

We are PROUD

On the Foreshore at Pencarrow, Eastbourne

It has been another significant year for Hutt City Council as we continue to deliver our vision of Hutt City as a great place to live, work and play. A key focus over the past 12 months has been on how this will be achieved long term, and we have developed four major strategies for this.

We are developing our **Infrastructure Strategy**, which will cover a period of at least 30 years and provide us with the opportunity to look at significant issues, risks, opportunities and costs to utilities such as roads and water networks over time. In anticipation of this strong focus on network resilience, substantial background work has gone into developing our resilience related projects. This includes plans to complete our long term Bridge Strengthening Programme as well as the strengthening of retaining walls below Eastern Hutt Road through Taita Gorge.

The **Urban Growth Strategy** to 2032 outlines our plans for growth and development in the city. The Strategy was adopted in March and includes new ideas and bold proposals for at least doubling the current rate of housing growth in Hutt City. Our Economic Development Incentive policies are in place to encourage development in the city and to help foster the Urban Growth Strategy. We saw an increase of 82% on the previous year in remitted rates for residential and commercial developments, showing that the desired growth is occurring.

The **Leisure and Wellbeing Strategy** to 2032 covers safety, youth development, recreation and culture with a particular focus on improving outcomes in the North East. Our Integrated Facilities Plan released in August highlights some key outcomes to be included

in the Leisure and Wellbeing Strategy. This plan focuses on grouping together social and sporting clubs to create fit-for-purpose facilities of both regional and national significance. Fraser Park Sportville is leading the way with Stage One already commenced.

The **Environmental Sustainability Strategy** is being reviewed with the aim of taking a long term approach to issues affecting the environment. Corporate sustainability, waste management, recycling and environmental protection are primary subjects here.

Our Environmental Sustainability Strategy encompasses all our community outcomes. A number of initiatives have been introduced over the past year that complement this Strategy with a particular focus on sustainable methods and approaches in schools. Enviroschools was extended to kindergartens across the region this year. This modern initiative is supported by facilitators who work with each school to map out paths towards becoming more sustainable.

We are committed to serving our community and we monitor our customers' satisfaction levels through an independent annual survey. We achieved our target of 90% customer satisfaction for the third consecutive year. These results are above the average of our peer councils and we are committed to sustaining this high level of satisfaction.

Financial services company Standard & Poor's reaffirmed our AA credit rating in their most recent evaluation. This is something we are very proud of and a success not many local bodies achieve. We achieved a net surplus of \$0.8 million, which was \$4 million better than budget, and our net debt reduced by over \$3 million during the year.

The decision to preserve an important heritage building in our Civic Centre Precinct and develop a fantastic centre that will meet current and future community needs was a major decision of 2014. This was one of 30 significant projects to be included in the Annual Plan 2014-15. The scope of this plan and the interest and involvement of our community in the process was evident in a record 1,866 submissions on the Plan's draft.

We are very proud of our achievements this year and are determined to continue delivering on our plans to rejuvenate Hutt City.

Contact the Mayor or any councillor

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Ray Wallace.

Ray Wallace
Mayor

11 November 2014

Tony Stallinger

Tony Stallinger
Chief Executive

11 November 2014

We are RESILIENT



INFRASTRUCTURE

What we have done to contribute to making Hutt City a great place to live:

\$370,000 was spent on our cycle network with new bike lanes, bike crossings, and other safety provisions to improve cyclists' visibility on the road completed in targeted areas across the city.

Both Konini and Kingsley Reservoirs were strengthened and the major water main that travels beneath the Kennedy Good Bridge was renewed.

Stormwater pumps were installed at the Kelson Pump Station and both wastewater and stormwater mains were renewed in Stokes Valley.

Our road resealing contractors cleared a backlog of \$1 million taking the total value of resealing work completed in the year to almost \$7 million.

Approximately 16,000 square metres of graffiti was removed from across the city by contractors, 93% of which was removed within 48 hours of it being reported.

The Dowse Square at the heart of our Civic Centre Precinct won an award in the Planning and Urban Design category at the annual New Zealand Institute of Architects (NZIA) awards.

We are GROWING



GROWTH AND DEVELOPMENT

What we have done to contribute to making Hutt City a great place to work:

The Economic Development Incentive policies have been extended until June 2017. In addition to this, if a development in the CBD meets certain criteria it will also be eligible for 100% rates remissions for up to five years, including remitting the rates payable on the existing capital value.

