae
- Community groups and individuals
- Local and central government agencies
- Volunteer organisations and Non-Government Organisations
- Contractors, service suppliers, consultants and advisors
- Businesses and their representative organisations

Our Community Boards (and Community Panels until their disestablishment in October 2019) worked closely with people in their local area.

He hononga ā-iwi | Partnerships with Māori

“Tēnei ake anō ko ngā kīwei o te kete, kei a au tōku, kei a koe tōu.”

This is indeed the handles of our basket; I have one handle, and you have the other

E aratakina ana Te Kaunihera e tētehi pou tarāwaho ture e whakatakoto ana i ngā whakaritenga mō te iwi Māori, otinō, ki hōna tikanga kia rua ngā kīwai o te kete - kei a te Kaunihera tēnei kīwai, kei a Ngāi Māori tēnā kīwai - me anga whakamua te Kaunihera kei tō te Māori taha. Ka noho hēnei herenga ture hei tūāpapa mō ngā kaupapa here ā-Kaunihera, engari, kāore aua herenga anake e miramira pū ana i te whakahirahiratanga o Te Tiriti o Waitangi (Te Tiriti), i te noho rangapū a Ngāi Māori, i ngā whaipanga o aua hononga ki Te Awa Kairangi.

Ko te moemoeā a Te Kaunihera kia komokomotia, kia mihi hoki te ao Māori i hō mātou kaupapa here, i hō mātou mahi, kia whai whakaaro ki ngā awhero, ki ngā wawata o Ngāi Māori kia whakatūtataki pai ai i ngā takohanga ki ngā mātāpono o Te Tiriti. Ka mihi e Te Kaunihera te whakahirahiratanga o te noho rangapū ki tō mana whenua taha i te hanganga o tētehi tāone hei wāhi whai hua ki hōna iwi katoa.

As a local authority, Council is guided by a legal framework that includes provisions for Māori and an obligation to include Māori in decision-making. These statutory obligations may be the foundations for organisational policy and delivery but, on their own, they do not adequately emphasise the importance of The Treaty of Waitangi (Te Tiriti), partnership with Māori, and the critical value that this unique relationship can bring to the city.

Council's vision is that we will meaningfully embrace and incorporate the Te Ao Māori (Māori worldview) in our policies and practices, be aware and responsive to Māori needs and aspirations, and fulfil our obligations under the principles of Te Tiriti. Council recognises the critical value that a strong partnership with mana whenua can bring to building a city where everyone thrives.

Ratonga tohatoha ōrite | Shared services

The bulk of our current shared services are in joint operations with Upper Hutt, overseen by the Hutt Valley Services Committee, a joint committee of the two councils. These include Silverstream Landfill, Akatārawa cemetery, the Hutt Valley Trunk Wastewater Network including the Seaview Wastewater Plant, rural fire response, environmental inspections, food premises verifications, alcohol licensing, noise control, dog control, trade waste and eco design advice. In addition we work together to achieve administrative and operating efficiencies in the roading area, participate in the SMART library shared services collaboration, and are part of Wellington Water Limited, a Council Controlled Organisation providing water services to the region, owned by Hutt City Council, Upper Hutt City Council, Porirua City Council, Wellington City Council, South Wairarapa District Council and Greater Wellington Regional Council. Other initiatives underway include joint District Plan changes and the Simpli programme aimed at standardising and simplifying the building consents process. Council also works closely with Upper Hutt City Council on community and economic development initiatives. Emergency Management is coordinated throughout the region by Wellington Regional Emergency Management (WREMO) and is governed by the Wellington Regional Joint Committee.



Hō mātou pūtea Our finances

Independent Auditor's report

To the readers of Hutt City Council's annual report for the year ended 30 June 2020

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

We are also required to report on:

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

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

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

Opinion

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

In our opinion:

- the financial statements on pages 109 to 158:
 - present fairly, in all material respects:
 - the City Council and Group's financial position as at 30 June 2020;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 113, 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 32 to 90, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the City Council's Annual Plan; and
- the funding impact statement for each group of activities on pages 32 to 90, 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 28 to 90:

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

Report on the disclosure requirements

We report that the City Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 159 to 162, which represent a complete list of required disclosures and accurately reflects the information drawn from the City Council's audited information and, where applicable, the City Council's Long Term Plan and annual plans.

Basis for our qualified opinion

Six councils, including the City Council, are joint shareholders in Wellington Water Limited (Wellington Water). Wellington Water manages the six councils' water assets and services

on their behalf. A Committee represented by a member of each shareholding council monitors the performance of Wellington Water. Wellington Water reports its performance in respect of water services to the six councils, which are required to report thereon in their respective statements of service provision.

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

Fault response times – Water supply, Wastewater and Stormwater

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

Maintenance of the reticulation network – Water supply

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

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

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

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

Number of dry weather sewage overflows – Wastewater

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

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

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

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

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

Emphasis of matter – Impact of COVID-19

Without further modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the City Council as set out in note 34 to the financial statements and page 29 of the statement of service provision.

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

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

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

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

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

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 165, but does not include the audited information and the disclosure requirements, and our auditor's opinion thereon.

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

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

Independence

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

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the City Council's debenture trust deed, and the audit of a Long Term Plan amendment. Other than these engagements, we have no relationship with, or interest in, the City Council or its subsidiaries and controlled entities.



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

Statement of compliance

The Council of Hutt City Council hereby confirms that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.



Campbell Barry, Mayor
21 December 2020



Jo Miller, Chief Executive
21 December 2020

Financial statements

Statement of comprehensive revenue and expenses For the year ending 30 June 2020

	Notes	Council			Group	
		Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Revenue						
Rates	3.	108,423	108,067	105,316	108,004	105,036
Fees, charges and metered water supply	4.	39,670	41,840	40,012	44,593	44,398
Development and financial contributions		829	1,702	665	829	667
Subsidies and grants	4.	11,543	14,980	14,893	11,543	14,893
Finance income	5.	1,007	982	1,300	354	730
Other revenue	4.	6,399	5,944	7,206	6,647	7,817
Gain on disposal	6.	1,868	-	3,253	15,381	7,397
Total revenue		169,739	173,515	172,645	187,351	180,938
Expenses						
Employee costs	7.	37,776	38,082	35,841	39,075	37,311
Other expenses	8.	95,097	99,349	96,033	105,032	97,475
Finance costs	5.	7,406	8,796	8,042	7,406	8,042
Loss on revaluation of financial instruments	6.	10,147	-	11,557	10,147	11,557
Depreciation and amortisation expenses	14 - 16.	40,807	40,541	39,109	42,850	40,940
Total expense		191,233	186,768	190,582	204,510	195,325
Share of associate's surplus/(deficit)	17.	-	-	-	(40)	6
Surplus/(deficit) before tax		(21,494)	(13,253)	(17,937)	(17,199)	(14,381)
Income tax expense/(benefit)	9.	-	-	-	997	436
Surplus/(deficit) after tax		(21,494)	(13,253)	(17,937)	(18,196)	(14,817)
Surplus/deficit) attributed to Hutt City Council:		(21,494)	(13,253)	(17,937)	(18,196)	(14,817)
Other comprehensive revenue and expenses						
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Gain/(losses) on property revaluations	24.	68,961	-	-	76,687	4,031
Impairment gain/(losses) on revalued property	24.	-	-	(9,358)	-	(9,358)
Deferred tax on revaluation	9.	-	-	-	(1,039)	369
Total other comprehensive revenue and expenses		68,961	-	(9,358)	75,648	(4,958)
Total comprehensive revenue and expenses		47,467	(13,253)	(27,295)	57,452	(19,774)

Explanations of the major variances against budget are provided in note 31.

The accompanying notes form an integral part of these Financial Statements.

Statement of changes in equity

For the year ending 30 June 2020

	Notes	Council			Group	
		Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Balance at 1 July		1,285,175	1,298,906	1,312,470	1,347,101	1,366,875
Total comprehensive revenue and expenses for the year		47,467	(13,253)	(27,295)	57,452	(19,774)
Balance at 30 June	24.	1,332,642	1,285,653	1,285,175	1,404,553	1,347,101

Explanations of the major variances against budget are provided in note 31.
The accompanying notes form an integral part of these Financial Statements.

Statement of financial position

For the year ending 30 June 2020

	Notes	Council			Group	
		Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Assets						
Current assets						
Cash and cash equivalents	10.	22,738	20,871	7,182	24,864	8,375
Debtors and other receivables	11.	15,628	14,854	14,606	13,934	14,262
Inventories	13.	237	-	197	12,098	7,718
Prepayments		3,554	-	4,083	3,812	4,122
Accrued interest		343	-	213	343	216
Other financial assets	18.	20,000	7,205	3,000	20,000	3,000
Non-current assets held for sale		-	750	-	-	-
Total current assets		62,500	43,680	29,281	75,051	37,693
Non-current assets						
Property, plant and equipment	14.	1,526,642	1,443,393	1,471,233	1,619,154	1,557,544
Intangible assets	15.	1,332	4,947	1,814	1,333	1,815
Assets under construction	14.	14,343	45,534	3,783	17,504	6,038
Non-current receivable		858	858	858	858	858
Investment in associate	17.	200	200	200	291	331
Other financial assets	18.					
- Investment in CCO's and other similar entities		37,082	27,777	36,545	3,556	2,964
- Investment in other entities		455	494	494	455	494
Total other financial assets		37,537	28,271	37,039	4,011	3,458
Total non-current assets		1,580,912	1,523,203	1,514,927	1,643,151	1,570,044
Total assets		1,643,412	1,566,883	1,544,208	1,718,202	1,607,737

	Notes	Council			Group	
		Actual 2020 \$'000	Budget 2020 \$'000	Actual 2019 \$'000	Actual 2020 \$'000	Actual 2019 \$'000
Liabilities						
Current liabilities						
Borrowings - current	20.	46,000	41,688	3,000	46,000	3,000
Derivative financial instruments	12.	23	3	38	23	38
Creditors and other payables	19.	23,166	27,345	19,645	23,663	20,955
Employee entitlements	21.	2,724	2,242	2,170	2,790	2,237
Provisions - current	22.	-	-	158	-	158
Other liabilities	23.	5,207	5,186	5,204	5,323	5,300
Total current liabilities		77,120	76,464	30,215	77,799	31,688
Non-current liabilities						
Borrowings	20.	195,000	188,401	201,000	195,000	201,000
Employee entitlements	21.	544	616	534	578	534
Derivative financial instruments	12.	32,133	10,449	21,971	32,133	21,971
Provisions - non current	22.	5,973	5,300	5,313	5,973	5,313
Deferred tax liability	9.	-	-	-	2,166	130
Total non-current liabilities		233,650	204,766	228,818	235,850	228,948
Total liabilities		310,770	281,230	259,033	313,649	260,636
Net assets (assets minus liabilities)		1,332,642	1,285,653	1,285,175	1,404,553	1,347,101
Equity						
Accumulated funds	24.	634,408	660,143	665,775	677,178	703,993
Reserves	24.	698,234	625,510	619,400	727,375	643,108
Total Equity (attributable to Hutt City Council)		1,332,642	1,285,653	1,285,175	1,404,553	1,347,101

Explanations of the major variances against budget are provided in note 31.

The accompanying notes form an integral part of these Financial Statements.

Statement of cash flows

For the year ending 30 June 2020

	Notes	Council			Group	
		Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash flows from operating activities						
Cash was provided from:						
Receipts from rates and levies - Council		108,224	108,067	105,196	107,805	104,916
Receipts from rates and levies - GWRC*		31,225	29,839	29,947	31,225	29,947
Receipts from user charges and other income		57,344	63,608	60,403	62,268	64,884
Receipts from sales of commercial developments		-	-	1,450	285	285
Interest received		880	982	1,275	227	706
Dividends		406	-	-	406	-
Net GST received from Inland Revenue **		-	-	200	1,407	281
		198,079	202,496	198,472	203,623	201,020
Cash was applied to:						
Payments to employees		(37,212)	(38,082)	(35,998)	(38,478)	(37,474)
Payments to suppliers		(95,128)	(99,349)	(97,751)	(106,035)	(100,657)
Purchase of inventory held for commercial development		-	-	-	(4,801)	(3,861)
Interest paid		(7,283)	(8,796)	(7,764)	(7,283)	(7,764)
Net GST paid to Inland Revenue **		(151)	-	-	(157)	-
Rates and levies passed to GWRC*		(31,051)	(29,839)	(29,727)	(31,051)	(29,727)
		(170,825)	(176,066)	(171,240)	(187,648)	(179,483)
Net cash flows from operating activities		27,254	26,430	27,231	15,975	21,536

	Notes	Council			Group	
		Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Actual 2020 \$000	Actual 2019 \$000
Cash flows from investing activities						
Cash was provided from:						
Receipts from sale of property, plant and equipment		2,931	2,123	5,177	16,474	12,169
Other investment receipts		3,263	-	15,664	3,208	20,004
		6,194	2,123	20,841	19,682	32,173
Cash was applied to:						
Purchase of property, plant and equipment		(35,068)	(52,802)	(51,479)	(36,345)	(66,525)
- less UHCC capital contribution		1,046	1,619	1,500	1,046	1,500
Purchase of intangible assets		(70)	(2,120)	(311)	(70)	(312)
Other payments and investments		(20,800)	-	(3,432)	(20,800)	(3,432)
		(54,892)	(53,303)	(53,722)	(56,169)	(68,769)
Net cash flows from investing activities		(48,698)	(51,180)	(32,881)	(36,487)	(36,596)
Cash flows from financing activities						
Cash was provided from:						
Proceeds from borrowings		57,000	55,126	61,957	57,000	61,957
Cash was applied to:						
Repayment of borrowings		(20,000)	(30,376)	(49,996)	(20,000)	(49,996)
Net cash flows from financing activities		37,000	24,750	11,961	37,000	11,961
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		15,556	-	6,311	16,489	(3,099)
Cash, cash equivalents and bank overdrafts at the beginning of the year		7,182	20,871	871	8,375	11,474
Cash, cash equivalents and bank overdrafts at the end of the year	10.	22,738	20,871	7,182	24,864	8,375

* GWRC is the Greater Wellington Regional Council for which the Hutt City Council acts as a collection agency by including additional rates in its own billing processes. Once collected the monies are passed to GWRC.

** The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes

Explanations of the major variances against budget are provided in note 31.

The accompanying notes form an integral part of these Financial Statements.

Statement of cash flows (continued)

For the year ending 30 June 2020

Reconciliation of surplus after tax with cash flows from operating activities	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Surplus after tax	(21,494)	(17,937)	(18,196)	(14,817)
Add/(less) non-cash items:				
Depreciation and amortisation	40,807	39,109	42,850	40,940
Share of associates (surplus)/deficit	-	-	40	(6)
Net bad debts/impairment expense	191	217	198	215
Gain/(Loss) on revaluation of financial instruments	10,147	11,557	10,147	11,557
Landfill and weather tight home provision	502	(3)	502	(3)
Vested assets	(322)	(2,303)	(322)	(2,303)
Income tax expense	-	-	997	437
Add/(less) movements in working capital:				
(Increase)/decrease in accounts receivable and other assets	(812)	(1,255)	(4,201)	(6,336)
Increase/(decrease) in creditors	(464)	(135)	(1,277)	32
Increase in provisions and other liabilities	567	38	620	(160)
Add/(less) items classified as investing activities:				
Surplus on sale of property, plant and equipment and other movements	(1,868)	(2,057)	(15,383)	(8,020)
Net cash inflows from operating activities	27,254	27,231	15,975	21,536

Funding impact statement

For the year ending 30 June 2020 (whole of Council)

	Council				
	Actual 2020 \$000	LTP 2020 \$000	Annual Plan 2020 \$000	Actual 2019 \$000	Budget 2019 \$000
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	72,699	73,389	72,407	71,405	71,214
Targeted rates	35,724	34,679	35,660	33,911	33,909
Subsidies and grants for operating purposes	7,148	6,861	6,913	6,804	6,798
Fees and charges	39,670	39,607	41,840	40,012	38,663
Interest and dividends from investments	1,413	982	982	1,305	968
Local authorities fuel tax, fines, infringement fees, and other receipts	7,861	5,871	5,944	10,454	5,711
Total operating funding (A)	164,515	161,389	163,746	163,891	157,263
APPLICATIONS OF OPERATING FUNDING					
Payments to staff and suppliers	132,873	122,646	137,431	130,682	123,716
Finance costs	7,406	9,730	8,796	8,042	8,781
Other operating funding applications	10,147	-	-	12,749	-
Total applications of operating funding (B)	150,426	132,376	146,227	151,473	132,497
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	14,089	29,013	17,519	12,418	24,766
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	5,441	5,500	9,686	9,589	12,962
Development and financial contributions	829	1,082	1,702	665	561
Increase (decrease) in debt	36,147	13,459	36,867	15,479	33,088
Gross proceeds from sale of assets	2,238	510	2,123	6,075	1,250
Lump sum contributions	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding (C)	44,655	20,550	50,378	31,808	47,861
APPLICATION OF CAPITAL FUNDING					
Capital expenditure					
- to meet additional demand	3,064	7,927	5,998	3,795	8,644
- to improve level of service	21,632	24,233	41,972	26,414	46,179
- to replace existing assets	14,048	17,403	19,927	14,017	17,804
Increase (decrease) in reserves	-	-	-	-	-
Increase (decrease) of investments	20,000	-	-	-	-
Total applications of capital funding (D)	58,744	49,563	67,897	44,226	72,627
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(14,089)	(29,013)	(17,519)	(12,418)	(24,766)
FUNDING BALANCE ((A-B)+(C-D))	-	-	-	-	-

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

Hutt City Council (referred to as 'Council') is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. Council was first formed as Lower Hutt City Council on 1 November 1989 by the amalgamation of five local authorities. The name was changed to the Hutt City Council by a special Act of Parliament on 8 October 1991. The relevant legislation governing the Council's operations included the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Hutt City Council and its subsidiaries/Council-Controlled Organisations (CCOs), Seaview Marina Limited and Urban Plus Limited Group (all 100% owned) and its controlled Trust Hutt City Community Facilities Trust. The Urban Plus Limited Group consists of Urban Plus limited and its 100% owned subsidiaries UPL Development Limited and UPL Limited Partnership. Council's 17% equity share of its associate Wellington Water Services Limited is equity accounted. The Council's subsidiaries/CCOs are incorporated and domiciled in New Zealand.

The Council and Group provide local infrastructure, local public services and perform regulatory functions to the community. Council does not operate to make a financial return. Accordingly, Council has designated itself and the Group as public benefit entities (PBEs) for financial reporting purposes.

The Financial Statements of Council and Group are for the year ended 30 June 2020. The financial statements were authorised for issue by Council on 21 December 2020

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance

The Financial Statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and

Prudence) Regulations 2014 (LG(FRP)R), which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The Financial Statements have been prepared in accordance with Tier 1 PBE accounting standards. These Financial Statements comply with 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), which have been measured at fair value.

Management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The Financial Statements have therefore been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Presentation currency and rounding

The Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration and the severance payment disclosed in Note 26 and 27 which are rounded to the nearest dollar.

