

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

This audit report relates to the summary financial statements, non-financial performance information and the other requirements of Hutt City Council and group for the year ended 30 June 2011 included on Hutt City Council's website. The Council is responsible for the maintenance and integrity of 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 summary 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 summary 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 summary 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 summary financial statements, non-financial performance information and the other requirements as well as the related audit report dated 28 October 2011 to confirm the information included in the audited summary 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.

# HUTT CITY COUNCIL 2011 SUMMARY ANNUAL REPORT TO 30 JUNE 2011

Our 2011 Annual Report showcases the highlights of the year and records progress in our continuing drive to make Hutt City a great place to live, work and play.

Relationships with councils in the Wellington region have continued to strengthen during the year with joint purchasing contracts assisting in the reduction of costs incurred by all. There have been numerous other benefits with the regional library partnership generating a new service for our residents in the form of a regional library card and catalogue. This will provide a one card access to libraries across the region.

Environmental projects have been a focus for council and, during the year, we were the first council in New Zealand to obtain the international environmental management ISO 14001 accreditation for all areas of our business.

Work on core infrastructure included resealing roads and extension of the cycleway network. Reservoir strengthening and renewal of aging water mains ensured priority issues were addressed with our water supply. Progressive replacement of the stormwater pipeline continued while areas prone to flooding were also addressed during the year, including work on the Black Creek upgrade in Wainuiomata. The new Silverstream landfill was recognised as an outstanding project by the Association of Consulting Engineers New Zealand.

The Hutt Valley safe city programme within Lower Hutt continued during the year. We have progressively installed CCTV cameras throughout the CBD, Stokes Valley and, in cooperation with the Jackson Street Programme, Petone's Jackson Street. These initiatives, together with volunteer community patrols, have seen the rate of crime within Hutt City reduce in the year. Other community activities include revival of neighbourhood support groups and a start-up junior neighbourhood support programme pilot.

A concentrated effort was made to eradicate and control graffiti across the city. A new graffiti officer was appointed and moves made to introduce a local bill to allow access to private property for the purpose of removing graffiti. A rapid response system for eradicating graffiti has made a significant difference to the appearance of the city.

Our libraries, museums, pools, parks, recreation programmes and events continue to be popular with residents. The Walter Nash Stadium catered for indoor sports leagues and practices, school programmes, Kivisport, health programmes and school holiday courses during the year. The stadium is part of a larger Taita centre development project that aims to bring the library, hall, fitness centre, cafe and an expanded stadium into one space.

The council is also considering planned replacements and upgrades of various city recreation facilities over the next 20 years. Public-private partnerships are being investigated and opportunities explored through Sportville partnerships at Fraser Park, Petone and Wainuiomata. Following consultation through this year's annual plan process, the scheduled replacement of McKenzie Pool was deferred for a year while these investigations continue.

The impact of the world-wide financial constraints and the Christchurch earthquake have placed additional pressures on the council during the year as it managed the delivery of existing services while introducing new services and upgraded facilities within a tight financial environment.

We would like to thank all the people of Lower Hutt – including councillors, community board members, committees, and council staff – for your continuing efforts to make our city a great place to live, work and play.

*Ray Wallace.*

Ray Wallace  
MAYOR  
28 October 2011

*Tony Stallinger*

Tony Stallinger  
CHIEF EXECUTIVE  
28 October 2011

## A GREAT PLACE TO LIVE

People are proud to live here. Hutt City is compact, vibrant and diverse, offering the best of city living while being safe, friendly and easy to get around. There is quality education and healthcare, with a choice of housing options from apartments to family homes on the hillsides, in the valleys or near the coast.

Over the last year we worked hard to make the city a great place to live, including working with the other councils in the Wellington region to benefit us all. We developed our first joint waste management and minimisation plan which will benefit the city in the long term by extending the life of our landfills. We also continued working closely with Upper Hutt to provide essential services for Hutt Valley residents.