Construction has commenced on the partial demolition, seismic strengthening and refurbishment of our Administration Building. Detailed design is underway for the replacement of the Horticultural Hall and upgrade of the Town Hall. This aspect of the redevelopment is expected to commence early in 2015, with the new building opening in 2016.

Our website went responsive this year, with the site now being more user friendly for smart phones and tablet devices. The Association of Local Government Information

Management (ALGIM) has since rated huttcity.govt.nz the 17th best council website in New Zealand in 2014, up from 61st in 2013.

We have been working with GWRC and the NZTA to maximise the potential of planned stopbank upgrades and SH2 improvements at Melling. Improving bus waiting facilities in the CBD is also being addressed with short term improvements already completed in Bunny Street.

District Plan Changes 26 and 27 now provide for residential development on surplus recreation land in Stokes Valley.

Our About Space initiative had another successful year hosting pop-up stores across the city. The aim of this campaign is to reinvigorate vacant shop spaces to aid existing shop owners as well as attract new ones.

We are ACTIVE



LEISURE AND WELLBEING

What we have done to contribute to making Hutt City a great place to play:

The Mayor's Taskforce for Jobs has so far moved 12 young people into employment and a further four have been enrolled in study or training.

The Taita Netball Courts were upgraded between January and March. Hawkins Construction were awarded the tender for the new multi-purpose Taita Community and Sports Centre that is now underway.

Petone Sportsville continues to develop their model across Petone Recreation Ground and North Park. \$50,000 was allocated in the Annual Plan 2014-15 for a detailed feasibility study into combining facilities for all home codes.

During the Christmas holidays, the Reading Reboot programme operated across all eight Hutt City Libraries. Over 4,000 books were read by children taking part in the programme.

In 2010, only 1% of year one to five children in the North East could swim 200 metres. Thanks to perseverance and dedication of KiwiSport, 51% now can with the expectation that this will continue to rise.

The McKenzie Baths Redevelopment was completed in November. They now feature an interactive water play splash pad and the main pool and learners' pool are now both heated.

The Big Day Dowse was a huge success this year. With a local all-star musical line-up, the free event attracted more than 8,000 people.

We are ECO-MINDED



ENVIRONMENTAL SUSTAINABILITY

What we have done to contribute to making Hutt City a great place to live, work and play:

We now have a free Eco Design Advisor service for all Hutt City residents. The Advisor offers independent advice to the public on how to make their homes warmer, drier and healthier.

We provided Friends of Waiwhetu Stream with over 1,500 eco-sourced native plants along Riverside Drive South in order to protect two small clumps of the native aquatic species *schoenoplectus validus* (lake clubrush).

Our inaugural Eco-Fashion Show took place in September with two evenings of catwalk shows displaying a number of national and international designers' creations.

Five new emergency water supply tanks were installed at Stokes Valley Marae, Naenae Marae, Maungaraki, Wainuiomata Medical Centre and Avalon Park.

A number of water conservation resources are now available to schools via the internet and visits have been made to major water users in the city to learn more about their water use.



King of the Hill event, Wainuiomata

HOW HUTT CITY PERFORMED IN 2013–2014

Council uses five key performance indicators to assess its overall performance

Budget management	● All activities operated within net capital and operating budgets.
Customer satisfaction	● In total, 90.2% of customers were satisfied or very satisfied with Council services (peer average 86.9%).
Staff perceptions	● Our performance index was greater than the local government performance index of 66.6%, at 67.1%.
Project completion	● In total, 80% of projects were completed on time, below the target of 90% completion. This is mainly due to some projects being deferred with the intention to have them underway and/or completed in the following financial year.
Compliance	● There were no significant instances of non-compliance with the law, contracts, consents, employment agreements, health and safety requirements or Council policy.

Council is structured into five groups undertaking 17 core activities, each of which has performance targets:

GROUP ORGANISATION

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Elected Members	● Residents' satisfaction with public consultation and engagement was down slightly this year at 86% compared to the previous year of 91%. All other performance measures were achieved covering satisfaction with the Mayor's and Councillors' performance, and satisfaction with the way rates were spent.
Advice and Support	● All performance measures were achieved this year, covering Councillors' and community board and committee members' satisfaction with the formal advice and responses to requests they received from officers.
Managing Services	● All three performance measures were achieved covering staff turnover, compliance with legal and policy requirements, and work-related accidents.

