

Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and the other requirements

This audit report relates to the financial statements, non-financial performance information and the other requirements of the Hutt City Council for the year ended 30 June 2012 included on Hutt City council's website. The Council is responsible for the maintenance and integrity of the Hutt City Council's website. We have not been engaged to report on the integrity of Hutt City Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other requirements as well as the related audit report dated 23 October 2012 to confirm the information included in the audited financial statements, non-financial performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

SUMMARY ANNUAL REPORT TO 30 JUNE 2012

Hutt City Council had a rewarding year and developed a number of new initiatives that supported the vision of a city that is a great place to live, work and play.

Residents voted Hutt City as a great place to live in a NRB Communitrak Survey and the Long Term Plan for the city laid out a balanced portfolio of projects designed to improve community services while considering infrastructure and other needs.

Prudent management resulted in the lowest average rate rise across New Zealand. A Baldrige Gold award for Business Excellence was conferred on the council, the first for any local authority in New Zealand. The excellent financial management of the city was commented on by the international credit rating agency Standard & Poor's which reaffirmed the council's AA "very strong" credit rating. The agency also noted that Hutt City had implemented

measures to control growth in operating expenditure and reduce debt relative to peer councils.

Council also received a public awareness award for the publication, It's Easy – Get prepared for an emergency, a Wellington region civil defence initiative. Other awards during the year recognised council efforts to assist deaf customers, and acknowledgement that Stage Two of the Silverstream landfill was an outstanding project.

The city moved to embrace science and technology while encouraging new enterprise within the city through the introduction of a business stimulus package designed to grow prosperity and create jobs.

The city population was boosted with settlement of 700 migrants and refugees reflecting Hutt City's diverse multicultural community while resource consent was issued for a community and sport centre in Taita incorporating the existing Walter Nash Stadium.

The council performed strongly through the year and will continue to carefully manage the city's resources for the year ahead.

Read on for more highlights of the year to 30 June 2012.

Ray Wallace

Ray Wallace
MAYOR
23 October 2012

Tony Stallinger

Tony Stallinger
CHIEF EXECUTIVE
23 October 2012



A GREAT PLACE TO WORK

- Regional economic development promoted through participation in the Wellington Regional Strategy
- Revised earthquake-prone building policy adopted to improve public safety
- Outcome monitoring framework introduced to ensure progress towards making Hutt City a great place to live, work and play
- Increase in city's GDP despite small declines in employment and business numbers
- Increased focus on the high-technology sector, and good growth in the city's export businesses

- Riverside promenade project gained momentum as part of the CBD Making Places project
- District Plan changes supported businesses and developers
- Spotlight on Seaview showcased 60 businesses in the Seaview industrial area



NIGHT MARKET added vibrancy to the CBD over the summer months

Hutt City Council recognised among the **TOP PERFORMING** organisations in NZ with a Gold Business Excellence award



SIGNIFICANT INTERNATIONAL INVESTMENTS made in long standing businesses in the city



A GREAT PLACE TO LIVE

- North East Magic initiative was launched to improve social and economic quality of life for communities in the northern and eastern wards
- Council worked with other councils on sharing services to save money
- Wellington Region Emergency Management Office was established with operational support team based in Lower Hutt
- Three-year Black Creek flood protection project was completed and Kelson stormwater system upgraded
- More than 700 migrants and refugees were assisted with settlement support, and 1000 new citizens swore an oath of allegiance to New Zealand
- Integrated vision for the city identified opportunities for development and growth of each community
- Urban growth strategy started, to set growth targets and outline how the city will develop over the coming decades
- Hutt City Council (Graffiti Removal) Bill moved through Parliament
- Time capsule buried to celebrate the opening of the Civic Square beside the Dowse Art Museum
- Council's customer service centre handled 27,000 inquiries
- Online grants management system established for community funding schemes
- Welfare preparedness plan adopted by eight Hutt Valley marae
- Upgrade of paving and seating around Scott Court shopping centre completed



- Naenae computer clubhouse celebrated its second anniversary with an open day, and hosted **ROBOTICS REGIONAL CHAMPIONSHIPS**