Standards issued and not effective and not early adopted

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. This replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for financial years beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard relevant to Council 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 might result in the earlier recognition of impairment losses.

The Group has not yet assessed in detail the impact of the new standard. Based on an initial assessment, Council anticipates that the standard will not have a material effect on Council's financial statements.

Other changes in accounting policies

Council and Group has adopted PBE IPSAS 34: Separate Financial Statements, PBE IPSAS 35: Consolidated Financial Statements, PBE IPSAS 36: Investments in Associated and Joint Ventures, PBE IPSAS 37: Joint Arrangements and PBE IPSAS 38: Disclosure of Interests in Other Entities during the 2019-20 financial year. There has been no significant impact on these financial statements as a result of this adoption.

With the exception of PBE IPSAS 35 - 38, there have been no other changes in accounting policies.

Summary of 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.

Basis of consolidation

The consolidated Financial Statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses, and cash flows of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses

Goods and services tax (GST)

Items in the Financial Statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of 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 and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures presented in these Financial Statements are those approved by Council in its Annual Plan 2019-2020. The budget figures have been prepared in accordance with NZ GAAP using accounting policies adopted by Council for the preparation of these Financial Statements.

These figures are approved by Council at the beginning of the year, after a period of consultation with the public as part of the Community Planning process.

The budget figures do not include budget information relating to the controlled organisations or associates. These figures do not include any additional expenditure subsequently approved by Council outside the Long Term Plan process.

Critical accounting estimates and assumptions

In preparing these Financial Statements, Council and Group management has made estimates and assumptions concerning the future that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosures. These estimates and assumptions may differ from the subsequent actual results. Estimates 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:

Infrastructural assets: refer to note 14: Property, plant and equipment

Provisions: refer to note 22

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2020 in relation to the classification of pensioner housing - refer to note 14: Property, plant and equipment.

2. Summary revenue and expenditure for group of activities

Accounting Policy

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities, Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities

	Council			
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Budget 2019 \$000
Revenue				
Integrated community services	5,853	7,572	7,006	7,850
Parks and reserves	4,693	3,278	5,451	3,055
Community facilities	193	60	-	-
City environment	3	82	26	162
City development	507	569	420	432
City resilience	557	419	431	411
Consents and regulatory services	8,452	8,851	7,547	6,692
Roads and accessways	14,019	18,274	18,895	20,988
Water supply	3,426	3,420	3,310	3,284
Wastewater	4,540	4,951	4,679	4,075
Stormwater	97	287	604	183
Solid waste	15,897	15,160	16,194	14,225
City Governance	237	234	3	-
City leadership	38,502	37,951	36,673	36,028
Total activity revenue	96,976	101,108	101,239	97,385
General rates	72,763	72,407	71,406	71,214
Total revenue	169,739	173,515	172,645	168,599

	Council			
	Actual 2020 \$000	Budget 2020 \$000	Actual 2019 \$000	Budget 2019 \$000
Expenditure				
Integrated community services	36,355	35,376	34,621	33,599
Parks and reserves	14,166	16,584	15,491	13,941
Community facilities	1,828	6,452	6,358	6,387
City environment	3,268	5,875	5,148	5,604
City development	9,045	12,834	8,910	7,331
City resilience	1,694	1,889	1,632	1,634
Consents and regulatory services	11,910	11,495	11,611	11,060
Roads and accessways	31,271	31,964	30,530	30,765
Water supply	20,427	19,287	18,275	17,900
Wastewater	22,522	21,931	21,696	21,453
Stormwater	9,132	8,912	8,718	8,672
Solid waste	12,554	9,716	10,172	8,855
City Governance	5,104	5,086	4,702	4,722
City leadership	11,957	(633)	12,718	(1,245)
Total activity expenditure	191,233	186,768	190,582	170,678
Total operating expenditure	191,233	186,768	190,582	170,678
Surplus/(deficit) before tax	(21,494)	(13,253)	(17,937)	(2,079)

3. Rates revenue

Accounting Policy

Rates revenue is measured at fair value.

General rates, targeted rates (excluding water-by-meter) are recognised at the start of the financial year to which the rates resolution relates. They are recognised as the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivable and subsequent recognition of interest revenue.

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

Revenue from water-by-meter (charged on usage) is not considered to be a rate in terms of this policy. Water by meter is included in note 4.

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

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

Breakdown of rates and further information

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
General rates	72,763	71,406	72,344	71,126
Targeted rates attributable to activities:				
- water supply (excluding metered water supply rates)	15,973	14,651	15,973	14,651
- wastewater	18,213	17,784	18,213	17,784
- recycling	1,337	1,337	1,337	1,337
- Jackson Street programme	137	137	137	137
- private drains	-	1	-	1
Total rates (excluding metered water supply rates)	108,423	105,316	108,004	105,036

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by Council from other authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income for Council for the year ended 30 June 2020 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	Council	
	2020 \$000	2019 \$000
Rates, excluding targeted water supply rates	108,423	105,316
	108,423	105,316

Rates remissions

Rates revenue is shown net of rates remissions, totalling \$356,000 (2019 \$335,000). Council's rate remission policy (set out in detail in the 2015-2025 LTP) allows Council to remit rates on condition of a ratepayer's extreme financial hardship, land used for sport, a hospital and land protected for historical or cultural purposes, provided the property is used for community benefit and not for surplus. Rates remissions can also be considered for economic development reasons or where privately owned land is protected for conservation purposes.

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under Council's rates remission policy.

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Total gross rates, excluding targeted water supply rates	108,779	105,651	108,360	105,371
Rates remissions:				
- Pan remissions	267	253	267	253
- Sports bodies and other	51	61	51	61
- Penalty remissions	38	21	38	21
Total rates remissions	356	335	356	335
Rates (net of remissions), excluding metered water supply rates	108,423	105,316	108,004	105,036

4. User charges and subsidies received

Accounting policy

User charges and subsidies revenue are measured at fair value. Specific accounting policies for significant revenue items are explained below.

Rental revenue

Rental revenue arising from operating leases or rental agreements on properties is accounted for on a straight-line basis over the lease or rental term and is included in revenue in the Statement of Comprehensive Revenue and Expenses.

Infringement fees and fines

The Group recognises revenue from fines (such as traffic and parking infringements) when the notice of infringement or breach is served by the Council or Group. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the history of fines over the preceding two year period.

Building and resource consent revenue (regulatory revenue)

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

Entry fees

Entry fees are fees charged to users of Council's local facilities such as pools and gymnasiums. Revenue for entry fees is recognised upon entry to such facilities.

Landfill fees (solid waste collection and disposal)

Fees for disposing of waste at Council's landfills is recognised as waste is disposed by users.

Government grants, subsidies and funding subsidies

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

Other grants received

The Council and Group receives grants and subsidies from other organisations. 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 the conditions of the grant are satisfied.

Dividends

Dividends are recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

Development and financial contributions

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service for which the contribution was levied.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue when control over the asset is obtained. 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 development, the fair value is based on construction price information provided by the property developer.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Breakdown of user charges and subsidies received

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Fees, charges and metered water supply				
Rent	1,588	1,404	6,604	5,811
Water by meter	3,076	2,841	2,983	2,820
Parking fees	1,782	1,978	1,782	1,978
Service and entry fees	3,053	4,404	3,053	4,404
Solid waste collection and disposal	15,868	16,158	15,868	16,158
Other user charges	1,198	1,153	1,198	1,153
Regulatory revenue	9,584	8,357	9,584	8,357
Penalties	3,521	3,717	3,521	3,717
Total fees, charges and metered water supply	39,670	40,012	44,593	44,398
Subsidies and grants				
Operating subsidies	5	32	5	32
New Zealand Transport Agency	8,622	12,249	8,622	12,249
Upper Hutt City Council	2,397	2,346	2,397	2,346
Other government	52	52	52	52
Other grants	467	214	467	214
Total subsidies and grants	11,543	14,893	11,543	14,893
Other revenue				
Dividends	406	5	406	5
Vested assets	645	2,303	645	2,303
Petrol tax	408	394	408	394
Sale of goods	281	457	415	681
Insurance proceeds	1	-	1	-
Miscellaneous revenue	4,658	4,047	4,772	4,434
Total other revenue	6,399	7,206	6,647	7,817

There are no unfulfilled conditions or other contingencies attached to New Zealand Transport Agency and other subsidies recognised.

5. Finance income and finance costs

Accounting policy

Interest income is recognised using the effective interest method.

Borrowing/Finance costs are recognised as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Council and Group incurs in connection with the borrowing of funds. The Council and Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

Breakdown of finance income and finance costs

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Finance income				
Interest revenue				
- call and term deposits	321	632	354	730
- related party deposits	686	668	-	-
Total finance income	1,007	1,300	354	730
Finance costs				
Interest expense				
- interest on bank borrowings	7,137	7,777	7,137	7,777
- discount unwind on provisions (note 22)	269	265	269	265
Total finance costs	7,406	8,042	7,406	8,042
Net finance costs	6,399	6,742	7,052	7,312

6. Gains and losses

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Non-financial instruments				
Property, plant and equipment gains/(losses) on disposal	1,868	3,253	15,381	7,397
Total non-financial instruments gains/(losses)	1,868	3,253	15,381	7,397
Financial instruments				
Gains/(Losses) on held for trading derivative financial instruments:				
- interest rate swaps	(10,147)	(11,557)	(10,147)	(11,557)
Total financial instruments gains/(losses)	(10,147)	(11,557)	(10,147)	(11,557)
Total gains/(losses)	(8,279)	(8,304)	5,234	(4,160)

7. Employee costs

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Salaries and wages	35,062	33,939	36,185	35,291
Recruitment costs	275	242	275	270
Training	409	442	418	449
ACC	105	108	112	114
Other employee costs	394	460	493	547
Retiring and long service leave	56	(67)	67	(68)
Defined contribution plan employer contributions	911	871	928	871
Increase/(decrease) in employee entitlements/liabilities	564	(154)	597	(163)
Total employee costs	37,776	35,841	39,075	37,311

Employer contributions to defined contribution plans are the contributions to KiwiSaver and other superannuation plans.

8. Operating costs

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Auditors' fees - Audit New Zealand				
- for auditing the financial statements	188	181	308	272
- for auditing the Long Term Plan and Amendment	57	46	57	46
Auditors' fees - other auditors	2	7	2	7
Impairment of receivables	195	237	204	282
Directors' fees	-	-	110	118
Entertainment	47	86	49	90
Grants	1,433	3,832	1,435	2,350
Insurance	3,069	2,708	3,671	3,122
Inventories	378	444	378	445
Legal services	593	420	614	442
Other specialist services	6,319	5,737	6,450	6,052
Impairment of property, plant and equipment	-	1,196	194	1,196
Total remuneration to councillors	907	875	907	875
Minimum lease payments under operating leases	1,384	1,466	1,536	1,524
Operational contracts	23,197	21,615	23,476	21,271
Maintenance	6,470	7,135	7,047	7,682
GWRC bulk water charges	9,221	8,765	9,221	8,765
Energy costs	3,276	3,263	3,408	3,356
Other expenses	38,361	38,020	45,965	39,580
Total operating costs	95,097	96,033	105,032	97,475

9. Taxation

Accounting policy

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustment to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the Statement of Financial Position and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current tax and deferred tax is recognised against the surplus or deficit for the period, except when it relates to a business combination, or to transactions recognised in other comprehensive revenue and expenses or directly in equity.

Breakdown of taxes and other information

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Components of tax expense				
Current tax expense	-	-	-	-
Adjustments to current tax in prior years	-	-	-	-
Deferred tax expense	-	-	997	436
Tax expense/(benefit)	-	-	997	436
Relationship between tax expense and accounting surplus				
Net surplus/(deficit) before tax	(21,494)	(17,937)	(17,199)	(14,381)
Tax at 28%	(6,018)	(5,022)	(4,816)	(4,027)
Plus/(less) tax effect of:				
Non-deductible expenditure	-	4,687	6,019	5,023
Non-taxable revenue	6,018	335	(1,708)	-
Tax on partnership share	-	-	964	(649)
Prior period adjustment	-	-	(166)	-
Group loss offset	-	291	(426)	-
Reintroduction of tax depreciation on buildings	-	-	(379)	-
Unrecognised temporary differences	-	-	-	-
Unrecognised tax losses	-	-	-	-
Tax losses recognised	-	-	-	-
Tax rate change	-	-	-	-
Tax losses not previously recognised	-	(291)	175	(455)
Deferred tax adjustment	-	-	1,334	544
Tax expense/(benefit)	-	-	997	436

Deferred tax asset/(liability)	Property, plant and equipment	Other provisions	Tax losses	Deferred tax asset/(liability)
Council				
Balance at 30 June 2018	-	-	-	-
Balance at 30 June 2019	-	-	-	-
Balance at 30 June 2020	-	-	-	-
Group				
Balance at 30 June 2018	(3,044)	21	2,960	(63)
Charged to surplus or deficit	124	(3)	(557)	(436)
Charged to equity	369	-	-	369
Balance at 30 June 2019	(2,551)	18	2,403	(130)
Charged to surplus or deficit	553	15	(1,565)	(997)
Charged to equity	(1,039)	-	-	(1,039)
Balance at 30 June 2020	(3,037)	33	838	(2,166)

Generally, local authorities are exempt from taxation except for income derived from any Council Controlled Company or port activity per section CW 39 of the Income Tax Act 2007.

Council has unrecognised tax losses available to carry forward of \$Nil (2019: \$Nil), with a tax effect of \$Nil (2019: \$Nil).

Seaview Marina Limited is expecting to transfer tax losses of \$3,674,730 to UPL by loss offset to eliminate the tax liability in UPL.

The Group has unrecognised tax losses available to carry forward of \$Nil (2019: \$Nil), with a tax effect of \$Nil (2019: \$Nil).

10. Cash and cash equivalents

Accounting policy

Cash and cash equivalents (current assets) in the Statement of Financial Position comprise of cash at bank, cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Breakdown of cash and cash equivalents and further information

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Cash at bank and on hand	9,738	4,182	11,864	5,375
Term deposits with maturities less than three months	13,000	3,000	13,000	3,000
Cash and Cash Equivalents	22,738	7,182	24,864	8,375

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

The total value of cash and cash equivalents within restricted reserves that can only be used for specified purposes, (as outlined in the relevant trust deeds) is \$61,000 (2019: \$65,000), as shown in note 26.

Cash, cash equivalent and bank overdrafts noted above are included for the purposes of the statement of cash flows.

11. Debtors and other receivables

Accounting policy

Debtors and other receivables are initially measured at their face value, less any provision for uncollectibility/impairment.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Breakdown of debtors and other receivables and further information

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Rates receivable	3,907	3,381	3,907	3,381
Other receivables:				
- Amounts due from related parties (note 30)	250	465	-	-
- GST receivable	1,845	1,694	288	1,695
- Other receivables	10,532	9,820	10,655	9,943
Total other receivables	12,627	11,979	10,943	11,638
Gross debtors and other receivables	16,534	15,360	14,850	15,019
Less provision for impairment	(906)	(754)	(916)	(757)
Total debtors and other receivables	15,628	14,606	13,934	14,262
Total receivables comprise of:				
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements and charges that are partly subsidised by rates	14,317	13,309	12,873	13,430
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,311	1,297	1,061	832
	15,628	14,606	13,934	14,262

Fair value

Debtors and other receivables are non-interest bearing and receipts are normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Uncollectibility / Impairment

Council seldom provides for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These

powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payments. If payment has not been made within 3 months of the Court's judgement Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2019: \$nil).

The ageing profile of receivables as at 30 June is detailed below:

	2020			2019		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	-	-	-	-	-	-
Past due 1-60 days	3,618	-	3,618	3,155	-	3,155
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	289	-	289	226	-	226
Total	3,907	-	3,907	3,381	-	3,381
Group						
Not past due	-	-	-	-	-	-
Past due 1-60 days	3,618	-	3,618	3,155	-	3,155
Past due 61-120 days	-	-	-	-	-	-
Past due >120 days	289	-	289	226	-	226
Total	3,907	-	3,907	3,381	-	3,381
Other receivables						
Council						
Not past due	10,909	-	10,909	9,685	-	9,685
Past due 1-30 days	245	-	245	776	-	776
Past due 31-60 days	165	-	165	412	-	412
Past due >60 days	1,308	(906)	402	1,106	(754)	352
Total	12,627	(906)	11,721	11,979	(754)	11,225
Group						
Not past due	9,185	-	9,185	9,319	-	9,319
Past due 1-30 days	246	-	246	796	-	796
Past due 31-60 days	178	-	178	412	-	412
Past due >60 days	1,334	(916)	418	1,109	(757)	352
Total	10,943	(916)	10,027	11,638	(757)	10,879
Total receivables - Council	16,534	(906)	15,628	15,360	(754)	14,606
Total receivables - Group	14,850	(916)	13,934	15,019	(757)	14,262

All receivables greater than 30 days in age are considered to be past due.

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 as detailed below:

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Individual impairment	199	79	204	84
Collective impairment	707	675	712	675
Total provision for impairment	906	754	916	759

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Not past due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due > 60 days	199	79	204	84
Total individual impairment	199	79	204	84

Movements in the provisions for impairment of receivables are as follows:

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
At 1 July	754	537	759	542
Additional provisions made during the year	152	217	157	217
Provisions reversed during the year	-	-	-	-
Receivables written-off during the period	-	-	-	-
At 30 June	906	754	916	759

Council and group holds no collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

12. Derivative financial instruments

Accounting policy

The Group uses derivative financial instruments such as interest rate swaps to manage exposure to interest rate risks arising from the Council's and Group's operational and financing 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 measured at their fair value at each balance date. As the Council and Group do not designate its derivative financial instruments as hedging instruments for accounting purposes, the associated gains or losses on derivatives are recognised within surplus or deficit.

Derivatives are carried as current or non-current assets when their fair value is positive and as current or non-current liabilities when their fair value is negative, depending on the maturity of the instrument.

Breakdown of derivative financial instruments

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Current liability portion				
Interest rate swaps - held for trading - Liability	23	38	23	38
Total current liability portion	23	38	23	38
Non-current liability portion				
Interest rate swaps - held for trading	32,133	21,971	32,133	21,971
Total non-current liability portion	32,133	21,971	32,133	21,971
Total derivative financial instrument liabilities	32,156	22,009	32,156	22,009
Total derivative financial instruments	(32,156)	(22,009)	(32,156)	(22,009)

Fair value

The fair value of interest rate swaps has been determined using a discounted cash flows valuation technique based on quoted market prices as required by PBE IPSAS 29 Financial Instruments - Recognition and Measurement. The interest rates swaps were independently valued at 30 June 2020 by Richard Eaddy of Hedgebook Limited.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for Council and Group were \$134 million (2019: \$139 million). At 30 June 2020, the fixed interest rates of cash flow hedge interest rate swaps vary from 3.325% to 5.20% (2019: 3.40% to 5.40%).

13. Inventories

Accounting policy

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential.

Inventories held for distribution or consumption in the provision of services that are supplied on a commercial basis are measured at the lower of cost adjusted and net realisable value.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes that inventories that were purchased first are distributed or used first.