GROUP UTILITY SERVICES

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Roading and Traffic	● Seven out of nine performance measures were achieved covering satisfaction with footpaths, roads and parking and roads and gutters being litter free as well as the Road Condition Index, 'Quality of Ride', and accident trend. We were 2% behind the national average of resident satisfaction for street lighting at 90%, and dipped slightly lower than our traffic control satisfaction historical average.
Water Supply	● All six performance measures were achieved covering satisfaction with the city water supply, compliance with national drinking water standards, water quality, reliability of water supply, response to disruptions and average unmetered water consumption.
Wastewater	● All four performance measures were achieved covering satisfaction with the city wastewater service, resource consent compliance, reliability and prompt response to wastewater disruptions.
Stormwater	● Three out of four performance measures were achieved covering satisfaction with stormwater services, reliability of the service and response to disruptions. The target of 90% for water quality at main recreational beaches was not achieved, falling short by 7%. The lower than expected result was due to a number of 'wet samples' undertaken during or shortly after heavy rainfall, when the 'first flush' effects are recorded. Follow up testing after the rainfall recorded low achieving results.
Solid Waste	● Three out of four performance measures were achieved covering satisfaction with rubbish collection, recycling, and compliance with resource consents. Satisfaction with refuse disposal was 8% below target at 83%.

GROUP ENVIRONMENT

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Environmental Management	● 16 out of 18 performance measures were achieved this year covering satisfaction with animal services, parking, and environmental health services; compliance with processing times for LIMs, building consents, PIMs, resource consents, solar panel applications, premise and code compliance certificates; monitoring of resource consents; Animal Services opening hours; and response to dog attacks, but were 4% behind target for our response to other dog complaints at 91%. Our aim is to have 100% of fireplace applications processed within five days however we had two processed within six days resulting in being 7% below target at 93%.
Emergency Management	● All three performance measures were achieved covering household preparedness for civil defence emergencies and response to emergencies and rural fires.

GROUP ECONOMY

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Local Urban Environment	● Five out of seven performance measures were achieved covering overall look and feel of the city and satisfaction with litter control and recycling, and access to recycling facilities. Use of recycling services was 1% below target at 85% and 8% lower than our previous year. As a result, we had 75 tonnes less recycled per annum than our previous year.
Economic Development	● All performance measures were achieved covering satisfaction with the i-SITE Visitor Information Centre and Hutt City's economic performance.

GROUP PEOPLE

ACTIVITY	ACHIEVEMENT OF PERFORMANCE MEASURES
Libraries	● Three out of six performance measures were achieved. The target of 1.2 million physical visits for the year fell slightly short at 1.1 million, and 71,994 pay sessions on Connect was short of the target 85,000 and the percentage of residents that use our library services was 1% below target at 79%; however there were 301,037 online visits compared with a target of 200,000.
Museums	● All five performance measures were achieved covering number of visits and satisfaction of both The Dowse Art Museum and Petone Settlers Museum. We went well over our 11,000 target for public education programmes with 12,075 and received 100% satisfaction rating for delivery.
Aquatics and Recreation	● All performance measures were achieved covering satisfaction with and use of pools and Leisure Active programmes and events, POOLSAFE accreditation, and cost per visit.
Parks and Reserves	● Six out of seven performance measures were achieved. Maintenance and development of playgrounds, parks, reserves, gardens and cemeteries fell slightly short, meeting 90% of contract and asset management plan requirements with the expectation being 95% or greater.
Community Development	● All performance measures were achieved covering resident perceptions of safety in the neighbourhood during the day and after dark, and in the city centre during the day; and satisfaction with graffiti removal. Too few community organisations responded to our survey to make a statistically sound judgement on the availability and quality of support, advice and funding, and new settlers' information is now offered through the Department of Internal Affairs.