Wainuiomata
BUSH FIRE FORCE moved into new headquarters



- **WATER CONSERVATION** and efficiency plan was developed, and children and young people's plan for 12 to 24 year olds adopted



A GREAT PLACE TO PLAY

- Resource consent issued for a community and sport centre in Taita that will incorporate the Walter Nash Stadium, Taita library and community hall and include a library, community meeting spaces, café, community gym and five indoor sports courts
- Hutt Indoor Sports facility opened
- Multi-court playground developed at Walter Mildenhall Park, Naenae
- Reserve property purchased in Horoeoka Street, Stokes Valley
- SMART regional library card and combined catalogue introduced
- Automated sorter, one of only six in the world, installed at War Memorial Library to manage the 64,000 returns received each month
- Hutt City libraries introduced e-books and e-audiobooks, and also free Wi-Fi at War Memorial Library
- A total of 204,000 people visited the Dowse Art Museum and Petone Settlers Museum, with 18,000 students attending education programmes
- Community Facilities Trust established to develop the Taita community centre and Fraser Park Sportsville
- Australasian Police and Emergency Services Games hosted by Hutt City
- Avalon Park upgrade plan drafted for consultation



- Over **386,000** participants attended recreational, holiday and KiwiSport programmes

PLAYGROUND replaced and toilet installed at Bishop Park, Eastbourne





HOW WE PERFORMED IN 2011/12

Hutt City Council uses five key performance indicators to assess its overall performance:



fully achieved



mainly achieved



not achieved

Budget management	●	2011/12 is the second year Council has had a negative result compared to budget. This was caused by a downturn in activity and revenue from landfill operations, and one off adjustments for leaky homes. Some capital projects were delayed as a result.
Customer satisfaction	●	In total, 91.68% of customers were satisfied or very satisfied with council services, equalling the best ever results achieved in 2010/11.
Staff perceptions	●	The performance index of 68.2% is similar to the local government performance index of 68.7%.
Project completion	●	In total, 84% of projects were completed on time, below the target of 90% completion, mainly because projects were delayed to assist Council's budget and debt positions.
Compliance	●	There were no significant instances of non-compliance with the law, contracts, consents, employment agreements, health and safety requirements and council policy.

Council is structured into five groups undertaking 18 core activities, each of which has performance targets.

GROUP PEOPLE

Libraries	●	Performance measures were achieved covering use of libraries, satisfaction and library stock turnover. Physical visits fell slightly short of target, but online visits were almost double the target set.
Museums	●	All performance measures were achieved covering number of visits, satisfaction, and education programme attendance and satisfaction.
Aquatics and Recreation	●	All performance measures were achieved covering satisfaction with and use of pools and Leisure Active programmes and events, holiday programme and pool accreditation, and cost per visit.
Parks and Reserves	●	All performance measures were achieved covering satisfaction with sportsgrounds, parks, reserves, gardens and cemeteries; sports field standards; area of parks and reserves; use of parks, reserves and gardens; and maintenance standards.
Community Development	●	Performance measures were achieved covering satisfaction with graffiti removal and new settlers' satisfaction with support, advice and training. Community organisations' satisfaction with support, advice and funding was down on previous years. Performance measures covering resident perceptions of safety were largely achieved.
Property	●	All performance measures were achieved covering tenant satisfaction, resident satisfaction with halls and public toilets, and occupancy of council rental housing.

GROUP UTILITY SERVICES

Roading and Traffic	●	All performance measures were achieved covering satisfaction with street lighting, litter on roads, traffic control, footpaths, roads and parking; road condition; road roughness; and the rate of fall in accident numbers.
Water Supply	●	All performance measures were achieved covering satisfaction, compliance with national drinking water standards, water quality, reliability of supply, response to disruptions and average unmetered water consumption.
Wastewater	●	All performance measures were achieved covering satisfaction, compliance with resource consents, reliability of the service and response to disruptions.

Stormwater	●	All performance measures were achieved covering satisfaction, reliability of the service, water quality at main recreational beaches and response to disruptions.
Solid Waste	●	Performance measures were achieved covering satisfaction with refuse disposal and compliance with resource consents. Satisfaction with rubbish collection was 1% below target.