Inventories acquired through a non-exchange transaction are measured at fair value at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for the development and future resale is transferred from property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost. Costs directly attributed to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

Emission trading units are held for consumption based on landfill emissions and are valued at net realisable value.

Breakdown of inventory and further information

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Commercial inventories held for sale:				
Diesel	2	2	21	23
Emission trading units	67	13	67	13
Inventory	168	182	168	182
Commercial property developments	-	-	11,842	7,500
Total inventories	237	197	12,098	7,718

14. Property plant and equipment

Critical accounting estimates and assumptions

There are a number of estimates and assumptions 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 that are not visible, for example stormwater, wastewater and water supply pipes 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; and
- 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 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 Statement of Comprehensive Revenue and Expenses. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural 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.

Experienced independent valuers perform Council's infrastructural asset revaluations.

Critical judgements in applying accounting policies

Classification of pensioner housing properties

The Council and Group own a number of properties held to improve housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for a service delivery objective as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Accounting policy

Property, plant and equipment consist of:

Operational assets - these include land, buildings, landfill post-closure, improvements, library books, plant and equipment, collection items and motor vehicles.

Restricted assets – restricted assets are mainly parks and reserves owned by Council and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – infrastructure assets are fixed utility systems owned by Council and Group. Each asset class (roading assets, water assets, stormwater assets and wastewater assets) includes all items that are required for the network to function. For example, sewerage reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted, except land under roads) and collections are measured at fair value. Buildings and infrastructure assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Measurement subsequent to initial recognition - revaluation

Land (excluding land under roads), buildings, and infrastructural assets are revalued with sufficient regularity to ensure their carrying amount does not differentiate materially from fair value at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluation of property, plant and equipment is accounted for on a class-by-class basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

The fair value of land, buildings, site improvements and collection assets is their market value. The fair value of the roading, water assets, stormwater assets and wastewater assets is measured using the depreciated replacement cost. Fair value is assessed by an independent registered valuer.

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 associated with the item will flow to the Council and Group and the cost of the item can be measured reliably.

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

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through non-exchange transactions, it is recognised at its fair value as at the date of acquisition.

Disposals

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net 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 the Council and Group and the cost of the item can be measured with reliability.

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than land, land under roads and art collections), at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Years	Percentages
Operational assets		
Site Improvements	5 - 42	2.38 - 20.00
Buildings	3 - 76	1.32 - 33.33
Landfill assets (including plant and infrastructure not associated with the network)	3 - 49	2.05 - 33.33
Library books	7	14.28
Plant and equipment	1 - 33	3.33 - 74.04
Vehicles	3 - 5	20.00 - 33.00
Wharves	6 - 41	2.44 - 14.68
Breakwaters	90	1.11
Infrastructure assets		
Storm, supply and waste water utility assets:		
- Stormwater assets	10 - 52	1.91 - 10.00
- Water supply assets	8 - 39	2.57 - 12.50
- Wastewater assets (included treatment plant)	2 - 135	0.74 - 50.00
Roading network	3 - 89	1.12 - 33.33
Seawalls	64	1.56

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end. In respect of revalued assets, the useful life is adjusted to a rate recommended by the independent valuer as at the date of the revaluation.

Upper Hutt City Council's interest in the bulk wastewater system

The Hutt Valley and Wainuiomata bulk wastewater system is managed by Council. Upper Hutt City Council pays an annual levy to the Hutt City Council based on an apportionment formula equating to between 29% and 33% of the funding requirements. While Upper Hutt City Council does not have legal ownership of the bulk wastewater system, it is entitled to a share of the proceeds from any sale of the assets.

Upper Hutt City Council's interest in the bulk wastewater system assets is deducted from the value of property, plant and equipment recognised in the Statement of Financial

Position. Funding contributions from Upper Hutt City Council are recognised as revenue in the surplus or deficit if the contributions are for the operation of the bulk wastewater system. Funding contributions for capital work are recognised as an increase in Upper Hutt City Council's interest in the bulk wastewater system assets.

Impairment of property, plant and equipment

Property, plant and equipment assets subsequently measured at cost that have a finite useful life are reviewed for indicators of impairment whenever events or changes in circumstances indicate 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. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.



	Cost/ valuation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000	Current year additions \$000	Vested Assets \$000	Current year disposals \$000	Category adjustments to cost \$000	Revaluation surplus/ Impair charges to revaluation reserves \$000	Accumulated depreciation on disposals \$000	Accumulated depreciation on revaluation \$000	Current year impairment charges \$000	Category adjustments to depreciation \$000	Current year depreciation \$000	Cost/ valuation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000
Council 2020																
Operational assets																
Land	44,392	-	44,392	588	-	-	-	7,915	-	-	-	-	-	52,895	-	52,895
Site improvements	30,382	(1,782)	28,601	87	-	(3)	-	(5,251)	3	3,074	-	-	(1,395)	25,215	(100)	25,116
Buildings	110,970	(5,702)	105,268	685	-	(16)	-	6,270	16	9,458	-	-	(4,145)	117,909	(373)	117,536
Landfill assets	40,942	(5,005)	35,937	5,132	-	-	-	-	-	-	-	-	(1,038)	46,074	(6,043)	40,031
Library books	6,823	(3,420)	3,403	809	-	-	-	-	-	-	-	-	(868)	7,632	(4,288)	3,344
Plant and equipment	18,600	(9,217)	9,382	1,081	-	(992)	-	-	879	-	-	-	(2,305)	18,689	(10,643)	8,045
Vehicles	734	(549)	185	677	-	(75)	-	-	56	-	-	-	(159)	1,336	(652)	684
Wharves	6,879	(2,285)	4,594	-	-	-	-	-	-	-	-	-	(191)	6,879	(2,476)	4,403
Breakwaters	5,101	(112)	4,989	-	-	-	-	(249)	-	181	-	-	(73)	4,852	(4)	4,848
	264,823	(28,072)	236,751	9,059	-	(1,086)	-	8,685	954	12,713	-	-	(10,174)	281,481	(24,579)	256,902
Collection Assets																
Public art collections	1,738	-	1,738	29	-	-	-	427	-	-	-	-	-	2,194	-	2,194
Other collection items	11,979	-	11,979	65	-	-	-	973	-	-	-	-	-	13,017	-	13,017
Petone Settlers	83	-	83	-	-	-	-	136	-	-	-	-	-	219	-	219
Total collections	13,800	-	13,800	94	-	-	-	1,536	-	-	-	-	-	15,430	-	15,430
Total operational assets	278,623	(28,072)	250,551	9,153	-	(1,086)	-	10,221	954	12,713	-	-	(10,174)	296,911	(24,579)	272,332
Infrastructural assets																
Wastewater system	205,136	(10,128)	195,008	3,526	128	-	-	(12,434)	-	16,538	-	-	(6,995)	196,356	(585)	195,771
Wastewater treatment plant	45,291	(3,379)	41,912	1,907	-	-	-	(7,377)	-	5,797	-	-	(2,596)	39,821	(178)	39,643
Less UHCC share in HVS assets	(41,152)	2,411	(38,741)	(1,046)	-	-	-	2,252	-	(4,015)	-	-	1,741	(39,946)	137	(39,809)
	209,275	(11,096)	198,179	4,387	128	-	-	(17,559)	-	18,320	-	-	(7,850)	196,231	(626)	195,605
Land	16,386	-	16,386	-	-	-	-	3,973	-	-	-	-	-	20,359	-	20,359
Land under roads	145,538	-	145,538	-	78	-	-	-	-	-	-	-	-	145,616	-	145,616
Stormwater system	189,248	(6,377)	182,871	2,246	70	-	-	348	-	10,352	-	-	(4,333)	191,912	(358)	191,554
Water supply system	124,165	(6,013)	118,152	4,159	135	-	-	(15,564)	-	9,910	-	-	(4,231)	112,895	(334)	112,561
Road network	454,857	(18,260)	436,597	7,176	234	-	-	(14,462)	-	30,623	-	-	(13,560)	447,805	(1,197)	446,608
Seawalls	5,185	(168)	5,017	-	-	-	-	(401)	-	271	-	-	(109)	4,784	(6)	4,778
Total infrastructural assets	1,144,654	(41,915)	1,102,740	17,968	645	-	-	(43,665)	-	69,476	-	-	(30,082)	1,119,602	(2,522)	1,117,081
Restricted assets																
Land	117,943	-	117,943	-	-	(930)	-	20,217	-	-	-	-	-	137,230	-	137,230
Total restricted assets	117,943	-	117,943	-	-	(930)	-	20,217	-	-	-	-	-	137,230	-	137,230
Total property, plant and equipment	1,541,220	(69,987)	1,471,233	27,121	645	(2,016)	-	(13,227)	954	82,189	-	-	(40,256)	1,553,743	(27,101)	1,526,642

	Cost/ valuation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000	Current year additions \$000	Vested Assets \$000	Current year disposals \$000	Category adjustments to cost \$000	Revaluation surplus/ Impair charges to revaluation reserves \$000	Accumulated depreciation on disposals \$000	Accumulated depreciation on revaluation \$000	Current year impairment charges \$000	Category adjustments to depreciation \$000	Current year depreciation \$000	Cost/ valuation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000
Council 2019																
Operational assets																
Land	44,385	-	44,385	82	-	(75)	-	-	-	-	-	-	-	44,392	-	44,392
Site improvements	22,843	(516)	22,328	7,847	-	(21)	-	(287)	2	25	-	-	(1,293)	30,382	(1,782)	28,601
Buildings	87,617	(1,916)	85,701	34,349	-	(1,260)	-	(9,736)	83	641	-	-	(4,510)	110,970	(5,702)	105,268
Landfill assets	38,138	(4,036)	34,102	2,804	-	-	-	-	-	-	-	-	(969)	40,942	(5,005)	35,937
Library books	6,633	(3,237)	3,396	867	-	(677)	-	-	677	-	-	-	(860)	6,823	(3,420)	3,403
Plant and equipment	16,621	(7,838)	8,782	2,997	-	(1,018)	-	-	866	-	-	-	(2,245)	18,600	(9,217)	9,382
Vehicles	665	(407)	258	86	-	(17)	-	-	2	-	-	-	(144)	734	(549)	185
Wharves	2,637	(2,217)	420	4,242	-	-	-	-	-	-	-	-	(68)	6,879	(2,285)	4,594
Breakwaters	5,101	(37)	5,064	-	-	-	-	-	-	-	-	-	(75)	5,101	(112)	4,989
	224,640	(20,204)	204,436	53,274	-	(3,068)	-	(10,023)	1,630	666	-	-	(10,164)	264,823	(28,072)	236,751
Collection Assets																
Public art collections	1,663	-	1,663	75	-	-	-	-	-	-	-	-	-	1,738	-	1,738
Other collection items	11,915	-	11,915	64	-	-	-	-	-	-	-	-	-	11,979	-	11,979
Petone Settlers	83	-	83	-	-	-	-	-	-	-	-	-	-	83	-	83
Total collections	13,661	-	13,661	139	-	-	-	-	-	-	-	-	-	13,800	-	13,800
Total operational assets	238,301	(20,204)	218,097	53,413	-	(3,068)	-	(10,023)	1,630	666	-	-	(10,164)	278,623	(28,072)	250,551
Infrastructural assets																
Wastewater system	200,662	(3,301)	197,361	4,056	418	-	-	-	-	-	-	-	(6,827)	205,136	(10,128)	195,008
Wastewater treatment plant	42,448	(1,079)	41,369	2,843	-	-	-	-	-	-	-	-	(2,300)	45,291	(3,379)	41,912
Less UHCC share in HVS assets	(39,652)	784	(38,868)	(1,500)	-	-	-	-	-	-	-	-	1,627	(41,152)	2,411	(38,741)
	203,458	(3,596)	199,862	5,399	418	-	-	-	-	-	-	-	(7,500)	209,275	(11,096)	198,179
Land	16,546	-	16,546	-	-	(160)	-	-	-	-	-	-	-	16,386	-	16,386
Land under roads	145,252	-	145,252	-	286	-	-	-	-	-	-	-	-	145,538	-	145,538
Stormwater system	187,389	(2,091)	185,298	1,352	507	-	-	-	-	-	-	-	(4,286)	189,248	(6,377)	182,871
Water supply system	118,829	(1,954)	116,875	5,174	162	-	-	-	-	-	-	-	(4,059)	124,165	(6,013)	118,152
Roading network	435,102	(5,874)	429,228	18,825	930	-	-	-	-	-	-	-	(12,386)	454,857	(18,260)	436,597
Seawalls	5,185	(56)	5,129	-	-	-	-	-	-	-	-	-	(112)	5,185	(168)	5,017
Total infrastructural assets	1,111,761	(13,572)	1,098,190	30,750	2,303	(160)	-	-	-	-	-	-	(28,342)	1,144,654	(41,915)	1,102,740
Restricted assets																
Land	118,547	-	118,547	-	-	(604)	-	-	-	-	-	-	-	117,943	-	117,943
Total restricted assets	118,547	-	118,547	-	-	(604)	-	-	-	-	-	-	-	117,943	-	117,943
Total property, plant and equipment	1,468,609	(33,776)	1,434,833	84,163	2,303	(3,832)	-	(10,023)	1,630	666	-	-	(38,506)	1,541,220	(69,987)	1,471,233

	Cost/ valuation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000	Current year additions \$000	Vested Assets \$000	Current year disposals \$000	Category adjustments to cost \$000	Revaluation surplus/ Impair charges to revaluation reserves \$000	Accumulated depreciation on disposals \$000	Accumulated depreciation on revaluation \$000	Current year impairment charges \$000	Category adjustments to depreciation \$000	Current year depreciation \$000	Cost/ valuation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000
Group 2020																
Operational assets																
Land	44,392	-	44,392	588	-	-	-	7,915	-	-	-	-	-	52,895	-	52,895
Site improvements	30,382	(1,782)	28,601	87	-	(3)	-	(5,251)	3	3,074	-	-	(1,395)	25,215	(100)	25,116
Buildings	110,970	(5,702)	105,268	685	-	(16)	-	6,270	16	9,458	-	-	(4,145)	117,909	(373)	117,536
Landfill assets	40,942	(5,005)	35,937	5,132	-	-	-	-	-	-	-	-	(1,038)	46,074	(6,043)	40,031
Library books	6,823	(3,420)	3,403	809	-	-	-	-	-	-	-	-	(868)	7,632	(4,288)	3,344
Plant and equipment	18,600	(9,217)	9,382	1,081	-	(992)	-	-	879	-	-	-	(2,305)	18,689	(10,643)	8,045
Vehicles	734	(549)	185	677	-	(75)	-	-	56	-	-	-	(159)	1,336	(652)	684
Wharves	6,879	(2,285)	4,594	-	-	-	-	-	-	-	-	-	(191)	6,879	(2,476)	4,403
Breakwaters	5,101	(112)	4,989	-	-	-	-	(249)	-	181	-	-	(73)	4,852	(4)	4,848
Seaview Marina	9,567	(1,508)	8,059	343	-	(43)	-	19	14	192	-	-	(253)	9,886	(1,555)	8,331
Piers and berths	4,425	(1,718)	2,707	39	-	-	-	-	-	-	-	-	(148)	4,464	(1,866)	2,598
Urban Plus land	18,025	-	18,025	-	-	-	-	3,394	-	-	-	-	-	21,419	-	21,419
Urban Plus buildings	15,856	-	15,856	79	-	-	-	3,105	-	606	-	-	(678)	19,040	(72)	18,968
Urban Plus other assets	24	(19)	5	-	-	-	-	-	-	-	-	-	(1)	24	(20)	4
Hutt City Community Facilities Buildings	39,733	(984)	38,749	231	-	-	-	(1,567)	-	1,754	-	-	(843)	38,397	(73)	38,324
Hutt City Community Facilities Site Improvements	2,893	(160)	2,733	-	-	-	-	(225)	-	259	-	-	(108)	2,668	(9)	2,659
Hutt City Community Facilities Trust equipment	203	(29)	174	50	-	-	-	-	-	-	-	-	(18)	253	(47)	206
	355,549	(32,490)	323,059	9,801	-	(1,129)	-	13,411	968	15,524	-	-	(12,223)	377,632	(28,221)	349,411
Collection Assets																
Public art collections	1,738	-	1,738	29	-	-	-	427	-	-	-	-	-	2,194	-	2,194
Other collection items	11,979	-	11,979	65	-	-	-	973	-	-	-	-	-	13,017	-	13,017
Petone Settlers	83	-	83	-	-	-	-	136	-	-	-	-	-	219	-	219
Total collections	13,800	-	13,800	94	-	-	-	1,536	-	-	-	-	-	15,430	-	15,430
Total operational assets	369,349	(32,490)	336,859	9,895	-	(1,129)	-	14,947	968	15,524	-	-	(12,223)	393,062	(28,221)	364,841
Infrastructural assets																
Wastewater system	205,136	(10,128)	195,008	3,526	128	-	-	(12,434)	-	16,538	-	-	(6,995)	196,356	(585)	195,771
Wastewater treatment plant	45,291	(3,379)	41,912	1,907	-	-	-	(7,377)	-	5,797	-	-	(2,596)	39,821	(178)	39,643
Less UHCC share in HVS assets	(41,152)	2,411	(38,741)	(1,046)	-	-	-	2,252	-	(4,015)	-	-	1,741	(39,946)	137	(39,809)
	209,275	(11,096)	198,179	4,387	128	-	-	(17,559)	-	18,320	-	-	(7,850)	196,231	(626)	195,605
Land	16,386	-	16,386	-	-	-	-	3,973	-	-	-	-	-	20,359	-	20,359
Land under roads	145,538	-	145,538	-	78	-	-	-	-	-	-	-	-	145,616	-	145,616
Stormwater system	189,248	(6,377)	182,871	2,246	70	-	-	348	-	10,352	-	-	(4,333)	191,912	(358)	191,554
Water supply system	124,165	(6,013)	118,152	4,159	135	-	-	(15,564)	-	9,910	-	-	(4,231)	112,895	(334)	112,561
Roading network	454,857	(18,260)	436,597	7,176	234	-	-	(14,462)	-	30,623	-	-	(13,560)	447,805	(1,197)	446,608
Seawalls	5,185	(168)	5,017	-	-	-	-	(401)	-	271	-	-	(109)	4,784	(6)	4,778
Total infrastructural assets	1,144,654	(41,915)	1,102,740	17,968	645	-	-	(43,665)	-	69,476	-	-	(30,082)	1,119,602	(2,522)	1,117,081
Restricted assets																
Land	117,943	-	117,943	-	-	(930)	-	20,217	-	-	-	-	-	137,230	-	137,230
Total restricted assets	117,943	-	117,943	-	-	(930)	-	20,217	-	-	-	-	-	137,230	-	137,230
Total property, plant and equipment	1,631,946	(74,405)	1,557,544	27,863	645	(2,059)	-	(8,501)	968	85,000	-	-	(42,305)	1,649,894	(30,743)	1,619,154