We provided workshops and seminars to new migrants and refugees covering aspects of life in New Zealand such as the health and education systems, renting a house, job search and interview skills.

Environmental projects continued to be a focus and, during the year, we achieved a 50% reduction in energy use at the Stokes Valley pool, and a minimum fuel efficiency rating for council vehicles. Our Eco Design Advisor provided home owners with up to two hours free, independent advice on energy, waste, water, materials and building-related health issues. We established an Enviro Core of environmental and community groups, businesses, educational institutions and others to discuss environmental projects and coordinate activities.

Officers from the Hutt Valley Emergency Management Office and other council staff travelled to Christchurch to provide valuable

support in the aftermath of the September 2010 and February 2011 earthquakes. Enhancements to the structure and facilities at our own Hutt City Emergency Operation Centre have been made in the wake of that experience.

We resealed many of our roads and continued extending the cycleway network including the Eastern Bays walkway/cycleway, the Hutt River Trail and contributing to the upgrade of a trail from Maungaraki to Korokoro.

Projects to improve our important water, stormwater and wastewater infrastructure progressed during the year. The Black Creek upgrade continued with a new footbridge installed at Rata Street, the streambed widened, and the confluences of Konini and Parkway Streams realigned, along with the water main supplying Konini Reservoir.

Promotional activity during the summer included a call to action by residents to use less water and this will be continued into the next summer when one of the Te Marua storage lakes is emptied for earthquake strengthening work.

The new Silverstream landfill was officially opened. The on-site gas-electricity joint venture plant captures methane gas from the landfill and burns it to produce electricity, which is fed back into the national grid.



## A GREAT PLACE TO WORK

Working or investing here is a smart choice. Our vibrant economy offers a range of job opportunities close to home. We've built on our traditional industries, created export opportunities, and cemented our reputation as a science centre. This is a place of new ideas, creativity and innovation, bringing together the best of the arts, industry and science.

Our efforts to make Hutt City a more vibrant and exciting place were hampered in the last year as the economic recession made itself felt. Economic indicators from Statistics New Zealand and BERL Economics show a decline in the city's economic performance, attributing much of this to the financial crisis and the resulting recession.

However, great progress was made on the CBD Making Places programme, including starting the Square project alongside the Dowse, initial design work on the Riverside Promenade, appointment of a CBD Night Market operator, District Plan Change 14 for the central city area made operative and the allocation of \$300,000 to Making Places and related projects in 2011/12.

Vision Seaview Gracefield 2030 identified four themes around supporting existing businesses, creating a suitable environment for the growth of new or emerging businesses, making better use of recreational opportunities, and contributing towards a better environment. Businesses and other stakeholders in Seaview Gracefield have formed a Seaview Working Group to become more involved in improving the area. A work plan has been developed and funding approved.

Over 13,500 people visited the i-SITE during the year, with 66.8% of these from Hutt City. International visitors accounted for 17.1% of all visitors. The i-SITE had a record year for revenue. A rugby programme through Rugby & Beyond has seen growth in the number of rugby players and coaches visiting from Japan. A programme for teachers has also been popular with teachers visiting a series of schools in the Wellington region.

The Council's 'Green Team' held swap days for clothes, CDs, DVDs and books. They also ran an Arbor Day lunchtime walk to educate staff about their workplace backyard, and installed a worm farm where food scraps and organic waste are recycled, to complement the existing paper, plastic and glass recycling systems.

Digitisation of planning files was completed during the year. This is the first step towards providing electronic access to planning information at the front counter. The digitisation project started in 2007 with the scanning of 35,000 property cards, and the digitisation of resource consent applications was a huge task involving 18,000 files.

## A GREAT PLACE TO PLAY

There's always something for the family to explore. Experience our culture and heritage, visit our museums and libraries, or enjoy our cafes, restaurants and boutique stores. Head outdoors to a park or beach, walk along the river, take the boat out, hit the hills or a mountain bike trail, or enjoy a game of golf.