GROUP ENVIRONMENT

Environmental Management	●	Performance measures were achieved covering satisfaction with animal, parking and environmental health services; compliance with application processing times; monitoring of resource consents; dog pound opening hours; and response to dog and noise complaints. Acknowledgement of requests for service fell short of the 100% target by 1%.
Emergency Management	●	All performance measures were achieved covering household preparedness for civil defence emergencies, and response to emergencies and rural fires.

GROUP ECONOMY

Local Urban Environment	●	All performance measures were achieved covering satisfaction with the overall look and feel of the city, satisfaction with litter control and recycling, use of the recycling service, access to recycling facilities and volume of material recycled.
Economic Development	●	All performance measures were achieved covering satisfaction with the i-SITE visitor information centre and Hutt City's economic performance.

GROUP ORGANISATION

Elected Members	●	Performance measures were achieved covering satisfaction with the mayor's and councillors' performance and the way rates are spent. Satisfaction with public consultation at 89% did not improve on last year's result of 90%.
Advice and Support	●	All performance measures were achieved covering councillor, community board and community committee satisfaction with formal advice received and responses to requests for help from staff.
Managing Services	●	All performance measures were achieved covering staff turnover, compliance with legal and policy requirements, and work-related accidents.

Financial Performance

The Summary Statement of Comprehensive Income on the next page summarises the financial performance of Council and the group (the group consists of the "Council" and its interests in its subsidiaries Seaview Marina Limited and Urbanplus Limited (both 100% owned), Silverstream Gas Joint Venture (7% owned) and associate Capacity Infrastructure Services Limited). The summary shows the operating revenue and expenditure as well as other transactions that have impacted on the Council's and the group's wealth.

Council made a deficit after tax of \$1.609 million compared with a budgeted surplus after tax of \$1.740 million. The operating result was therefore \$3.349 million worse than budget. Revenue of \$126.120 million is lower than budget of \$130.672 million with less user fees and charges, mainly in solid waste and environmental management activities. Expenditure of \$127.729 million is lower than budget of \$128.932 million, across all expenditure classes. This resulted from holding staff numbers, good management of operating costs, interest rates being held lower for longer than budgeted, and depreciation lower with the capital works programme not fully completed.

Other Comprehensive Gains and Losses:

Council revalued its property and infrastructure assets as at 31 December 2011, resulting in a gain on revaluation of \$102 million. A loss of \$1.975 million was incurred in the fair value of interest rate swaps. The Council had budgeted a gain of \$0.800 million in the expectation of a rise in interest rates over the year.

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

ALL FIGURES: \$000'S	COUNCIL			GROUP	
	ACTUAL 2012	BUDGET 2012	ACTUAL 2011	ACTUAL 2012	ACTUAL 2011
Revenue	126,120	130,672	125,783	130,066	127,189
Expenditure (excluding finance costs)	123,484	124,577	118,629	127,460	121,187
Finance costs	4,245	4,355	4,640	4,655	4,951
Share of associate's surplus/(deficit)	-	-	-	32	(14)
Surplus before income tax	(1,609)	1,740	2,514	(2,017)	1,037
Income tax expense/(benefit)	-	-	-	31	(620)
Surplus after income tax	(1,609)	1,740	2,514	(2,048)	1,657
Other comprehensive income					
Gain/(Loss) on revaluation of financial instruments	(1,975)	800	(607)	(1,975)	(607)
Gain on property revaluations	101,740	-	-	101,740	4,579
Impairment of property plant and equipment	-	-	-	(110)	-
Deferred tax on revaluation	-	-	-	-	(620)
Total comprehensive income	98,156	2,540	1,907	97,607	5,009

SUMMARY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

ALL FIGURES: \$000'S	COUNCIL			GROUP	
	ACTUAL 2012	BUDGET 2012	ACTUAL 2011	ACTUAL 2012	ACTUAL 2011
Equity at the beginning of the year	1,149,105	1,147,910	1,147,198	1,151,909	1,146,900
Total comprehensive income	98,156	2,540	1,907	97,607	5,009
Equity at the end of the year	1,247,261	1,150,450	1,149,105	1,249,516	1,151,909

The following table provides a summary of the Council and group financial position (that is what they own and owe) at the end of each financial year.