	Cost/ valuation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000	Current year additions \$000	Vested Assets \$000	Current year disposals \$000	Category adjustments to cost \$000	Revaluation surplus/ Impair charges to revaluation reserves \$000	Accumulated depreciation on disposals \$000	Accumulated depreciation on revaluation \$000	Current year impairment charges \$000	Category adjustments to depreciation \$000	Current year depreciation \$000	Cost/ valuation \$000	Accumulated depreciation and impairment charges \$000	Carrying amount \$000
Group 2019																
Operational assets																
Land	44,385	-	44,385	82	-	(75)	-	-	-	-	-	-	-	44,392	-	44,392
Site improvements	22,843	(516)	22,328	7,847	-	(21)	-	(287)	2	25	-	-	(1,293)	30,382	(1,782)	28,601
Buildings	87,617	(1,916)	85,701	34,349	-	(1,260)	-	(9,736)	83	641	-	-	(4,510)	110,970	(5,702)	105,268
Landfill assets	38,138	(4,036)	34,102	2,804	-	-	-	-	-	-	-	-	(969)	40,942	(5,005)	35,937
Library books	6,633	(3,237)	3,396	867	-	(677)	-	-	677	-	-	-	(860)	6,823	(3,420)	3,403
Plant and equipment	16,621	(7,838)	8,782	2,997	-	(1,018)	-	-	866	-	-	-	(2,245)	18,600	(9,217)	9,382
Vehicles	665	(407)	258	86	-	(17)	-	-	2	-	-	-	(144)	734	(549)	185
Wharves	2,637	(2,217)	420	4,242	-	-	-	-	-	-	-	-	(68)	6,879	(2,285)	4,594
Breakwaters	5,101	(37)	5,064	-	-	-	-	-	-	-	-	-	(75)	5,101	(112)	4,989
Seaview Marina	9,374	(1,512)	7,862	445	-	(252)	-	-	251	-	-	-	(247)	9,567	(1,508)	8,059
Piers and berths	3,950	(1,570)	2,380	476	-	(1)	-	-	1	-	-	-	(149)	4,425	(1,718)	2,707
Urban Plus land	11,395	-	11,395	2,850	-	(1,570)	-	5,350	-	-	-	-	-	18,025	-	18,025
Urban Plus buildings	13,923	(310)	13,613	4,543	-	(436)	-	(2,174)	83	854	-	-	(627)	15,856	-	15,856
Urban Plus other assets	24	(18)	6	-	-	-	-	-	-	-	-	-	(1)	24	(19)	5
Hutt City Community Facilities Buildings	26,416	(297)	26,119	13,674	-	(357)	-	-	-	-	-	-	(687)	39,733	(984)	38,749
Hutt City Community Facilities Site Improvements	2,893	(53)	2,840	-	-	-	-	-	-	-	-	-	(107)	2,893	(160)	2,733
Hutt City Community Facilities Trust equipment	102	(17)	85	101	-	-	-	-	-	-	-	-	(12)	203	(29)	174
	292,717	(23,981)	268,736	75,363	-	(5,684)	-	(6,847)	1,965	1,520	-	-	(11,994)	355,549	(32,490)	323,059
Collection Assets																
Public art collections	1,663	-	1,663	75	-	-	-	-	-	-	-	-	-	1,738	-	1,738
Other collection items	11,915	-	11,915	64	-	-	-	-	-	-	-	-	-	11,979	-	11,979
Petone Settlers	83	-	83	-	-	-	-	-	-	-	-	-	-	83	-	83
Total collections	13,661	-	13,661	139	-	-	-	-	-	-	-	-	-	13,800	-	13,800
Total operational assets	306,378	(23,981)	282,397	75,502	-	(5,684)	-	(6,847)	1,965	1,520	-	-	(11,994)	369,349	(32,490)	336,859
Infrastructural assets																
Wastewater system	200,662	(3,301)	197,361	4,056	418	-	-	-	-	-	-	-	(6,827)	205,136	(10,128)	195,008
Wastewater treatment plant	42,448	(1,079)	41,369	2,843	-	-	-	-	-	-	-	-	(2,300)	45,291	(3,379)	41,912
Less UHCC share in HVS assets	(39,652)	784	(38,868)	(1,500)	-	-	-	-	-	-	-	-	1,627	(41,152)	2,411	(38,741)
	203,458	(3,596)	199,862	5,399	418	-	-	-	-	-	-	-	(7,500)	209,275	(11,096)	198,179
Land	16,546	-	16,546	-	-	(160)	-	-	-	-	-	-	-	16,386	-	16,386
Land under roads	145,252	-	145,252	-	286	-	-	-	-	-	-	-	-	145,538	-	145,538
Stormwater system	187,389	(2,091)	185,298	1,352	507	-	-	-	-	-	-	-	(4,286)	189,248	(6,377)	182,871
Water supply system	118,829	(1,954)	116,875	5,174	162	-	-	-	-	-	-	-	(4,059)	124,165	(6,013)	118,152
Roading network	435,102	(5,874)	429,228	18,825	930	-	-	-	-	-	-	-	(12,386)	454,857	(18,260)	436,597
Seawalls	5,185	(56)	5,129	-	-	-	-	-	-	-	-	-	(112)	5,185	(168)	5,017
Total infrastructural assets	1,111,761	(13,572)	1,098,190	30,750	2,303	(160)	-	-	-	-	-	-	(28,342)	1,144,654	(41,915)	1,102,740
Restricted assets																
Land	118,547	-	118,547	-	-	(604)	-	-	-	-	-	-	-	117,943	-	117,943
Total restricted assets	118,547	-	118,547	-	-	(604)	-	-	-	-	-	-	-	117,943	-	117,943
Total property, plant and equipment	1,536,686	(37,553)	1,499,134	106,252	2,303	(6,448)	-	(6,847)	1,965	1,520	-	-	(40,336)	1,631,946	(74,405)	1,557,541

Valuation

Operational and restricted land and buildings

For the purposes of the market value for financial reporting purposes assessment, we have valued each property in its entirety; being the total value of the land and improvements together. This total value has then been apportioned amongst the different components forming the improvements and the land. As many of the improvements, such as reserves, fall over several parcels of land, where applicable, we have treated these parcels as contingent and provided a single value for the amalgamated land component.

The land component of the valuation has been derived from market based evidence based on its highest and best 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.

Specialised buildings which are generally used for operational purposes i.e. amenities and hall buildings, are rarely sold separately, with the result that there is little or no comparable sales information available. In this scenario, the best indication of the assets' fair value is the depreciated replacement cost approach which is the current replacement cost of the asset less, where applicable, accumulated depreciation, to reflect the age of the asset.

We have utilised the straight line method of depreciation with assets' ages and remaining lives estimated. Assets' replacement costs are based on replacement with modern equivalent assets with adjustments for appropriate obsolescence. For Council's earthquake prone buildings, the estimated earthquake strengthening costs have been deducted from the depreciated replacement cost.

The most recent independent valuations for land and buildings was performed by Peter Erceg and Chris McCashin (MPINZ), of Aon Risk Solutions, and the valuation is effective as at 31 May 2020.

Infrastructural assets (excluding land under roads)

The market value for financial reporting purposes was calculated using the depreciated optimised replacement cost approach. This is based on the current replacement cost of modern equivalent replacement assets (MERA) that is adjusted for over-design, over-capacity and/or redundant assets, less an allowance for depreciation.

Hutt City Council, through Wellington Water Limited, provided established asset groupings and further to these groupings, asset component classifications levels. Aon have used the Hutt City Council asset groupings and asset component levels to establish a level

of valuation. Physical inspections of all asset types were undertaken. During the site inspections, and whilst at the Wellington Water Limited offices, the valuer systematically inspected and documented each asset type, including key technical details, age, life and the assets' remaining useful lives.

Development of replacement costs of the piping services, water infrastructure assets, storage tanks and reservoirs have been valued by using normalised / standardised rates based on modern equivalent asset costs, in particular metre rates per diameter or the like. Using standardised costs allowed a realistic balance between extreme positions of valuing on a "whole of system approach" and requiring precise asset detail.

The ages of the subject assets have, in general, been comprehensively documented and as a result, the ages of a considerable portion of the assets have been accurately recorded. During site visits ages of the assets were determined through Hutt City Council documentation, GIS and staff knowledge.

Once an appropriate unit replacement cost and asset ages and lives were established, a straight-line depreciation was attributed to each asset component to establish the ODRC and value.

The most recent independent valuations for infrastructural assets (excluding land under roads) was performed by Peter Erceg and Roger Khoo (MPINZ), of Aon Risk Solutions, and the valuation is effective as at 31 May 2020.

Councils' most recent estimate of the replacement cost of infrastructural assets is at 31 May 2020:

	\$'000
Wastewater	549,780
Wastewater treatment plant	112,010
Stormwater	418,540
Water supply	275,000
Roading (excluding land under roads)	945,230
	2,300,560

Service concession arrangements

The service concession arrangement asset consists of the Water Waste Treatment Plant located at Seaview which is jointly owned by Upper Hutt City Council and Hutt City Council but operated by Veolia Water under a 10 year agreement effective from June 2020. The contract has two rights of renewal for further subsequent terms of three and two years respectively. These assets are included in the infrastructure, building and site improvement assets and are valued consistently with other assets within the class.

The carrying value of these service concession assets for Council and Group is \$41.6M (2019: \$43.9M).

Collection items

The collections are valued at fair value, being an amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is considered as representing the best estimate of the intrinsic cultural or heritage value of an asset.

Determination of fair value has been made by reference to observable prices in an active market (be it primary retail or secondary auction market) for the same or similar asset. If there is no active market, fair value is determined by other market based evidence adjudged by the valuer as active and knowledgeable participants in the market.

Painting and works on paper were valued as at 31 May 2020 by Ben Ashley (AAA), Ashley & Associates Limited, cultural and forensic specialists contracted as independent valuers.

Assets held by Subsidiaries

Seaview Marina Limited assets consist of non specialised properties and are valued at fair value using market based evidence. We have utilised two methods. Firstly, the capitalisation of income method of valuation where a yield is applied to an income to assess a market value. In addition we have used the comparable sales method to value. This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, the subject property is compared with sales of similar properties that have been transacted in the open market. Where required, adjustments for required structural maintenance and earthquake strengthening costs were applied. The most recent independent valuation was performed by an independent valuer Peter Erceg and Chris McCashin (MPINZ) of Aon Risk Solutions and the valuation is effective as at 31 May 2020.

Urban Plus flats and other non specialised properties are valued at fair value using market

based evidence. We have utilised two methods. Firstly, the capitalisation of income method of valuation where a yield is applied to an income to assess a market value. In addition we have used the comparable sales method to value. This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, the subject property is compared with sales of similar properties that have been transacted in the open market. Where required, adjustments for required structural maintenance and earthquake strengthening costs were applied. The most recent independent valuation was performed by an independent valuer Peter Erceg and Chris McCashin (MPINZ) of Aon Risk Solutions and the valuation is effective as at 31 May 2020.

Hutt City Community Facilities Trust assets consist of specialised properties and are valued at fair value using market based evidence. We have utilised two methods. Firstly, the capitalisation of income method of valuation where a yield is applied to an income to assess a market value. In addition we have used the comparable sales method to value. This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. In general, the subject property is compared with sales of similar properties that have been transacted in the open market. Where required, adjustments for required structural maintenance and earthquake strengthening costs were applied. The most recent independent valuation was performed by an independent valuer Peter Erceg and Chris McCashin (MPINZ) of Aon Risk Solutions and the valuation is effective as at 31 May 2020.

Insurance

Asset type	Policy type	Total declared value	Maximum limit of liability
Buildings, Plant and Equipment and above ground infrastructure property (land, roading assets and bridges are not insured)	Material Damage	408,856,684	Natural Catastrophe: \$600 million any one loss or series of losses arising out of any one event and in annual aggregate for all four councils. All other losses: \$600 million any one loss or series of losses arising out of any one event for all four councils.
Underground Infrastructure Assets	Material Damage - Natural Catastrophe only	1,274,571,696	Natural Catastrophe: \$600 million each and every loss or series of losses arising out of any one event for all four councils and limited to a \$350 million sublimit for HCC
Residential Property	Material Damage	5,751,200	Natural Catastrophe: First \$100,000 per unit to be recovered from the Earthquake Commission. Any remaining top up required per unit to a maximum of \$5,751,200 for 14 units. All other losses: Replacement value per unit to a maximum of \$5,751,200 for 14 units.
Motor Vehicle	Comprehensive Motor Vehicle	3,017,704	Market value at time of loss. Maximum limit any one vehicle \$400,000, unless agreed by insurer prior to loss. Third party liability - limit any one accident \$20 million.
Fine Arts	Material Damage	25,517,554	Permanent Collection: \$15,836,618 any one loss. Exhibitions and Temporary Loans, incoming and outgoing: Whilst at any unnamed location: \$2,000,000 any one loss. Transit Limit: \$750,000 any one loss

Assets under construction

Property, plant and equipment in the course of construction by class of asset is detailed below:

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Water systems	-	-	-	-
Roading network	1,233	37	1,233	37
Landfills	407	498	407	498
Land and site improvements	11,071	2,459	13,485	4,217
Buildings	311	283	311	283
Other	1,321	506	2,068	1,004
Total Assets under construction	14,343	3,783	17,504	6,039

15. Intangible Assets

Software acquisition and development

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

Costs that are directly associated with the development of software for internal use by Council and Group are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs, costs associated with maintaining computer software and costs associated with development and maintenance of Council's website are recognised as an expense when incurred.

Resource Consents

Costs associated with registering a resource consent in the wastewater activity are recognised as an intangible asset.

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 surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

	Years	Percentages
Computer software	2 - 10	10 - 44
Resource Consents	12 - 29	3.41 - 7.86

Impairment of intangible assets

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

Intangible assets subsequently measured at cost that have a finite useful life are reviewed for indicators of impairment whenever events or changes in circumstances indicate 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. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

	Cost/ valuation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000	Current year additions \$'000	Vested Assets \$'000	Current year disposals \$'000	Category adjustments to cost \$'000	Revaluation surplus/ Impair charges to revaluation reserves \$'000	Accumulated depreciation on disposals \$'000	Accumulated depreciation on revaluation \$'000	Current year impairment charges \$'000	Category adjustments to depreciation \$'000	Current year depreciation \$'000	Cost/ valuation \$'000	Accumulated depreciation and impairment charges \$'000	Carrying amount \$'000
Council 2020																
Software	3,713	(2,812)	901	70	-	(908)	-	-	907	-	-	-	(483)	2,875	(2,388)	487
Resource consents	1,981	(1,068)	913	-	-	-	-	-	-	-	-	-	(68)	1,981	(1,136)	845
	5,694	(3,880)	1,814	70	-	(908)	-	-	907	-	-	-	(551)	4,856	(3,524)	1,332
Council 2019																
Software	4,778	(3,670)	1,108	311	-	(1,376)	-	-	1,378	-	-	-	(520)	3,713	(2,812)	901
Resource consents	1,981	(985)	996	-	-	-	-	-	-	-	-	-	(83)	1,981	(1,068)	913
	6,759	(4,655)	2,104	311	-	(1,376)	-	-	1,378	-	-	-	(603)	5,694	(3,880)	1,814
Group 2020																
Software	3,766	(2,862)	904	70	-	(908)	-	-	907	-	-	-	(483)	2,928	(2,438)	490
Resource consents	1,982	(1,071)	911	-	-	-	-	-	-	-	-	-	(68)	1,982	(1,139)	843
	5,748	(3,933)	1,815	70	-	(908)	-	-	907	-	-	-	(551)	4,910	(3,577)	1,333
Group 2019																
Software	4,831	(3,719)	1,112	311	-	(1,376)	-	-	1,392	-	-	-	(535)	3,766	(2,862)	904
Resource consents	1,981	(988)	993	1	-	-	-	-	-	-	-	-	(83)	1,982	(1,071)	911
	6,812	(4,707)	2,105	312	-	(1,376)	-	-	1,392	-	-	-	(618)	5,748	(3,933)	1,815

16. Depreciation and amortisation expense by group of activity

	Council	
	Actual 2020 \$000	Actual 2019 \$000
Directly attributable depreciation and amortisation expense by activity (group of activity)		
Integrated community services	5,228	5,519
Parks and reserves	2,337	2,148
Group: Leisure and wellbeing	7,565	7,667
City environment	-	4
City development	12	14
Consents and regulatory services	90	110
Group: Growth	102	128
City resilience	6	3
Group: Sustainability	6	3
Roads and accessways	13,737	12,541
Water supply	4,230	4,059
Wastewater	8,149	7,811
Stormwater	4,333	4,285
Solid waste	1,047	979
Group: Infrastructure	31,496	29,675
City Governance	-	-
City leadership	1,638	1,636
Group: Organisation	1,638	1,636
Group organisation		
Total directly attributable depreciation and amortisation expense by group of activity	40,807	39,109
Depreciation and amortisation not directly attributable by group of activity	-	-
Total depreciation and amortisation expense	40,807	39,109

17. Investment in associate

Wellington Water Limited (formerly Capacity Infrastructure Services) was jointly created with Wellington City Council on 9 July 2003 and has a balance date of 30 June. The nature of the business is to jointly manage the water services for Lower Hutt and Wellington cities.

The Company has issued Class A shares representing voting rights and Class B shares which confer the level of contributions and ownership between each council.

During October 2013, Upper Hutt and Porirua Councils purchased shares in the company and during 2015 shares were issued to Greater Wellington Regional Council. A further issuance of share to South Wairarapa District Council was undertaken during 2019. The company is considered to be jointly controlled because of the equal share of voting rights conferred through the Class A shares and is therefore an associate of all Councils in accordance with IAS 28: Investments in Associates. Each Council will equity account for their respective ownership interest as determined by the proportionate value of Class A and Class B shares held. Hutt City Council's ownership interest in the company is 20% (2019: 21%).

	Shares on Issue	Hutt City Council	Wellington City Council	Upper Hutt Council	Porirua City Council	Greater Wellington Regional Council	South Wairarapa District Council
2020							
Class A shares (voting entitlements)	900	150	150	150	150	150	150
		17%	17%	17%	17%	17%	17%
Class B shares (financial entitlements)	500	100	200	40	60	75	25
		20%	40%	8%	12%	15%	5%
2019							
Class A shares (voting entitlements)	750	150	150	150	150	150	-
		20%	20%	20%	20%	20%	0%
Class B shares (financial entitlements)	475	100	200	40	60	75	-
		21%	42%	8%	13%	16%	0%

Wellington Water Limited is an unlisted company and accordingly there are no published price quotations to determine the fair value of Council's investment in the Company.