- Fully achieved
- Mainly achieved
- Not achieved

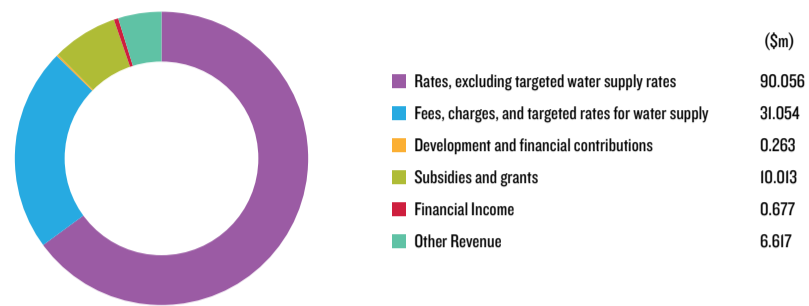
FINANCIAL OVERVIEW

OUR RESULTS FOR THE YEAR

The net surplus is the difference between the income received and expenses incurred during the year.

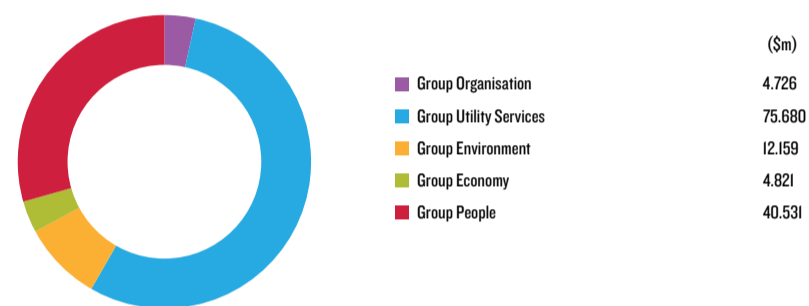
The Council recorded a net surplus of \$0.8 million compared to a budgeted net deficit of \$3.3 million. This favourable result contributes to the Council's ability to provide future services, maintain assets and repay debt.

REVENUE



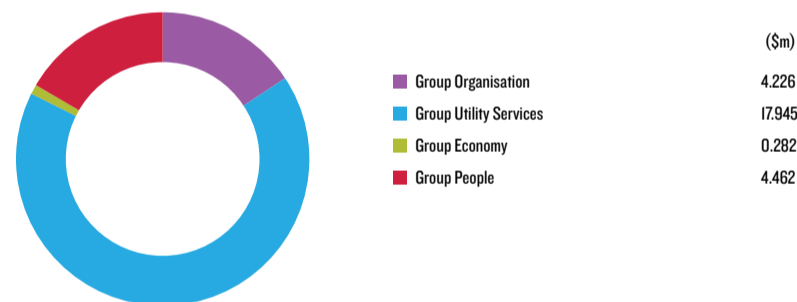
The graph above shows where Council's revenue comes from. Total revenue for the year was \$138.7 million which was \$3.4 million above budget. \$90 million (65%) comes from rates with \$31 million (22%) from fees and charges. Council continues to restrict the increase in rates and looks to reduce reliance on rates through increasing the percentage of total revenue from fees and charges towards 22%. This will take a number of years to achieve. In the meantime, rates increases will be kept within current Financial Strategy limits.

EXPENDITURE



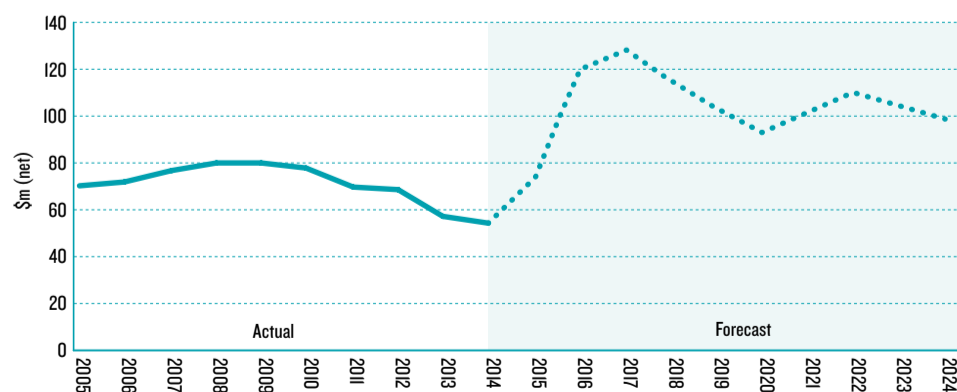
The graph above shows where Council's expenditure was actually incurred during the year. Total expenditure for the year was \$137.9 million which was under budget by \$0.7 million. Maintaining infrastructure is a major portion of Council spending at over \$75 million. Council also spent some \$41 million providing community facilities and services. A smaller portion of \$17 million was for the provision of services for the environment and economy with the remainder being for governance and support of the organisation.