Eighty-five percent of residents visited our libraries during the year. 'Sorcer' was introduced to recommend books, music and DVDs based on people's borrowing patterns. All libraries offer a book club and Justice of the Peace clinics each month. The Friends of Hutt City Libraries organised several events, and a new Code of Respect ensures that the libraries remain a safe place for everyone to enjoy. Access to digitised copies of important books and photographs relating to Lower Hutt proved popular.

It's 40 years since the Dowse was opened by the Governor General, Sir Arthur Porritt. The major exhibition Ruby: A 40 Year Love Affair with The Dowse showcased highlights from the collection, and acknowledged the vision of the six Dowse directors. As well as other major exhibitions, the Dowse staged touring shows in Auckland, Hamilton, Rotorua and Invercargill, seen by around 140,000 visitors. Other popular events included the Late Lounge musical programme, Craft 2.0 markets and a school education programme.

The Petone Settlers Museum reopened after a make over of the permanent history exhibition. The new show chronicles the pre-European occupation of the area as well as the arrival of the New Zealand Company.

Hutt City residents are high users of pools with 845,852 visits during the year. We also had the highest number of swims per person per year in the region. Swim City offered a range of educational and recreational programmes. Leisure Active Fitness Suites at Naenae and Stokes Valley Pools provide popular local neighbourhood gyms.

Major events during the year included the Petone Carnival, with the summer months of January and February particularly busy. AmeriCarna was a new four day event that attracted more than 300 entries and over 20,000 spectators. With the aim of 'making sustainability stylish', our first Frocks on Bikes event saw around 60 stylishly dressed frockers cycling from Days Bay to the Dowse.

In the last year 93% of residents used our parks, reserves or gardens, and 77% used sportsgrounds. We spruced up the entrance to Percy Scenic Reserve with display panels providing a history of the reserve and its special plant collections. The former custodian house at Petone Recreation Ground was renovated for use by Plunket. A new car park was installed at the eastern end of the Sports House building at Hutt Park, providing 140 parking spaces for users of the playing fields, the Sports House and the new indoor sports facility. We undertook maintenance on the Days Bay and Petone wharves, with repairs made to a number of structural elements.

# SUMMARY OF COUNCIL'S PERFORMANCE

We use five 'key performance indicators' to track and assess the performance of the Council organisation overall:

- Budget management – for the first time we had a negative result compared to budget, with capital projects deferred to keep debt levels down due to delays in planned asset sales, and operational costs higher than budgeted.
- Customer satisfaction – 91.3% of customers were satisfied or very satisfied with our services.
- Staff perceptions – our performance index of 68.3% is similar to the local government performance index of 69%.
- Project completion – after excluding the projects that were deferred to keep debt levels down, 90% of remaining projects planned for the year were completed.
- Compliance with the law, contracts, consents, employment agreements, health and safety requirements and Council policy – we had no significant non-compliance instances.

The organisation is divided into five groups and each group is divided into the significant activities that make up that group. We set targets for the performance of the 18 significant activities within our five groups.

## GROUP PEOPLE

<b>Libraries</b>	All performance measures were achieved covering use of libraries, satisfaction, number of physical and internet visits, and library stock turnover.
<b>Museums</b>	All performance measures were achieved covering number of visits, satisfaction, and education programme attendance and satisfaction.
<b>Aquatics and Recreation</b>	All performance measures were achieved covering satisfaction with and use of pools and Leisure Active programmes/events, holiday programme and pool accreditation, and cost per visit.
<b>Parks and Reserves</b>	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.
<b>Community Support</b>	All performance measures were achieved covering satisfaction with support programmes; satisfaction with availability and quality of support, advice and funding; and resident perceptions of community, safety and impacts of diversity.
<b>Property</b>	All performance measures were achieved covering tenant satisfaction, resident satisfaction with halls and public toilets, and occupancy of Council rental housing.