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Wellington Water Limited				
Balance at beginning of the year	200	200	331	325
New Shares issued	-	-	-	-
B Shares sold	-	-	-	-
Share of operating surplus / (deficit)	-	-	(40)	6
Balance at end of year	200	200	291	331

	Total Wellington Water Limited		Group share	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Revenue	187,796	136,109	37,559	28,583
Expenditure	188,045	136,070	37,609	28,575
Surplus (Deficit) before taxation	(249)	39	(50)	8
Taxation (Expense)/ benefit	55	(9)	10	(2)
Surplus (Deficit) after taxation	(194)	30	(40)	6
Assets	34,188	21,003	6,838	4,411
Liabilities	32,614	19,285	6,523	4,050
Equity	1,574	1,718	315	361

18. Other financial assets

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Current portion				
Loans to related parties	-	-	-	-
Short term deposits with original maturities greater than three months	20,000	3,000	20,000	3,000
Total other financial assets - current portion	20,000	3,000	20,000	3,000
Non-current portion				
Investment in CCOs and other similar entities				
Shares in subsidiaries	14,545	14,545	-	-
Loans to related parties	18,981	19,036	-	-
Unlisted shares in LGFA	100	100	100	100
Borrower notes from LGFA	3,456	2,864	3,456	2,864
Total Investment in CCOs and other similar entities	37,082	36,545	3,556	2,964
Investment in other entities				
NZ Local Government Insurance Company	455	455	455	455
Smartlinx 3 Limited	-	39	-	39
Total investment in other entities	455	494	455	494
Total other financial assets - non-current portion	37,537	37,039	4,011	3,458
Total other financial assets	57,537	40,039	24,011	6,458

Loans to related parties and shares in subsidiaries as those transactions with Urban Plus Limited, Seaview Marina Limited and Hutt City Community Facilities Trust - 100% owned subsidiaries (Council Controlled Organisations).

Unlisted Shares

The fair value of the unlisted shares held in NZ Local Government Insurance Company has been determined using historical cost. The fair value of the unlisted shares held in Smartlinx 3 Limited has been determined using the last share issue price.

Impairment

There has been no impairment provision made on the investment in NZ Local Government Insurance Company (2019: \$nil).

There has been an impairment provision made on the investment in Smartlinx 3 Limited due to the financial state of the company. The investment has now been fully written off as the Company moved into liquidation in February 2020. Movements in the provision for impairment of Smartlinx 3 Limited are as follows:

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
At 1 July	(426)	(426)	(426)	(426)
Additional provisions made during the year	(39)	-	(39)	-
Provisions reversed during the year due to asset being fully written off	465	-	465	-
At 30 June	-	(426)	-	(426)

19. Creditors and other payables

Accounting policy

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

Breakdown of creditors and other payables

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Trade and other payables	1,848	5,456	1,940	5,465
Deposits and bonds	173	94	174	96
Accrued expenses	17,959	10,041	18,301	11,043
Rates in advance	1,521	1,194	1,521	1,194
Amounts due to customers for contract work	1,665	2,860	1,727	3,157
Total creditors and other payables	23,166	19,645	23,663	20,955

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximate their fair value.

All creditors and other payables are classified as exchange transactions.

20. Borrowings

Accounting policy

Borrowings are initially recognised at their face value plus transaction costs. After initial recognition, all borrowings are measured at amortised costs using the effective interest rate.

Borrowings are classified as current liabilities, unless the Council or Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

These are loans raised by Council for its various activities and projects. The details are:

	Notes	Council		Group	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
Current portion					
Bank overdraft		-	-	-	-
Secured loans - Current		46,000	3,000	46,000	3,000
Total current portion		46,000	3,000	46,000	3,000
Non-current portion					
Secured loans - Non-current		195,000	201,000	195,000	201,000
Total non-current portion		195,000	201,000	195,000	201,000
Total borrowing		241,000	204,000	241,000	204,000

Maturity profile:

	Interest Cost		Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Years of Maturity						
Under 1 year	1,363	114	46,000	3,000	46,000	3,000
1 to 2 years	888	1,754	30,000	46,000	30,000	46,000
2 to 3 years	740	1,144	25,000	30,000	25,000	30,000
3 to 4 years	888	953	30,000	25,000	30,000	25,000
4 to 5 years	592	763	20,000	20,000	20,000	20,000
Over 5 years	2,666	3,049	90,000	80,000	90,000	80,000
Total borrowing	7,137	7,777	241,000	204,000	241,000	204,000

Secured loans

Council's debt of \$241 million (2019: \$204 million) is issued at a range of maturities in accordance with the borrowing policy, at interest rates ranging from 0.625% to 4.52% (2019: 2.01% to 4.52%). Where the interest rate is floating, the rate is generally reset quarterly based on the 90-day bank bill rate plus a margin for credit.

Security

A debenture trust deed has been established and Covenant Trustee Services Limited (formerly Foundation Corporate Trust Limited) appointed as Trustee. All borrowing is secured by a charge overall rating in favour of the Trustee.

Council has a \$35 million (2019: \$35 million) wholesale advance facility signed on 28 September 2012 and subsequent amendments 12 June 2015 and 30 May 2018. As at 30 June a total of \$Nil (2019: \$Nil) had been drawn against this facility. The facility is secured under the Debenture Trust Deed.

Bank overdraft

Council has a \$250,000 unsecured bank overdraft facility (2019: \$250,000). The facility is undrawn at balance date (2019: \$nil).

Internal borrowings

Council borrows on a consolidated level and as such does not use internal borrowing and therefore does not prepare internal borrowing statements.

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of the secured loans approximate their fair value.

21. Employee entitlements

Accounting policy

Short-term benefits

Employee benefits that Council and Group expect to be settled within 12 months after the end of the period in which the employee renders the related service are measured on accrued entitlements at current rates of pay. These include salaries and wages accrued

up to balance date, annual leave and long service leave earned to, but not yet taken at balance date, where the entitlements are expected to be settled within 12 months.

Council and Group recognise a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Employee benefits due to be settled beyond 12 months after the end of the period in which the employee renders the related service, include retirement gratuities. Due to the low value of the benefit and that most employees who are entitled to this benefit have now accrued full entitlements, no actuarial valuation has been undertaken. The calculation is based on the entitlements accruing for eligible staff based on years of service using current remuneration rates.

Presentation of employee entitlements

Annual leave and vested long service leave are classified as a current liability. All other employee entitlements are classified as a non-current liability as retirement dates are not known.

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Breakdown of employee entitlements and other information

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Current portion				
Accrued salaries and wages	264	46	264	46
Time in lieu	41	43	41	43
Annual leave	2,365	2,026	2,426	2,093
Long service leave	54	55	59	55
Total current portion	2,724	2,170	2,790	2,237
Non-current portion				
Retirement gratuities	544	534	578	534
Total non-current portion	544	534	578	534
Total employee entitlements	3,268	2,704	3,368	2,771

22. Provisions

Accounting policy

Council and Group recognises a provision 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. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs.'

Landfill post closure costs

As operator of the Silverstream Landfill site, Council has an obligation to ensure the on-going maintenance and monitoring services at this landfill site after closure. Council also has an obligation to monitor the closed landfill site at Wainuiomata and other sites previously operated by local authorities subsequently amalgamated to form the Hutt City Council.

A site restoration and aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of closure and post closure costs when the obligation for post closure arises. The calculated cost is

based on estimates of closure costs and future site trade waste charges and monitoring costs. The estimated length of time needed for post closure care for Silverstream is 28 years and Wainuiomata is 26 years.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

Amounts provided for closure and post closure costs are capitalised to the landfill asset where they give rise to future economic benefits, or if they are incurred to enable future economic benefits to be obtained. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

The provision of landfill post closure costs is valued annually by an independent valuer.

Critical accounting estimates and assumptions

Estimating the landfill aftercare costs

The Council has engaged an independent actuary to value Council's landfill aftercare provision. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements.

Provisions are measured at management's best estimate of the expenditures required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

In determining the fair value of the provision, assumptions and estimates are made in relation to the discount rate, the expected cost of the post-closure restoration and monitoring of the landfill site and the expected timing of these costs. Expected costs and timing of the closure are based on the estimated remaining capacity of the landfill, based on the advice and judgement of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

Breakdown of provisions and other information

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Provision for landfill aftercare	5,973	5,313	5,973	5,313
Weather tight home	-	158	-	158
Total provisions	5,973	5,471	5,973	5,471

Movements in provision:

	Landfill aftercare	
	2020 \$000	2019 \$000
Balance at beginning of the year	5,313	5,300
Discount unwinding	269	265
Amounts charged to provision during the period	391	(252)
Balance at end of the year (non-current liability)	5,973	5,313

	Weather tight home	
	2020 \$000	2019 \$000
Balance at beginning of the year	158	174
Claims settled during the year	-	(18)
Amounts charged to provision during the period	(158)	2
Balance at end of the year (current liability)	-	158

Landfill aftercare costs

Council has resource consents to operate the Silverstream Landfill. In addition to the Silverstream Landfill site, Council has an aftercare obligation for six additional closed landfill sites. Council has responsibility under the resource consents to provide on-going maintenance and monitoring of landfills after the sites are closed. Closure responsibilities include final cover and application of vegetation, completing facilities for leachate collection, water quality and gas monitoring. The management of the landfills will influence the timing of recognition of some liabilities.

Council currently operates one landfill, Silverstream (stage 1 and 2). The stage 2 landfill is consented to be developed progressively with a total estimated airspace of 5.3 million cubic metres. The estimated available airspace in the completed section of the landfill

is 100,000 cubic metres (2019: 85,000 cubic metres) with work underway to provide an additional 710,000 cubic metres. Airspace usage is currently approximately 126,000 cubic metres (2019: 126,000 cubic metres) per annum including cover material and an allowance for settlement. The life of stage two, which has been operating for ten years, is projected to be approximately 35-39 years. Council is monitoring gas, leachate, and water for six closed landfills identified as potential risks.

The cash outflows for the closed landfills at Silverstream stage 1 and Wainuiomata are expected to continue for at least twenty to thirty years. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted at a rate of 4.5%. (2019: 5.0%) and an inflation rate of 2.0% (2019: 2.0%).

The provision is independently valued by Jonathan Eriksen (FNZSA) of Eriksen & Associates Limited and is effective as at 30 June 2020.

Weather tight home provision

No further action has been taken in relation to the last weather tight home claim and the timeframe to submit further claims has now passed. Therefore the provision has been released.

23. Other liabilities

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Other liabilities - current portion				
Accrued interest expenses	811	957	811	957
Third party funds	265	215	265	215
Miscellaneous current liabilities	1,084	1,113	1,136	1,113
Income earned in advance	2,630	2,603	2,694	2,699
Development contributions	417	316	417	316
Total other liabilities	5,207	5,204	5,323	5,300

24. Equity

Accounting policy

Equity is the community's interest in Council and is measured as the difference between total assets less total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds (Comprehensive revenue and expenses);
- Council created reserves;
- Restricted reserves; and
- Asset revaluation reserves.

Accumulated comprehensive revenue and expenses is Council and Group's accumulated surplus or deficit since the formation of the Council, adjusted for transfers to/from specific reserves.

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

Council created reserves are established by Council. They may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

Restricted reserves are subject to specific conditions accepted as binding by Council, which may not be revised by Council without reference to the courts or the contributing third party. Transfers from these reserves may be made only for specified purposes or when certain conditions are met.

Asset revaluation reserves relate to the revaluation of property, plant, and equipment to fair value after initial recognition.

Breakdown of equity and further information

	Notes	Council		Group	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
Accumulated funds					
Balance at beginning of the year		665,775	686,317	703,992	721,427
Deferred tax on revaluations		-	-	-	-
Interest allocated to reserves		(108)	(147)	(108)	(147)
Other adjustments		(6,874)	254	(6,874)	254
Other transfers to reserves		(3,570)	(4,369)	(3,570)	(4,383)
Transfers from reserves		680	1,657	1,934	1,657
Net surplus/(deficit) after tax		(21,494)	(17,937)	(18,196)	(14,817)
Accumulated funds - balance at end of the year		634,408	665,775	677,178	703,992
Council created reserves					
Balance at beginning of the year		21,821	18,942	23,121	20,228
Transfers to accumulated funds		(675)	(1,636)	(1,922)	(1,636)
Transfers from accumulated funds		3,570	4,369	3,570	4,383
Interest earned		107	146	107	146
Council created reserves - balance at end of the year		24,823	21,821	24,876	23,121
Restricted reserves*					
Balance at beginning of the year		65	85	72	92
Transfers to accumulated funds		(5)	(21)	(12)	(21)
Interest earned		1	1	1	1
Restricted reserves - balance at end of the year	10.	61	65	61	72
Asset revaluation reserve					
Balance at beginning of the year		597,515	607,127	619,916	625,128
Changes in asset value - revaluation		68,961	-	76,687	4,031
Changes in asset value - impairment		-	(9,358)	-	(9,358)
Other adjustments		6,874	(254)	6,874	(254)
Deferred tax on revaluation		-	-	(1,039)	369
Asset revaluation reserve - balance at end of the year		673,350	597,515	702,438	619,916

	Notes	Council		Group	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
Asset revaluation reserves consist of:					
Operational assets					
Buildings		60,758	42,777	69,330	48,489
Land		34,950	26,730	55,467	43,420
Collections		17,966	16,164	17,966	16,164
Infrastructure assets					
Land		10,833	6,963	10,833	6,963
Wastewater		102,547	101,825	102,547	101,825
Stormwater		93,494	82,793	93,494	82,793
Water		42,115	43,916	42,115	43,916
Road		239,381	223,968	239,381	223,968
Restricted assets					
Land		71,305	52,378	71,305	52,378
Total asset revaluation reserves		673,350	597,515	702,438	619,916
Total other reserves		698,234	619,400	727,375	643,109
Total equity		1,332,642	1,285,175	1,404,553	1,347,101

* Restricted reserves relate to bequest and trust money for a specific purpose

For more details on the purpose of the reserves, please refer to the 'Reserve Funds' statement at the end of this report.

25. Financial instruments

25A. Financial instruments categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Notes	Council		Group	
		2020 \$000	2019 \$000	2020 \$000	2019 \$000
Financial assets					
Loans and receivables					
Cash and cash equivalents	10.	22,738	7,182	24,864	8,375
Short term deposits with original maturities greater than three months	18.	20,000	3,000	20,000	3,000
Debtors and other receivables	11.	15,628	14,606	13,934	14,262
Other financial assets:					
Loans to Related Parties	18.	18,981	19,036	-	-
Total loans and receivables		77,347	43,824	58,798	25,637
Held to maturity					
Other financial assets:					
- NZ Local Government Insurance Company	18.	455	455	455	455
- NZ Local Government Funding Agency	18.	3,556	2,964	3,556	2,964
Total held to maturity		4,011	3,419	4,011	3,419
Fair value through equity					
Other financial assets:					
- unlisted shares	18.	-	39	-	39
Total fair value through equity		-	39	-	39
Total financial assets		81,358	47,282	62,809	29,095
Financial liabilities					
Fair value through surplus or deficit - held for trading					
Derivative financial instrument liabilities	12.	32,156	22,009	32,156	22,009
Total fair value through surplus or deficit - held for trading		32,156	22,009	32,156	22,009
Financial liabilities at amortised cost					
Trade creditors and other payables	19.	23,166	19,645	23,663	20,955
Borrowings:					
- secured loans	20.	241,000	204,000	241,000	204,000
Total financial liabilities at amortised cost		264,166	223,645	264,663	224,955
Total financial liabilities		296,322	245,654	296,819	246,964

25B. Financial instruments categories

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

- Quoted market price (level 1) - Financial instruments with quoted prices for identified instruments in active markets
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - 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 on the statement of financial position.

	2020				2019			
	Valuation technique			Total	Valuation technique			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Quoted market price \$000	Observable inputs \$000	Significant non-observable inputs \$000		Quoted market price \$000	Observable inputs \$000	Significant non-observable inputs \$000		
Council								
Financial assets								
Derivatives	-	-	-	-	-	-	-	-
Shares	-	-	4,011	4,011	-	-	3,458	3,458
Financial liabilities								
Derivatives	-	32,156	-	32,156	-	22,009	-	22,009
Group								
Financial assets								
Derivatives	-	-	-	-	-	-	-	-
Shares	-	-	4,011	4,011	-	-	3,458	3,458
Financial liabilities								
Derivatives	-	32,156	-	32,156	-	22,009	-	22,009

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2020 \$000	2019 \$000
Balance at 1 July	3,458	3,026
Gain and losses recognised in the surplus or deficit	(39)	-
Purchases	592	432
Balance at 30 June	4,011	3,458

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

25C. Financial instruments risks

Council's and Group activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Council and Group has a series of policies to manage the risks associated with financial instruments 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 Risk

Price risk

Price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. The price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's Investment Policy.

Currency risk

Currency risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates. As at 30 June Council does not have any foreign currency risk (2019: \$nil).

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 to fair value interest rate risk. Council's Liability Management Policy is to maintain approximately between 55% and 95% of its borrowings in fixed rate instruments. Floating to fixed interest rate swaps are entered into to hedge the fair value interest rate risk arising where Council has borrowed at floating rates.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose Council to cash flow interest rate risk. Generally, Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Council borrowed at fixed rates directly. Under the interest rate swaps, Council agrees with other parties to exchange, at specified 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 obligation to Council, causing Council to incur a loss. Due to the timing of its cash flows and outflows, Council at times invests surplus cash into bank and term deposits which gives rise to credit risk. Council Investment Policy limits the amount of credit exposure to any one financial institution or organisation. The Group only invests funds 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. Financial instruments which potentially subject the group to credit risk principally consist of cash and/or cash equivalents, trade and other receivables, other assets, financial guarantees and interest rate swaps and options.

The maximum exposure to credit risk:

	Notes	Council		Group	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash, cash equivalents and term deposits	10.	22,738	7,182	24,864	8,375
Debtors and other receivables	11.	15,628	14,606	13,934	14,262
Other assets	18.	455	494	455	494
Short term deposits with original maturities greater than three months	18.	20,000	3,000	20,000	3,000
Loans to related parties	18.	18,981	19,036	-	-
Financial guarantees	30.	51	59	51	59
Derivative financial instrument assets (interest rate swaps and options)	12.	-	-	-	-
Total credit risk		77,853	44,377	59,304	26,190

Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note 32.

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:

	Council		Group	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Counterparties with credit ratings				
Cash at bank and term deposits				
AA-	42,738	10,182	44,864	11,375
Total cash at bank and term deposits	42,738	10,182	44,864	11,375
Derivative financial instrument assets				
AA+	-	-	-	-
AA	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
Counterparties without credit ratings				
Community and related party loans				
Existing counterparty with no defaults in the past	18,981	19,036	-	-
Total community, development and related party loans	18,981	19,036	-	-

Credit quality of cash at bank and term deposits is AA-

Loans to related parties in the contractual maturity analysis contractual cash flows do not reflect the current year. \$18,981,000 is non current (2019: \$19,036,000).

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 of debtors 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, as 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.

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 risk management implies maintaining sufficient cash, and 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. Council manages its borrowings in accordance with its funding and financial policies. These policies have been adopted as part of Council's Long Term Plan. Council has a policy to maintain the overdraft facility to below \$250,000 at any one time, and has undrawn credit facilities totalling \$35 million (2019: \$35 million).