CAPITAL EXPENDITURE



Capital expenditure is money spent to replace existing assets, to improve levels of service, or to meet additional demand. The graph above shows where expenditure was actually incurred during the year across Council's core groups. Council's planned capital expenditure programme was \$33.3 million. Council has a target to achieve at least 90% of its programme each year. Actual capital spent this year was \$26.9 million which is below this target with about \$4 million of projects to be completed in the next financial year. Replacement and improving infrastructure made up almost \$18 million of Council spending, with just over \$4 million spent on providing community facilities and services, and a similar amount on organisation support facilities, and a small amount on environment and economy facilities.

DEBT REPAYMENT



Council's Financial Strategy identifies maximum net debt levels. Council achieved its debt repayment this year with net debt being reduced to \$55.1 million compared to a target of \$56.9 million. Council has operated within other borrowing limits as shown in the report on financial policies contained in the full Annual Report. The Council debt repayment programme has now placed Council in a good position to carry out future developments that require additional debt funding as shown in the graph above.

NET EQUITY

The net equity of Council is the difference between its assets (what it owns) and liabilities (what it owes). The Council has assets of over \$1.4 billion with liabilities of only \$117.3 million. Net equity has increased over the last five years, largely due to a revaluation of assets in 2012.

ALL FIGURES: \$000's	Council			Group	
	ACTUAL 2014	BUDGET 2014	ACTUAL 2013	ACTUAL 2014	ACTUAL 2013
Equity at the beginning of the year	1,247,141	1,250,328	1,244,100	1,249,672	1,246,354
Total comprehensive income	(4,777)	(3,312)	3,041	(2,432)	3,317
Equity at the end of the year	1,242,364	1,247,016	1,247,141	1,247,240	1,249,672

CASH FLOW

Cash flow represents the movement through receipts and payments of all cash including loans raised and repaid. The net cash from operating activities is close to budget. The net cash outflow from investing is below budget due to fewer sales of properties than anticipated. This is offset by lower cash outflows from financing activities.

ALL FIGURES: \$000's	Council			Group	
	ACTUAL 2014	BUDGET 2014	ACTUAL 2013	ACTUAL 2014	ACTUAL 2013
Net cash flow from operating activities	29,292	28,471	34,765	30,329	35,717
Net cash flow from investing activities	(26,054)	(26,541)	(34,299)	(24,284)	(24,329)
Net cash flow from financing activities	(44)	(155)	4,413	(44)	(6,087)
Net cash flow for the year	3,194	1,775	4,879	6,000	5,301

GROUP HIGHLIGHTS

The Group consists of Council, its subsidiaries Seaview Marina Limited, Urbanplus Limited and Hutt City Community Facilities Trust (all 100% owned) and associate Capacity Infrastructure Services.

	2014 \$M	2013 \$M	2012 \$M	2011 \$M	2010 \$M	2009 \$M
Net Surplus After Tax	1.4	1.8	(2.0)	1.7	7.7	5.1
Total assets	1,364.6	1,370.2	1,373.9	1,274.7	1,274.9	1,266.1
Total liabilities	117.4	120.5	124.3	122.8	128.0	125.9
Total equity	1,247.2	1,249.7	1,249.5	1,151.9	1,146.9	1,140.2

INDEPENDENT AUDITOR'S REPORT

To the readers of Hutt City Council's summary of the annual report for the year ended 30 June 2014

We have audited the summary of the annual report (the summary) as set out on pages 3 to 4, which was derived from the audited statements in the annual report of the Hutt City Council (the City Council) for the year ended 30 June 2014 on which we expressed an unmodified audit opinion in our report dated 28 October 2014.

The summary comprises:

- the summary statement of financial position as at 30 June 2014, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 28 October 2014 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.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary, whether in printed or electronic form. 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.

In addition to this audit, which includes our report on the Other Requirements, we have carried out an audit of the LTP amendment and an assurance engagement providing an auditor's report to the City Council's bond trustees, which are compatible with those independence requirements. Other than this engagement we have no relationship with or interests in the City Council or any of its subsidiaries.

Andy Burns
Audit New Zealand
11 November 2014

On behalf of the
Auditor-General
Wellington,
New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

HUTT CITY
TE AWA KAIRANGI