## GROUP UTILITY SERVICES

<b>Roading and Traffic</b>	Seven out of nine performance measures were achieved covering satisfaction with street lighting, litter on roads, traffic control, safety and convenience, footpaths, roads and parking; and road roughness. Road condition results were slightly down due to loss of chip off chip seals. There was a 10% increase in injury crashes with the trend over 10 years continuing to rise.
<b>Water Supply</b>	All performance measures were achieved covering satisfaction, compliance with NZ Drinking Water Standards, water quality, reliability of supply, response to disruptions and average unmetered water consumption.
<b>Wastewater</b>	All performance measures were achieved covering satisfaction, compliance with resource consents, reliability of the service and response to disruptions.
<b>Stormwater</b>	All performance measures were achieved covering satisfaction, reliability of the service, water quality at main recreational beaches and response to disruptions.
<b>Solid Waste</b>	Two out of three performance measures were achieved covering satisfaction with rubbish collection and compliance with resource consents. Satisfaction with refuse disposal is 2% below the target of 87%, with cost the main reason residents are not very satisfied.

## GROUP ENVIRONMENT

<b>Environmental Management</b>	All performance measures were achieved covering satisfaction with animal services, inspection services and requests for service; compliance with processing times for LIMs, building consents, PIMs, resource consents, fireplace applications, solar panel applications, premises and code compliance certificates; monitoring of resource consents; referral of requests for service; dog pound opening hours; and response to dog and noise complaints.
<b>Emergency Management</b>	All performance measures were achieved covering household preparedness for civil defence emergencies, and response to emergencies and rural fires.

## GROUP ECONOMY

<b>Local Urban Environment</b>	Five out of eight performance measures were achieved covering satisfaction with litter control and recycling, use of the recycling service, access to recycling facilities and volume of material recycled. Satisfaction with the overall look and feel of the city has dropped from last year's results, with the number of empty shops around the city and shortage of funding for improvements considered to be factors. Satisfaction with graffiti levels has dropped 11% since last year. Additional funding has been allocated to eradicate graffiti and Council has also endorsed a change in approach to graffiti management.
<b>Economic Development</b>	One out of five performance measures was achieved covering satisfaction with the Visitor Information Centre. Satisfaction with economic development programmes decreased, reflecting economic indicators from Statistics New Zealand and BERL Economics showing a decline in the city's economic performance. Of most concern is the decline of export and high value sectors in the economy. In response Council has reallocated economic development resources and has a tighter focus on improving business activity in these sectors.

## GROUP ORGANISATION

<b>Elected Members</b>	Two out of three performance measures were achieved covering satisfaction with the Mayor's and councillors' performance and the way rates are spent. Satisfaction with our public consultation remained at last year's figure of 90% whereas our target was to improve on this.
<b>Advice and Support</b>	All performance measures were achieved covering Councillor and community board/committee satisfaction with formal advice received and responses to requests for help from staff.
<b>Managing Services</b>	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 below summarises the financial performance of Council and of the group\* for the financial year ended 30 June 2011. The summary shows the operating revenue and expenditure as well as other transactions that have impacted on the Council's and the group's net wealth.

Council made a surplus after tax of \$1.907 million compared with a budgeted surplus after tax of \$5.502 million. The operating result was therefore \$3.595 million worse than budget.

Actual revenue of \$125.783 million is comparable to the budget of \$125.794 million attributable to the following:

- Subsidies received were \$0.537 million lower than budget as works were delayed during the year.
- A gain on sale of assets of \$1.921 million was achieved.

Council expenditure of \$123.269 million was \$2.177 million higher than budget attributable to depreciation being \$2.6 million higher than budget due to a lower estimate of depreciation budgeted. This resulted from the vesting of a significant asset in 2010 and capitalisation of assets under construction.