Contractual maturity analysis of financial liabilities

The table below analyses Council's financial liabilities into the 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 balance date. The amounts disclosed are contractual undiscounted cash flows. Financial guarantees are included in the time band containing the earliest date they can be called upon.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	Between 1-3 years \$'000	Between 3-5 years \$'000	Greater than 5 years \$'000
Council 2020						
Trade and other payables	1,848	1,848	1,848	-	-	-
Secured loans	241,000	248,137	47,363	56,628	51,480	92,666
Financial guarantees	51	51	51	-	-	-
Total	242,899	250,036	49,262	56,628	51,480	92,666
Group 2020						
Trade and other payables	1,940	1,940	1,940	-	-	-
Secured loans	241,000	248,137	47,363	56,628	51,480	92,666
Financial guarantees	51	51	51	-	-	-
Total	242,991	250,128	49,354	56,628	51,480	92,666
Council 2019						
Trade and other payables	5,456	5,456	5,456	-	-	-
Secured loans	204,000	211,777	3,114	78,898	46,716	83,049
Financial guarantees	59	59	59	-	-	-
Total	209,515	217,292	8,629	78,898	46,716	83,049
Group 2019						
Trade and other payables	5,465	5,465	5,465	-	-	-
Secured loans	204,000	211,777	3,114	78,898	46,716	83,049
Financial guarantees	59	59	59	-	-	-
Total	209,524	217,301	8,638	78,898	46,716	83,049

Council is exposed to liquidity risk as a guarantor of all of the LGFA borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 32.

Contractual maturity analysis of financial assets

The table below analyses Council's financial assets into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	Between 1-3 years \$000	Between 3-5 years \$000	Greater than 5 years \$000
Council 2020						
Cash and cash equivalents	22,738	22,738	22,738	-	-	-
Debtors and other receivables	15,628	15,628	15,628	-	-	-
Other financial assets:						
- loans to related parties	18,981	18,981	13,981	5,000	-	-
Total	57,347	57,347	52,347	5,000	-	-
Group 2020						
Cash and cash equivalents	24,864	24,864	24,864	-	-	-
Debtors and other receivables	13,934	13,934	13,934	-	-	-
Total	38,798	38,798	38,798	-	-	-
Council 2019						
Cash and cash equivalents	7,182	7,182	7,182	-	-	-
Debtors and other receivables	14,606	14,606	14,606	-	-	-
Other financial assets:						
- loans to related parties	19,036	19,036	-	19,036	-	-
Total	40,824	40,824	21,788	19,036	-	-
Group 2019						
Cash and cash equivalents	8,375	8,375	8,375	-	-	-
Debtors and other receivables	14,262	14,262	14,262	-	-	-
Total	22,637	22,637	22,637	-	-	-

Sensitivity analysis

The tables below illustrate the potential surplus and deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on Council's financial instrument exposure at balance date.

	2020 \$000				2019 \$000			
	- 100bps		+ 100bps		- 100bps		+ 100bps	
Interest rate risk	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity	Surplus	Other equity
Council								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Derivatives held for trading	(11,718)	-	10,631	-	(10,601)	-	9,603	-
Financial liabilities								
Borrowing:								
- short term loans	460	-	(460)	-	30	-	(30)	-
- term loans	1,760	-	(1,760)	-	1,820	-	(1,820)	-
Total sensitivity to interest rate risk	(9,498)	-	8,411	-	(8,751)	-	7,753	-
Group								
Financial assets								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Derivatives held for trading	(11,718)	-	10,631	-	(10,601)	-	9,603	-
Financial liabilities								
Borrowing:								
- short term loans	460	-	(460)	-	30	-	(30)	-
- term loans	1,760	-	(1,760)	-	1,820	-	(1,820)	-
Total sensitivity to interest rate risk	(9,498)	-	8,411	-	(8,751)	-	7,753	-

Explanation of sensitivity analysis

Derivative net financial assets and derivatives held for trading include interest rate swaps with a fair value liability totalling \$32,371,000 (2019 liability: \$22,009,000). A movement in interest rates of plus 1% has an effect of \$11,718,000 (2019: \$10,601,689) on the unrealised value of the derivatives.

No equity instruments are held. No foreign exchange instruments are held.



Short term loans

Council has short term floating rate debt with a principal amount totalling \$0.0 million (2019: \$0.0 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$0 (2019: \$0).

Term loans

Council has term floating rate debt with a principal amount totalling \$172 million (2019: \$185 million). A movement in interest rates of plus or minus 1% has an effect on interest expense of \$1,720,000 (2019: \$1,850,000). A movement in market interest rates on fixed rate debt \$69 million (2019: \$19 million) does not have any impact because secured loans are accounted for at amortised value using the effective interest method.

26. Remuneration

The Chief Executive received the following remuneration:

	2020			2019		
	Salary \$	Post employment benefits \$	Total remuneration \$	Salary \$	Post employment benefits \$	Total remuneration \$
Chief Executive	364,475	10,834	375,309	391,161	11,735	402,896

Elected Representatives received the following remuneration:

Mayor and councillors		Council			Group total			Council			Group total		
		2020						2019					
		Remuneration \$	Director fees \$	Total remuneration \$	Remuneration \$	Director fees \$	Total remuneration \$	Remuneration \$	Director fees \$	Total remuneration \$	Remuneration \$	Director fees \$	Total remuneration \$
WR Wallace	Up to Oct 19	46,056	-	46,056	148,990	-	148,990						
C Barry	Appointed Mayor Oct 19	117,480	-	117,480	54,295	-	54,295						
J Andrew *		-	2,000	2,000	-	2,000	2,000						
G Barratt	Up to Oct 19	19,161	-	19,161	62,438	-	62,438						
D Bassett	Directorship ceased Jan 20	72,472	10,300	82,772	81,442	15,648	97,090						
L Bridson	Up to Oct 19	16,844	-	16,844	54,295	-	54,295						
J Briggs		62,289	-	62,289	54,295	-	54,295						
K Brown	Elected Oct 19	44,390	2,819	47,209	-	-	-						
D Butler *	Up to Dec 19	-	1,015	1,015	-	2,000	2,000						
M Claridge *		-	2,000	2,000	-	2,000	2,000						
M Cousins	Up to Oct 19	19,161	577	19,738	62,438	2,000	64,438						
B Dyer	Elected Oct 19	44,918	-	44,918	-	-	-						
S Edwards		69,420	-	69,420	54,295	-	54,295						
M Flowers *		-	-	-	-	2,000	2,000						
P Gibbons *		-	2,000	2,000	-	2,000	2,000						
D Hislop	Elected Oct 19	52,758	-	52,758	-	-	-						
T Lewis	Appointed Deputy Mayor Oct 19	83,225	-	83,225	54,295	-	54,295						
M Lulich	Up to Oct 19	17,911	-	17,911	58,366	-	58,366						
H MacKenzie *		-	15,660	15,660	-	15,648	15,648						
G McDonald	Up to Oct 19	17,911	-	17,911	58,366	-	58,366						
C Milne		61,828	12,182	74,010	62,438	13,039	75,477						
A Mitchell	Elected Oct 19	42,618	-	42,618	-	-	-						
K Patterson *	Up to Dec 18	-	-	-	-	3,500	3,500						
S Rasheed	Elected Oct 19	41,787	-	41,787	-	-	-						
N Shaw	Elected Oct 19	43,017	1,123	44,140	-	-	-						
P Steele *		-	13,250	13,250	-	13,039	13,039						
J Strahl *	Appointed Mar 19	-	6,982	6,982	-	1,750	1,750						
L Sutton		62,289	-	62,289	54,295	-	54,295						
B Walshe *		-	43,047	43,047	-	43,031	43,031						
Total		935,535	112,955	1,048,490	860,248	117,655	977,903						
Total Number of Representatives		13	10	22	13	12	22						

Due to the difficulty in determining the full-time equivalent for Councillors this figure is taken as the number of Councillors.

Remuneration to Councillors includes annual salary payments and resource consent hearing fees

* These representatives are appointed to directorships rather than elected by the public.

Meeting attendance of Elected Representatives 2020

Meeting - Pre Election Oct 2019	Council	Policy and Regulatory	City Development	Finance and Performance	Community Services	Community Plan	Hutt Valley Services	Workshops
Number of meetings held	3	2	2	3	2	-	1	2
WR Wallace	3	2	2	3	1	-	-	2
G Barratt	3	-	2	3	2	-	-	2
C Barry	3	2	2	2	-	-	-	2
D Bassett	3	2	2	2	-	-	-	-
L Bridson	3	2	-	-	2	-	-	2
J Briggs	3	2	-	3	2	-	-	2
M Cousins	3	2	2	3	-	-	-	2
S Edwards	3	2	2	3	2	-	-	2
T Lewis	3	2	2	-	-	-	-	2
M Lulich	3	2	2	3	2	-	-	2
G McDonald	3	-	1	-	2	-	1	-
C Milne	3	2	2	2	-	-	-	-
L Sutton	3	2	2	3	2	-	1	2

Meeting - Post Election Oct 2019	Council	Policy, Finance and Strategy	Regulatory Committee	Audit and Risk	Community and Environment	Long Term Plan/ Annual Plan	Hutt Valley Services	Workshops
Number of meetings held	11	2	2	2	2	4	2	17
C Barry	11	2	2	2	2	4	-	17
D Bassett	9	2	-	2	2	4	1	8
J Briggs	11	2	1	2	2	4	2	15
K Brown	11	2	2	-	2	4	-	15
B Dyer	11	2	2	-	2	4	-	15
S Edwards	10	2	1	-	1	4	-	10
D Hislop	10	2	1	-	1	4	-	16
T Lewis	11	2	-	-	2	3	-	16
C Milne	10	1	-	2	-	4	-	14
A Mitchell	11	2	2	2	2	4	-	17
S Rasheed	10	2	-	-	2	3	-	9
N Shaw	8	2	2	2	2	4	2	15
L Sutton	11	2	2	-	2	4	1	17

Meeting attendance of Elected Representatives 2019

Meeting	Council	Policy and Regulatory	City Development	Finance and Performance	Community Services	Community Plan	Hutt Valley Services	Workshops
Number of meetings held	15	7	5	6	5	3	4	48
WR Wallace	12	5	3	5	4	3	2	40
G Barratt	15	-	5	6	5	3	-	44
C Barry	14	7	4	5	-	3	-	34
D Bassett	15	6	5	6	-	3	4	30
L Bridson	15	7	-	-	4	3	1	47
J Briggs	14	7	-	6	4	3	-	30
M Cousins	15	7	5	6	-	3	-	35
S Edwards	13	6	3	4	4	3	-	33
T Lewis	15	7	5	-	-	3	-	43
M Lulich	13	7	5	6	5	3	-	42
G McDonald	13	-	4	-	4	3	4	23
C Milne	14	6	5	6	1	3	-	36
L Sutton	13	6	4	5	4	2	1	42

Note: Where no number is shown, the councillor named is not a member of that committee.

Employee staffing levels and remuneration

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Full-time equivalent salaried employees	407.27	394.14	418.02	405.49
Full-time equivalent waged and temporary employees	75.62	77.21	75.62	77.21
Total Full Time Equivalent	482.89	471.35	493.64	482.70
Total number of staff	700.00	663.00	711.00	675.00

Definition: One Full-time equivalent employee is a person in an employment relationship with Hutt City Council or Group employed to work 40 hours per week for the year.

The number of employees earning per annum

Salary range	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
\$200,000 - \$379,999	5	2	6	3
\$160,000 - \$199,999	5	3	6	3
\$140,000 - \$159,999	7	7	9	7
\$120,000 - \$139,999	15	9	15	12
\$100,000 - \$119,999	32	27	33	28
\$80,000 - \$99,999	78	56	78	56
\$60,000 - \$79,999	135	128	139	130
Less than \$59,999	423	431	425	436
Total	700	663	711	675

27. Severance payments

Severance payments include any consideration (monetary or non-monetary) provided to any employee in respect of the employee's agreement to the termination of their employment with Council.

Salary range	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Severance payments	146,454	47,633	146,454	73,574
Number of employees	3	2	3	3

28. Related party transactions

Council is the ultimate parent of the Group and controls the following entities, being Urban Plus Limited (and their group), Seaview Marina Limited, Hutt City Community Facilities Trust, and has significant influence over Wellington Water Limited as an associate.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Council and Group would have adopted in dealing with the party at arms length in the same circumstances.

Related party disclosures have not been made for transactions with entities within the Council Group (such as funding and financing flows) where the transactions are consistent with the normal operating relationship between the entities and normal terms and conditions for such group transactions.

Transactions with key management personnel

Key management personnel include the Chief Executive and members of the Corporate Leadership Team.

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Key management personnel costs				
Salary and other short term benefits	1,310	1,236	1,670	1,719
Post-employment benefits	37	37	42	48
Total key management personnel costs	1,347	1,273	1,712	1,767
Total Full Time Equivalent	5	5	7	8

29. Capital commitments and operating leases

Capital commitments

Commitments for capital expenditure contracted, but not provided for:

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Property, plant and equipment				
- Water systems	-	-	-	-
- Roading network	8,701	12,668	8,701	12,668
- Buildings	-	494	-	494
- Other	2,282	3,078	2,282	3,078
Intangible assets	-	-	-	-
Total capital commitments	10,983	16,240	10,983	16,240

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Operating leases as lessee

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 payable under non-cancellable leases are as follows:

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Not later than one year	973	985	891	604
Later than one year and not later than five years	1,403	2,125	906	960
Later than five years	1,600	1,600	64	23
Total non-cancellable operating leases	3,976	4,710	1,861	1,587

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

Leases can be renewed at Council's option, with rents set by reference to current market rates for items of equivalent age and condition. Council does not have the option to purchase the asset at the end of the lease term.

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

Operating leases as lessor

Council leases property under operating leases. The majority of these leases have a non-cancellable term of 36 months, with the exception of housing leases that have a non-cancellable term of 22 working days. The future aggregate minimum lease payments payable under non-cancellable leases are as follows:

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Not later than one year	-	-	700	640
Later than one year and not later than five years	-	-	1,964	2,061
Later than five years	-	-	801	1,241
Total operating leases as lessor	-	-	3,465	3,943

No contingent rents have been recognised in the statement of comprehensive revenue and expenses during the period.

30. Contingencies

Contingent liabilities

	Council		Group	
	2020 \$000	2019 \$000	2020 \$000	2019 \$000
Financial guarantees	51	59	51	59
Wastewater	-	724	-	724
Total contingent liabilities	51	783	51	783

Financial guarantees

The value of financial guarantees disclosed as contingent liabilities reflects Council's assessment of the undiscounted portion of financial guarantees owing by the other party to the guarantee as disclosed in their annual reports, that are not recognised in the Statement of Financial Position, to local community groups. Council has recognised \$nil (2019: \$nil) financial guarantees in the Statement of Financial Position.

Wastewater

Council has entered into a cancellable contract for the operation of the wastewater treatment plant and associated facilities. The term is now complete and therefore no further contingencies exist in relation to that contract.

Other legal proceedings

No information has been disclosed as any disclosure may seriously prejudice the outcome.

Unquantified claims

RiskPool provides public liability and professional indemnity insurance for its members. Council was a member of RiskPool until 30 June 2016. The Trust Deed of RiskPool provides that, if there is shortfall (whereby claims exceed contribution of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for that Fund year. A liability will be recognised for the future calls when there is more certainty over the amount of the calls.

Associate's contingent liabilities

There are no material contingent liabilities associated with Wellington Water Limited (associate) (2019: \$nil).

Local Government Funding Agency

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a credit rating from Standard & Poor's of AA+.

Council is one of 30 local authority shareholders (with the NZ Government being the other major shareholder) and 24 additional local authority guarantors of LGFA. LGFA has uncalled capital of \$20m of which Council's share is \$100k. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of LGFA's borrowings. At 30 June 2020, LGFA had borrowings totalling \$11.91 billion (2019: \$9.84 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of 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 default events in New Zealand; and
- Local authority legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Contingent assets

Council operates a system whereby community services and sports clubs are able to construct facilities (e.g. club rooms) on reserve land. The community services and clubs control the use of these facilities and Council will only gain control of the asset if the community service/club vacates the facility, no other organisation is willing to purchase the facility and it is not removed (per the lease agreement). Until these events occur these assets are not recognised as assets in the Statement of Financial Position.

31. Major budget variations

Explanations for major variations from Council's budgeted figures in the 2020 Annual Plan are as follows:

The statement of comprehensive revenue and expenses discloses the financial performance of Council and Group for the financial year ended 30 June 2020. The statement shows the operating revenue and expenditure as well as other transactions

that have impacted on the Council's and Group's wealth. The following are the significant variances:

- Rates, excluding metered water supply rates is \$0.4M above budget. This variance from previous year is a result of increase in rates revenue based on CPI, growth and an additional 1% for rejuvenation projects.
- Fees, charges and metered rates for water supply is \$2.2M below budget as a direct result of COVID impact. Refer note 34.
- Subsidies and grants \$3.4M below budget. This is due to delays in capital projects impacting on funding from NZ Transport Authority.
- Gain on disposal is \$1.9M above budget. Gain on disposals are not budgeted for.
- Other expenses is \$4.3M below budget. This is a result of \$8.9M reduced expenditure on four planned programmes (Development Stimulus Package, Hutt Valley Tennis, Hutt Gym Sports and Sportsville Wainuiomata) offset by increased expenditure for specialist services (2.2M) and costs associated with running the Three Water activities (\$1.9M).
- Finance costs are \$1.4M below budget. This is a result of lower borrowing levels and lower interest rates than expected.
- Loss on revaluation of financial instruments is \$10.1M above budget. The variance is a result of moving interest rates. Loss on revaluation is not budgeted for.
- The above have contributed to net deficit after tax result of \$8.2M above budget.
- Gain/(Loss) on property revaluation is \$68.9M above budget. These figures represent the 3 yearly revaluation due and budgeted for 31 December 2020 (next financial year) however was brought forward to 31 May 2020 due to significant movements in asset values.
- The above has contributed to total comprehensive revenue and expenses of \$60.7M above budget.

The statement of financial position (that is, what Council owns and owes) is as at 30 June 2020. The following are significant variances in the statement of financial position:

- Cash and cash equivalents is \$1.9M above budget. This is partly due to additional borrowing surplus cash of \$20M being held on term deposits in excess of 90 days (refer other assets). Also refer to cash flow explanations.
- Prepayments is \$3.5M higher than budget. Balance includes \$1.9M unexpired insurance contract and the \$1.5M unexpired software licence contracts. Prepayments are not budgeted for.
- Other assets is \$12.8M above budget. This is due to budget reflecting borrowings to its CCO as current assets, when in fact the term of the borrowings are terms longer

than one year (\$19M). This is offset by cash being held on term deposits greater than 90 days (\$20M).

- Property, plant and equipment is \$83.2M above budget - due largely to the revaluation of significant Council owned fixed assets.
- Intangible assets is \$3.6M below budget. This is mainly due to Cloud software expenditure intended to be capitalised being transferred to licence fees prepayments as the arrangement does not carry any ownership rights.
- Assets under construction is \$31.2M below budget. This is due to the delay in the timing of various projects.
- Investments in CCO is \$9.3M above budget. This is due to part of the intercompany borrowing moving from the current timeband.
- Current and non-current borrowing is \$10.9M above budget. This is due to prefunding loan maturing early in the 2020-21 year at favourable interest rates. Funds held on term deposit matching the repayment date of the loans.
- Current and Non current derivative financial instruments liability is \$21.7M above budget. This is due to the revaluation of Council's interest rate swap portfolio.
- Creditors and other payables are \$4.2M below budget. This is due to timing of payments to suppliers for operational and capital expenditure.
- The accumulation of the above results in Net Assets and Equity being \$46.9M above budget.