The following are significant variances in the Statement of Financial Position:

Property plant and equipment is \$107 million higher than budget mainly due to a revaluation of assets at 31 December 2011. This has also increased net equity by a similar amount. Cash and cash equivalents is \$6 million higher than budget due to timing of the last rates instalment. Net debt ended the year at \$67.4 million compared to a budgeted position of \$60 million due to less asset sales taking place, lower revenues from landfills and payments related to leaky home settlements.

SUMMARY STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

ALL FIGURES: \$000'S	COUNCIL			GROUP	
	ACTUAL 2012	BUDGET 2012	ACTUAL 2011	ACTUAL 2012	ACTUAL 2011
Total current assets	23,332	16,443	18,912	22,175	23,860
Total non-current assets	1,337,424	1,229,684	1,239,472	1,351,688	1,250,806
Total assets	1,360,756	1,246,127	1,258,384	1,373,863	1,274,666
Total current liabilities	57,709	63,044	63,582	68,510	77,042
Total non-current liabilities	55,786	32,633	45,697	55,837	45,715
Total liabilities	113,495	95,677	109,279	124,347	122,757
Net assets / equity	1,247,261	1,150,450	1,149,105	1,249,516	1,151,909

The following table provides a summary of the Council and group cash flows during the respective financial years.

The following are significant variances in the Statement of Cashflows:

Net cash from operating activities is lower than budget due to less revenue from user fees and charges related to landfills and consents. Net cash from investing is comparable to budget. Net cash from financing is lower than budget due to less loans repaid than budgeted. Reduced asset sales and less cash from user fees and charges also contributed to this.

SUMMARY STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

ALL FIGURES: \$000'S	COUNCIL			GROUP	
	ACTUAL 2012	BUDGET 2012	ACTUAL 2011	ACTUAL 2012	ACTUAL 2011
Net cash flows from operating activities	27,726	31,853	26,781	30,207	25,516
Net cash flows from investing activities	(26,251)	(26,633)	(17,548)	(26,567)	(21,764)
Net cash flows from financing activities	(1,140)	(9,218)	(6,032)	(3,240)	(632)
Net cash flow for the year	335	(3,998)	3,201	400	3,120

Notes

- Part 6 s 98(b) of the Local Government Act 2002 requires Council to make publicly available a summary of information contained in its Annual Report.
- The specific disclosures included in the summary financial report have been extracted from the full financial report. Both reports were adopted on 23 October 2012. This summary has been prepared in accordance with FRS-43: Summary Financial Statements.
- The summary financial report has been presented in New Zealand dollars.
- The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. The full financial report dated 23 October 2012 has received an unmodified audit report. A copy of the financial report may be obtained from the Council's website www.huttcity.govt.nz.
- This summary financial report has been examined by the auditor for consistency with the full financial report. An unmodified auditor's report is included in this summary.
- In the full financial report the Council has complied with New Zealand equivalents to the International Financial Reporting Standards as applicable for public benefit entities and has made a statement to that effect.

INDEPENDENT AUDITOR'S REPORT

To the readers of Hutt City Council and group's summary of the annual report for the year ended 30 June 2012.

We have audited the summary of the annual report (the summary) as set out here on pages 3 to 4, which was derived from the audited statements in the annual report of the Hutt City Council (the City Council) and group for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 23 October 2012.

The summary comprises:

- the summary statement of financial position as at 30 June 2012, and summaries of the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the City Council's non-financial performance information and summaries of other information contained in its annual report.

OPINION

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

BASIS OF OPINION

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 23 October 2012 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the City Council and group.

RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

During the year we undertook audits of an amendment to the 2009-2019 Long Term Council Community Plan and the 2012-2022 Long Term Plan. Other than the audit, the audit of the amendment to the 2009-2019 Long Term Council Community Plan and the audit of the 2012-2022 Long Term Plan, we have no relationship with or interests in the City Council or any of its subsidiaries.

John O'Connell

John O'Connell
Audit New Zealand

On behalf of the Auditor-General,
Wellington, New Zealand
23 October 2012

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

CONTACT US

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