The following are significant variances in the statement of cash flows:

- Cash flow from operations is \$0.8M above budget therefore largely on target.
- Cash (out) flow from Investing \$2.4M below budget relates to the net increase of \$17M on term investment from last year, offset by lower level of capital projects.
- Cash flow from financing \$12.3M above budget relates to additional borrowing source during COVID-19 to cover any emergency and additional costs.

Explanations for further budget variations are shown at the end of the financial performance statement for each activity.

32. Capital management

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

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in

a manner that promotes the current and future interests of the community. Ratepayers' funds are managed largely 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 Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its Long Term Plan (LTP) and Annual Plan (where applicable) to meet the expenditure needs identified in those plans. And the Act 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.

Hutt City Council has the following Council created reserves:

- reserves for different areas of benefit
- trust and bequest reserves

Reserves for different areas of benefit 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.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to Trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

33. Events after the balance date

In July 2020, the Government announced initial funding to maintain and improve water networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements. Initial funding is available to councils that sign the Memorandum of Understanding (MOU), Funding Agreement (FA) and Delivery Plan (DP). Notional funding allocations have been communicated which include an amount for each Council and a regional amount with allocation to each Council to be agreed regionally. Councils that signed the MOU retained the right to opt out beyond

the term of the MOU (30 June 2021). To receive funding they must also sign the FA, and provide the final DP to the Department of Internal Affairs. All documents were executed in October 2020 and 50% of the initial funding has been received by Council.

There have been no other significant events occurring after balance date.

34. Impact of COVID-19

The following outlines the impact COVID-19 has had on the results of Council for the year ended 30 June 2020

Revenue

Rates

Revenue from rates for the current financial year was not impacted by COVID-19 as the rates were set 1 July 2019 prior to the start of the pandemic.

Fees, charges and metered rates for water supply

Budget expectations were to collect on average \$3.48M per month from this revenue source. Collections for the first eight months prior to the pandemic achieved this result but dropped to an average of \$2.99M per month for the remaining part of the year as a direct result of reducing access to and/or closing Council facilities (including pools, halls, landfills) during that period. This resulted in a \$2.16M reduction of revenue for the year.

Development and financial contributions

Development and financial contributions were largely unaffected by COVID-19, as the reduction in revenue has a direct relationship between the level of building and resource consents invoiced and the timing of the capital programme the contributions are earmarked for.

Subsidies and grants

Subsidies and grants were largely unaffected by COVID-19 and the reduction of revenue, particularly capital grant subsidies, has a direct relationship to the level of capital works programmes completed during the year.

Finance income

Budget expectations were to collect on average \$0.08M per month from this revenue source. Collections for the first eight months prior to the pandemic achieved \$0.01M below this result largely due to the drop in interest rates. This level increased during the remaining part of the year due to the decision to borrow additional funding to cover unforeseen impacts of the pandemic. These additional funds were placed on call deposit and earned interest revenue. This resulted in \$0.02 M increased revenue for the year.

Other revenue

Other revenue was largely unaffected by COVID-19 and resulted in \$0.46M above full year budget.

Gain on revaluation of financial instruments

There was no gain on financial instruments recorded in the current financial year.

Gain on disposal

Gain on disposal of assets was unaffected by COVID-19 and has a direct relationship to the assets put up for sale and the purchase price a buyer is willing to pay.

Expenses

Employee costs

Employee costs remain unaffected by COVID-19. A drop in staff numbers, particularly casual employees related to planned closure of summer pools rather than the effects of COVID-19. Annual leave cost/provision increased as staff were unable to go on holidays, however this was offset by the reduction in overtime over the same period.

Other expenses

Other expenses remain unaffected by COVID-19. Refer to note 31 as the overall result was a reduction in expenditure caused by matters other than COVID-19.

Finance costs

Budget expectations were to pay on average \$0.73M per month in finance costs. Costs for the first eight months prior to the pandemic achieved \$0.12M below this result largely due to the drop in interest rates. This level increased during the remaining part of the year due to the decision to borrow additional funding to cover unforeseen impacts of the pandemic

resulting in the average for the remainder of the year lifting to \$0.63M per month, still well below budget. This resulted in a \$1.39M reduction in finance costs for the year.

Loss on revaluation of financial instruments

Movements in the revaluation of financial instruments was largely unaffected by the pandemic and has a direct relationship to the level in interest rates swap in place and the movement in interest rates.

Depreciation and amortisation expenses

Depreciation and amortisation expenses were unaffected by the pandemic and has a direct relationship to the level of assets recorded on the fixed asset register, their useful lives and adjustments in relation to revaluation and impairments.

Assets

Cash and cash equivalents are unaffected by COVID-19 as all balances are held with bank rates no less than AA- credit ratings.

Debtors and Receivables (refer to note 11) where assess for collectability at year end. At 30 June 20, only 5% of debt was over 90 days that had not been provided against.

Inventories are not material and will be sold during post COVID-19 operations.

Prepayments relate to \$1.9M of unexpired insurance policies held with both onshore and offshore insurance companies with no less than A+ credit ratings. The balance of \$1.5M relate to unexpired software licences which remain active during and post COVID-19 pandemic.

Accrued interest is unaffected as all interest receivables are from AA- rated banks and is not material.

Other financial assets represent deposits (with a term exceeding 90 days) that remain unaffected as balances are held with banks rated no less than AA- credit ratings.

The following outlines the impact COVID-19 has had on the Group results in relation to the activities of the CCOs for the year ended 30 June 2020.

Urban Plus Limited Group

The COVID-19 emergency and subsequent lockdown has had minimal impact on the operation of the UPL Group.

Rental revenues are considered to be unaffected due to the vast majority of tenants' income being NZ Superannuation which has not been impacted. In response to COVID-19, a six month freeze on rental increases was announced to tenants in March 2020. This will be reassessed in September 2020. This however has no impact on the 2019/20 revenues as no rental increases were budgeted to occur prior to 30 June 2020.

The COVID-19 emergency and subsequent lockdown has had minimal impact on the revenue from commercial property developments. The sites were closed down during level 4 but were opening during lower levels under strict social distancing and safety protocols in accordance with government guidelines. While this contributed to delays against construction schedules, since work resumed, operational hours at construction sites were increased in order to minimise this impact.

Seaview Marina Limited

The impact of COVID-19 and the lockdown at alert levels 4 and 3 had a minimal impact on the operation of SML.

The Board decided within a week of lockdown commencing to grant Wellington Marine Centre tenants a 70% reduction in their April and May rental, resulting in a \$0.03M reduction in rental revenue. Other reductions in revenue were experienced but minor in value.

The impact on expenses was not significant with additional costs incurred for increased security patrols during the lockdown period, the purchase of hand sanitisers and one extra clean a day at the ablution facilities that was arranged as a direct result of COVID-19. The value was minor.

Hutt City Community Facilities Trust

The COVID-19 emergency and subsequent lockdown has had minimal impact on the operation of the CFT.

Revenue was unaffected as a majority of revenue, including grants and rental, is received direct from Council.

There has been no impact on expenses. This is due to CFT's expenses being facility related (i.e. ground rentals, insurance, rates and maintenance). Expenses likely to be affected by COVID-19 such as cleaning and security are the responsibility of the tenant.

Reserve funds

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surplus held in reserves are credited with interest. Council holds 12 reserves, with 5 being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that Council may put the funds towards. The remaining Council created reserves are discretionary reserves which Council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of Council's treasury management.

Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial balances for the 2019/2020 year:

	Opening Balance July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance June 2020 \$000
Council Created Reserves – Purpose of the Fund				
Reserve Purchase & Development (Parks and Reserves Activity) To provide for the purchase of land for reserves purposes or the development of existing reserves. The Fund is made up of financial contributions from subdivision and revenue from the sale of surplus reserve land. The main purpose of the Fund is to provide open space and recreational opportunity to offset the effects of land use intensification.	8,809	3,666	(645)	11,830
Election Fund (Managing Services Activity) To annually provide for the cost of Council elections and by-elections.	150	-	-	150
Landfills Reserve (Solid Waste Activity) To set funds aside for the longer term replacement of the landfill. This figure has been capped at \$12million.	12,000	-	-	12,000
Waste Minimisation Reserve To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. This reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry for the Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract.	507	7	(30)	484

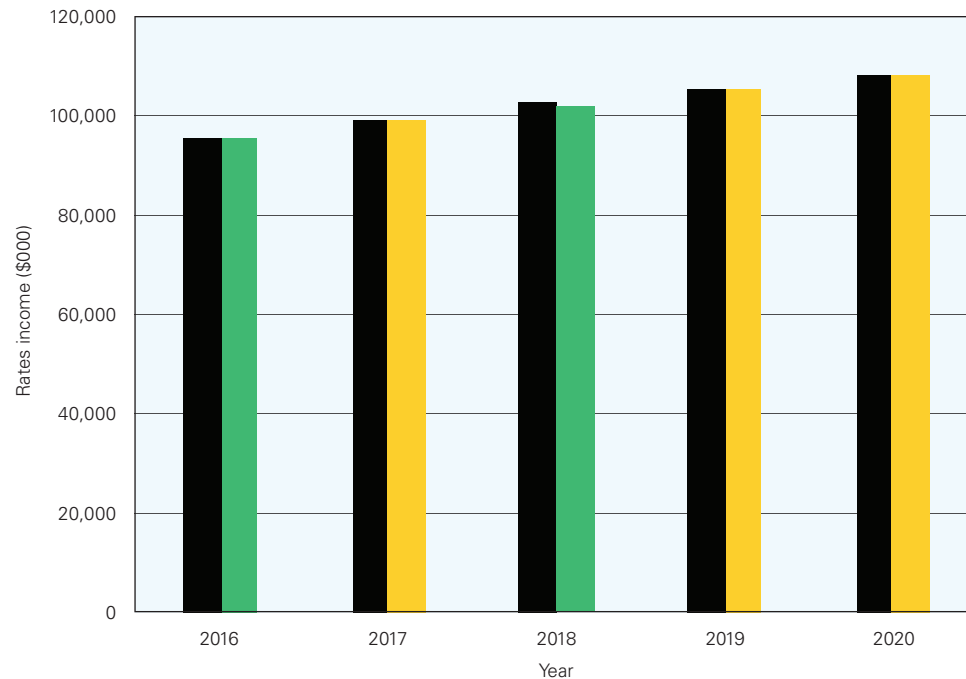
	Opening Balance July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance June 2020 \$000
Wingate Landfill Reserve (Parks and Reserves Activity) To provide for the development and major maintenance of the former landfill areas (top areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	177	2	-	179
Wingate Park (Parks and Reserves Activity) To provide for the development and major maintenance of the former landfill areas (bottom areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	171	2	-	173
Ex Hillary Commission Funds (Aquatics and Recreation) To provide funding for sporting activities. Approval needs to be given by Sport New Zealand.	7	-	-	7
Totals	21,821	3,677	(675)	24,823

	Opening Balance July 2019 \$000	Deposits \$000	Expenditure \$000	Closing Balance June 2020 \$000
Restricted Reserves – Purpose of the Fund				
Taita Cemetery - JV Bently (Parks and Reserves Activity) The Council is contracted to maintain Plot 32/33 block 7, St James section in perpetuity. The plots contain Issac Young, Eliza Young and AG Talbut.	3	-	-	3
Lavelle Tree Bequest (Parks and Reserves Activity) To provide for the planting of trees in and around Hutt City on major thoroughfares.	33	-	-	33
JWT Adams Bequest (Museums Activity) To be utilised to establish and service a photographic collection for the Dowse. There is no specific expenditure plan for the coming ten years on the purchase of photographic items for the collection.	-	-	-	-
ML Talbut Bequest (Parks and Reserves Activity) To provide for the planting and maintenance of reserves.	14	-	-	14
Eastbourne Arts Trust (Museums Activity) To purchase for the Dowse Collection works of art created by Eastbourne artists, being artists who have or have had a significant association with Eastbourne.	15	-	(4)	11
Totals	65	-	(4)	61

Prudence benchmarks

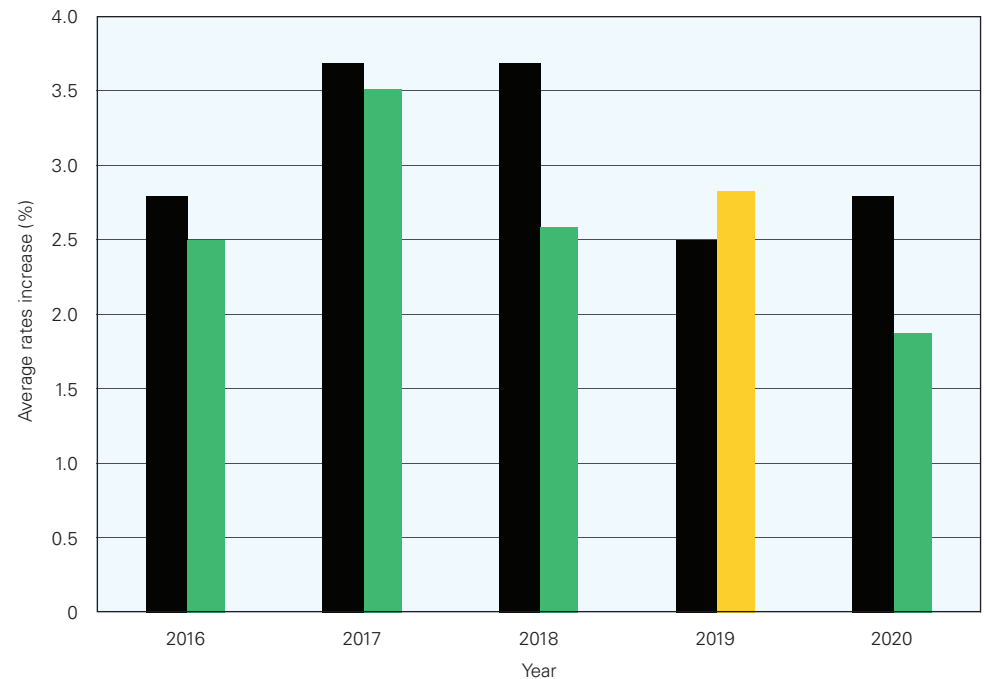
Rates (income) affordability benchmark

The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in Council's Long Term Plan. The quantified limit is to increase rates by no more than inflation and an allowance for growth.



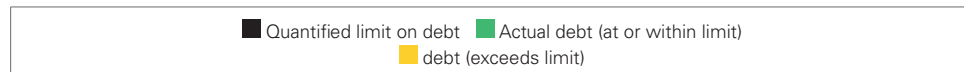
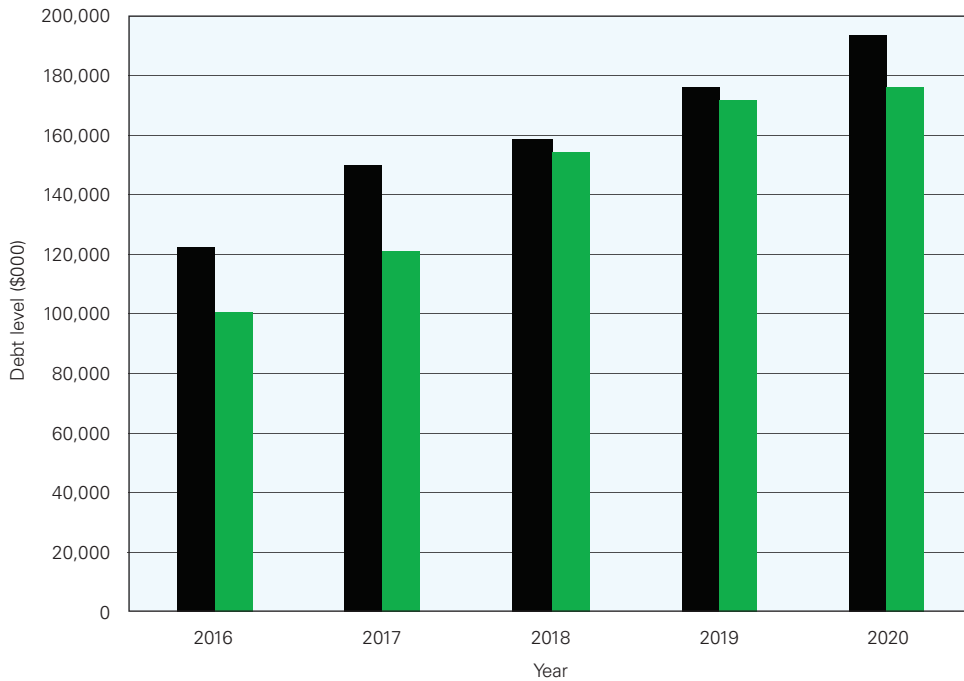
Rates (increase) affordability benchmark

The following graph compares Council's actual rates increase with a quantified limit on rates increases included in the financial strategy included in Council's Long Term Plan. The quantified limit is to increase rates by no more than inflation plus an allowance for growth.



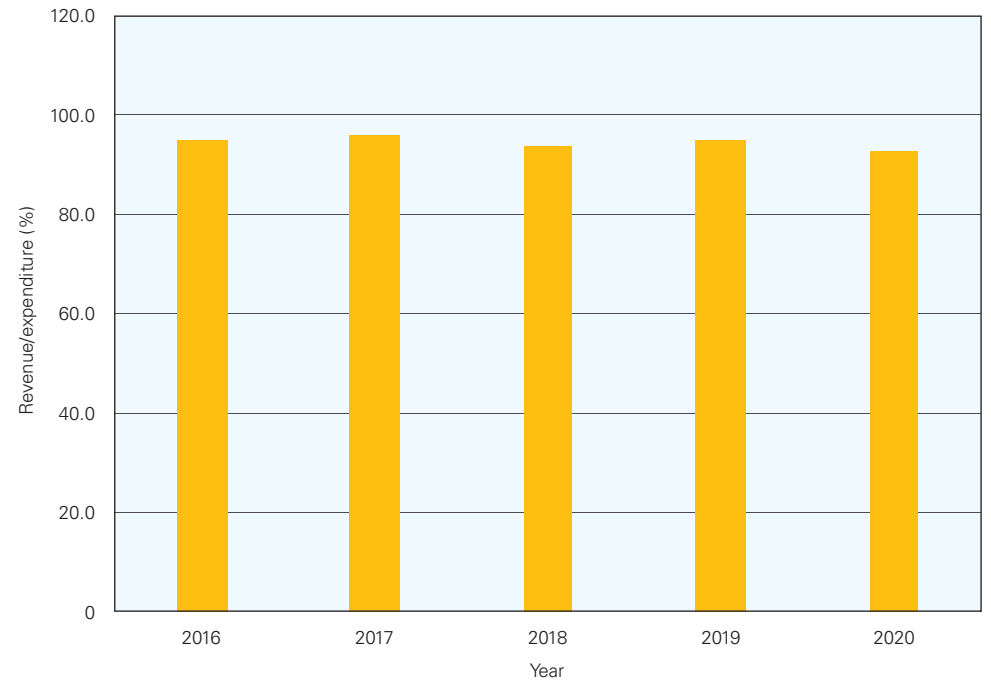
Debt affordability benchmark

The following graph compares Council's actual borrowing as a percentage of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluation of property, plant or equipment) with a quantified limit on borrowing stated in the financial strategy included in Council's Long Term Plan. The quantified limit is to achieve debt levels below our annual target (as outlined in the Long Term Plan).



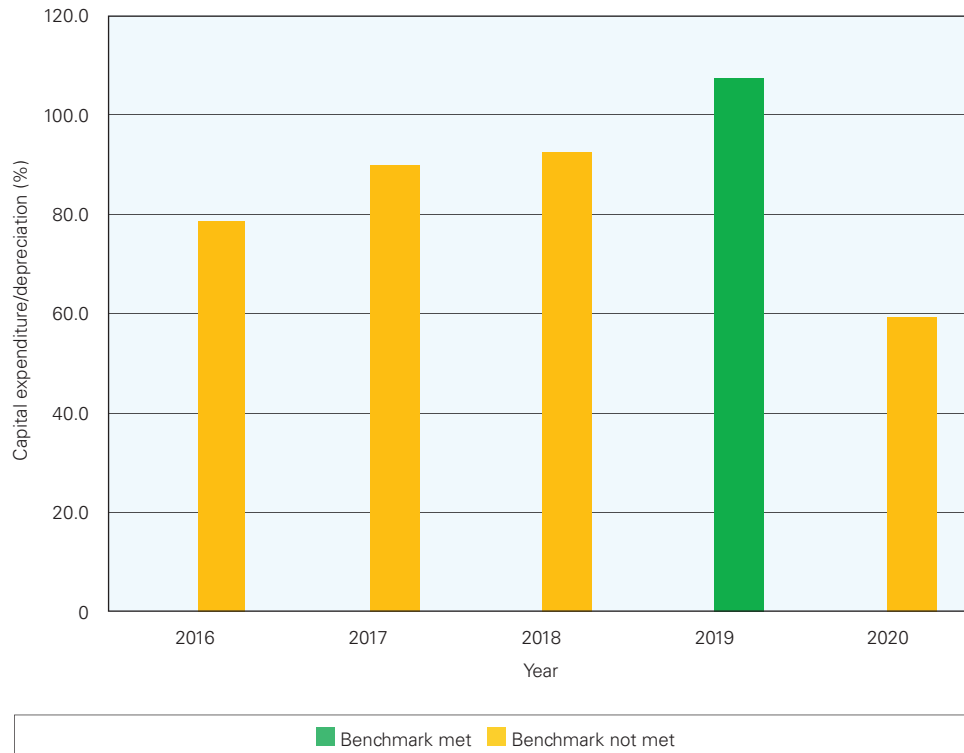
Balanced budget benchmark

The following graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment). Council meets this benchmark if its revenue equals or is greater than its operating expenses. In most cases, where the benchmark is not met it is due to grants paid to the Community Facilities Trust which are being treated as operating expenses but are being used to create community assets that would normally be treated as a capital expense.



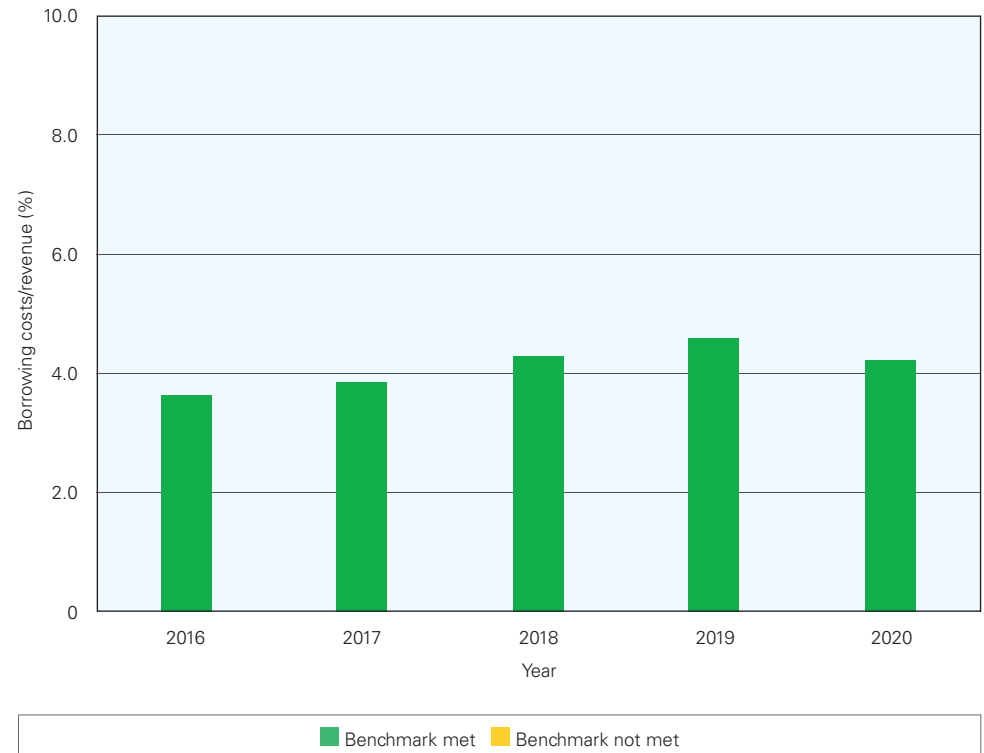
Essential services benchmark

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.



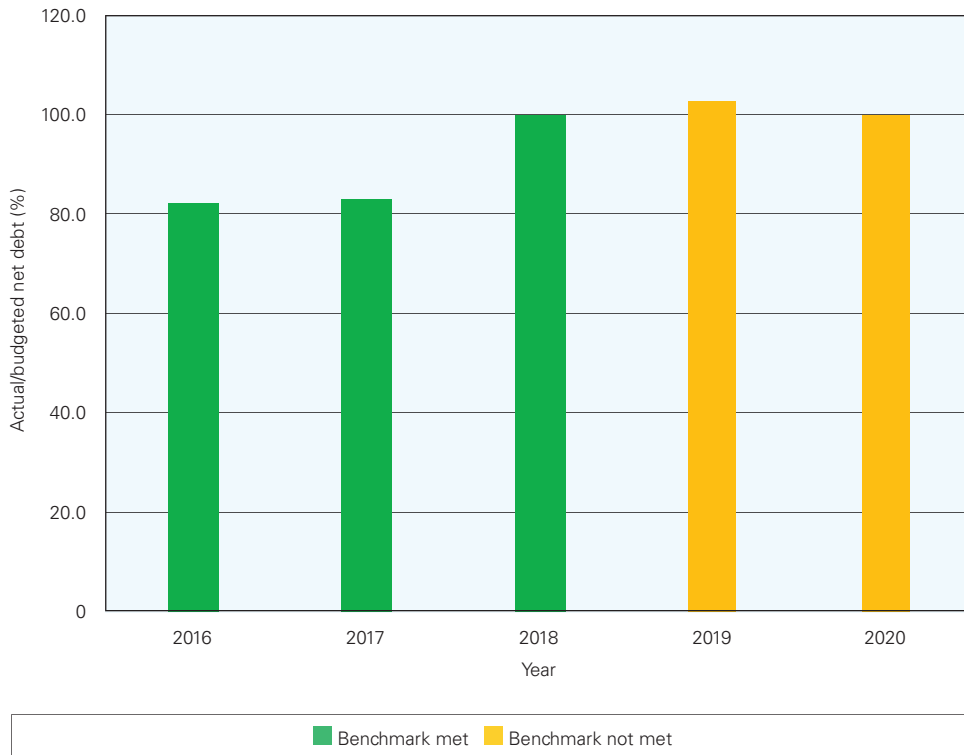
Debt servicing benchmark

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 revaluation of property, plant and equipment). Because Statistics New Zealand projects Lower Hutt's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



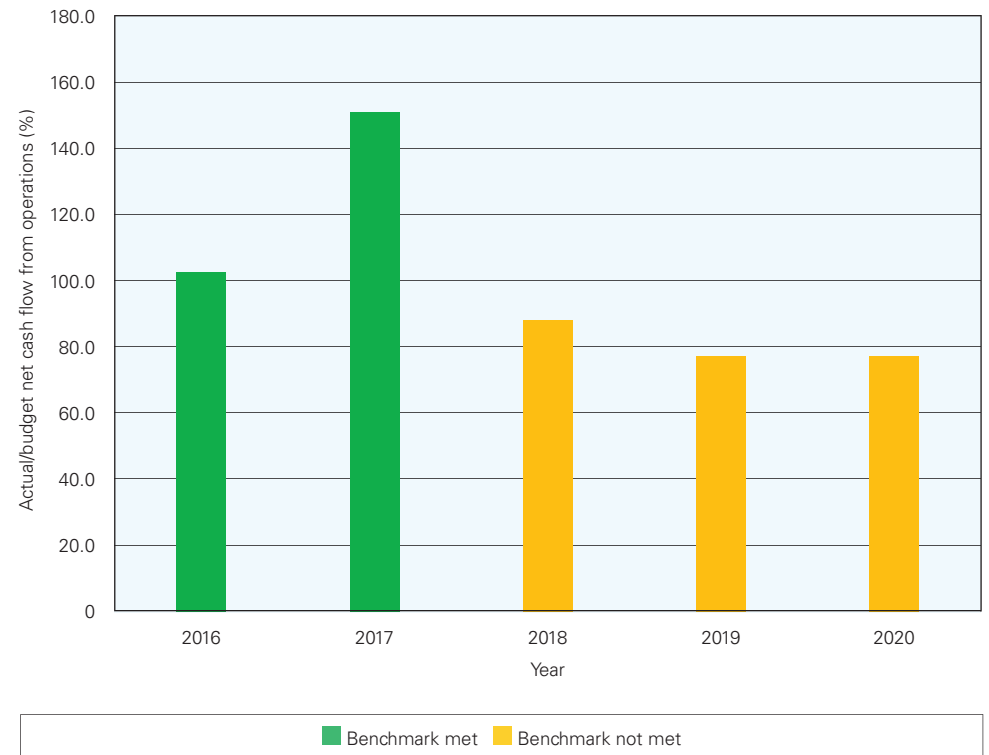
Debt control benchmark

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

The following graph displays Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. Council meets the operational control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Āpitihianga Appendices

Our profile

Lower Hutt is located at the southern end of the North Island of New Zealand. It is the second largest city in the Wellington region and borders the capital city, Wellington. The city has an area of approximately 38,000 hectares and over 40 kilometres of coastline. Lower Hutt has a vitality and uniqueness that is enhanced by its beautiful natural setting – a combination of hills, valleys, rivers and the sea. This setting offers residents the best of both worlds – the facilities and services provided by a major urban centre, as well as a central location for residents to enjoy a variety of outdoor pursuits.

Summary

Land area	37,998 hectares
Population	108,690
Households	37,275
Age¹	
0 to 14 years	20%
15 to 39 years	34%
40 to 64 years	32%
65 years and over	14%
Ethnicity^{1,2}	
European	68%
Maori	18%
Pacific Peoples	12%
Asian	15%

1. Source: Lower Hutt Community Profile - <https://profile.idnz.co.nz/hutt?WebID=600>

2. Percentages may add up to more than 100 percent as respondents may identify with more than one ethnicity

Population and households by suburb

Suburb	Population ¹	Households ²
Alicetown-Melling	2880	1059
Avalon	5270	1980
Belmont	3140	1050
Boulcott	2720	936
Eastbourne	2790	1095
Eastern Bays	2160	825
Epuni	6230	2271
Gracefield	140	66
Hutt Central	4260	1545
Kelson	2930	1002
Korokoro	1550	540
Manor Park	410	135
Maungaraki	4120	1404
Moerā	1690	651
Naenae	9150	2922
Normandale	2080	726
Petone	7860	2961
Stokes Valley	10220	3330
Taitā	6420	1959
Tirohanga	1330	414
Wainuiomata	19440	6135
Waiwhetū	4510	1593
Waterloo	5590	2016
Woburn	1800	660

1. Population figures from NZ.Stat Estimated Resident Population

2. Households taken from occupied private dwelling data, Census 2018

Hutt City assets

Total Council assets as at 30 June 2020	\$1,643,412,000
Area of parks and reserves	3,760 hectares
Number of swimming pools	5
Number of libraries	8
Length of roads	485 km
Length of footpaths	683 km
Number of street lights	14,250
Length of wastewater pipes	678 km
Length of stormwater pipes	534 km
Length of water pipes	711 km
Rating system	Capital
Rateable units	39,906
Average rates per residential ratepayer	\$2,599
Capital value of rating units	\$29,225,464,500
Total land value of rating units (30 June 2020)	\$16,349,265,000
Capital value of the city (30 June 2020)	\$29,676,635,100

Definitions

These definitions are intended to define terms used in this Annual Report in plain English. For legal definitions see the Local Government Act 2002.

Annual Plan

A plan that describes the activities of the local authority, with a particular focus on the financial year for which the document is produced.

Appropriation/Appropriated

Money that has been set aside from, or brought into, an operating or revenue account.

Asset

Something of value that Council owns on behalf of the people of Lower Hutt, such as roads, drains, parks and buildings.

Asset Management Plan

A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.

Capital Expenditure

Expenditure that will increase the value of Council's assets.

Capital Value

Value of land including any improvements.

Community Boards

Local elected bodies set up under the Local Government Act. Community boards are consulted by Council and can represent community concerns to Council. Hutt City Council has three community boards: Eastbourne, Petone and Wainuiomata.

Community Outcome

An outcome for the community that is identified as a priority.

Community Panels

Community Panels replaced the previous community committee structure. Their role was to represent and act as an advocate for the interests of their communities. Hutt City Council had four community panels in the Central, Eastern, Northern and Western ward communities. Community panels were disestablished following the October 2019 triennial elections. On 26 May 2020 Council agreed to establish Community Funding Panels.

Council-Controlled Organisations (CCOs)

Companies in which Council is at least 50% shareholder that independently manage facilities, deliver services and undertake developments on behalf of the Lower Hutt community. Where necessary, Council funds these organisations.

Employee Costs

Expenditure on staff. This includes wages, salaries and related taxes, training and recruitment costs. Remuneration of elected and appointed representatives is also included under this heading. This does not include CCO director fees, these are included in Operating Expenditure.

Financial Year

Council's financial year runs from 1 July to 30 June of the following year.

Forecast Financial Statement

This is a 10-year plan for Council's revenue and expenditure, cash flows and borrowing programme.

Land Value

Value of land, excluding any improvements.

Local Government Act 2002

The key legislation that defines the powers and responsibilities of local authorities like Hutt City Council.

Long Term Plan

A plan that describes the activities of the local authority, the community outcomes and long term focus for the decisions and activities of the local authority.

Maintenance Costs

Expenditure in relation to repairs and maintenance of Council's assets.

Mana Whenua

People who have guardianship (kaitiakitanga) rights over their lands.

Operating Expenditure

Expenditure for the normal services of Council.

Operating Projects

Significant projects that do not result in the creation of Council assets.

Performance Measure

A measure that shows how well Council is doing in achieving the goals it has set for itself.

Rates

Funds collected by Council from levies on property. These are based on the capital value of the property but the term is often used to also include Targeted Rates.

Supplier Costs

Expenditure for the purchase of general goods and services.

Source of information for level of achievement

Support Costs

The internal allocation of expenditure incorporated in the City Leadership activity.

Taonga

A highly prized resource.

Targeted Rates

Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and the Jackson Street Programme.

Te Āti Awa

Local tangata whenua with inherited land ownership and kinship to Northern Taranaki Te Āti Awa.

Te Rūnanganui o Taranaki Whānui ki te Ūpoko o te Ika a Māui

A representative Māori Council made up from local tangata whenua and representing the eight Taranaki tribes within the Wellington region.

User Charges

Income to Council through fees paid by those who use specific services provided by Council.

Our Annual Report indicates the source of information for each performance measure in the interest of improving accountability and transparency. A more detailed discussion of the main sources of information is provided below.

Key Research survey

Key Research is a Tauranga based, full service, independent market research agency. The company belongs to the Key Research Group and provides consultancy and market research for many high profile clients both in New Zealand and overseas. These clients include numerous city, district and regional councils and territorial authorities in New Zealand and Australia.

Key Research has conducted resident satisfaction surveys for Hutt City Council since 2016. The telephone based survey is conducted quarterly with 150 residents interviewed every quarter to provide an annual total of 600 interviews. Randomised sampling methods are used to access residents over the age of 18 with quotas applied for ward, age, gender and ethnicity to ensure a representative sample. Post data collection the sample is weighted to ensure it resembles known population distributions.

A sample of 600 provides a maximum margin of error of +/- 4.8% (at the 95% confidence interval). The margin of error increases as the sample size decreases, as with sub-groups, meaning the associated results are less precise.

Satisfaction/performance is rated on a 10-point scale where 1 equals very dissatisfied/poor and 10 equals very satisfied/excellent. To make the results easier to interpret, 'satisfied' scores have been calculated. This is the percentage of residents who provided a rating of 6 or more out of 10. Those who were unable to comment on the specific service being measured were excluded from the calculation.

Survey of elected and appointed members

As part of its commitment to continuous improvement, Hutt City Council commissions an annual survey of Councillors and Community Board/Panel members. The survey explores the organisation's performance in providing advice to members. The survey for 2019-20 was conducted by Peter Glen Research.

Community Panels were disestablished following the October 2019 triennial elections. On 26 May 2020 Council agreed to establish Community Funding Panels.

Management reports

Management reports encompass a range of documentation and records, such as reports from internal service providers to asset managers and reports from contractors to managers. Quality assurance in the level of performance of Council is very important. For infrastructural renewal and capital programmes, management reports include quality assurance procedures such as certificates of completion verified by third parties. These certificates confirm that the appropriate technical standards and specifications have been met. For all regulatory services, ISO systems and procedures provide quality assurance in service delivery and achievement reporting. Internal and external audits also form part of Council's quality assurance programmes.

Whakapā mai

Contact details

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Website: huttcity.govt.nz

Facebook: facebook.com/huttcitycouncil

Twitter: twitter.com/huttcitycouncil

Chief Executive: Jo Miller

jo.miller@huttcity.govt.nz

Contact details for our Senior Management Team are available on Council's website: huttcity.govt.nz/management

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Leigh Sutton

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Visit the city's libraries:

War Memorial Library

Address: 2 Queens Drive, Lower Hutt

Telephone: 04 570 6633

Eastbourne Community Library

Address: 38 Rimu Street, Eastbourne

Telephone: 04 562 8042

Moerā Community Library

Address: 175 Randwick Road, Moera

Telephone: 04 568 4720

Naenae Community Library

Address: Hillary Court, Naenae

Telephone: 04 567 2859

Petone Community Library

Address: 7 Britannia Street, Petone

Telephone: 04 568 6253

Stokes Valley Community Library

Address: Korauui Stokes Valley Community Hub,
186 Stokes Valley Road, Stokes Valley

Telephone: 04 562 9050

Taitā Community Library

Address: Walter Nash Centre, Taine Street, Taitā

Telephone: 04 567 2767

Wainuiomata Community Library

Address: Queen Street, Wainuiomata

Telephone: 04 564 5822







HUTT CITY
TE AWA KAIRANGI