Other Comprehensive Gains and Losses:

A loss of \$0.607 million was incurred in the fair value of interest rate swaps. The Council had budgeted for 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 2011

ALL FIGURES: \$000	COUNCIL			GROUP	
	ACTUAL 2011	BUDGET 2011	ACTUAL 2010	ACTUAL 2011	ACTUAL 2010
Revenue	125,783	125,794	141,417	127,189	143,426
Expenditure (including finance costs)	123,269	121,092	132,970	126,138	135,706
Finance costs	4,640	4,500	6,415	4,951	6,603
Share of associate's surplus/(deficit)	-	-	-	(14)	14
<b>Surplus before income tax</b>	<b>2,514</b>	<b>4,702</b>	<b>8,447</b>	<b>1,037</b>	<b>7,734</b>
<b>Income tax expense/(benefit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(620)</b>	<b>-</b>
<b>Surplus after income tax</b>	<b>2,514</b>	<b>4,702</b>	<b>8,447</b>	<b>1,657</b>	<b>7,734</b>
Other Comprehensive Income					
Gain/(Loss) on revaluation of financial instruments	(607)	800	(1,058)	(607)	(1,058)
Gain on property revaluations	-	-	-	4,579	-
Deferred tax on revaluation	-	-	-	(620)	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,907</b>	<b>5,502</b>	<b>7,389</b>	<b>5,009</b>	<b>6,676</b>

## SUMMARY STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2011

Equity at the beginning of the year	1,147,198	1,148,889	1,139,809	1,146,900	1,140,224
Total comprehensive income	1,907	5,502	7,389	5,009	6,676
<b>Equity at the end of the year</b>	<b>1,149,105</b>	<b>1,154,391</b>	<b>1,147,198</b>	<b>1,151,909</b>	<b>1,146,900</b>

\* The group consists of the "Council" and its interests in its subsidiaries Seaview Marina Limited and Urbanplus Limited (both 100% owned), Hutt Valley Youth Trust (an in-substance subsidiary), the Silverstream Gas Joint Venture (7% owned) and associate Capacity Infrastructure Services Limited.



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 the significant variances in the Statement of Financial Position:

- Net borrowing is \$6.473 million higher than budgeted at the end of the year, mainly due to projected asset sales not taking place.
- Cash and cash equivalents is \$6.293 million lower than budget due to less asset sales \$2.67m taking place and higher levels of debtors and other receivables than budgeted.

#### SUMMARY STATEMENT OF FINANCIAL POSITION as at 30 June 2011

ALL FIGURES: \$000	COUNCIL			GROUP	
	ACTUAL 2011	BUDGET 2011	ACTUAL 2010	ACTUAL 2011	ACTUAL 2010
Total current assets	18,912	26,174	17,991	23,860	20,753
Total non-current assets	1,239,472	1,232,670	1,248,652	1,250,806	1,254,110
<b>Total Assets</b>	<b>1,258,384</b>	<b>1,258,844</b>	<b>1,266,643</b>	<b>1,274,666</b>	<b>1,274,863</b>
Total current liabilities	63,582	70,194	53,684	77,042	62,202
Total non-current liabilities	45,697	34,259	65,761	45,715	65,761
<b>Total Liabilities</b>	<b>109,279</b>	<b>104,453</b>	<b>119,445</b>	<b>122,757</b>	<b>127,963</b>
<b>Net Assets / Equity</b>	<b>1,149,105</b>	<b>1,154,391</b>	<b>1,147,198</b>	<b>1,151,909</b>	<b>1,146,900</b>

The following table summarises how Council and the Group generated and used cash during the respective financial years. The following are the significant variances in the Statement of Cash Flows:

- Net cash from operating activities is lower than budgeted with higher payments to suppliers.
- Net cash from investing activities is comparable to budget as purchase of new assets is delayed with offset by less asset sales.
- Net cash from financing activities is lower than budgeted with less debt being repaid due to higher operating expenditure and lower asset sales.

#### SUMMARY STATEMENT OF CASH FLOWS for the year ended 30 June 2011

ALL FIGURES: \$000	COUNCIL			GROUP	
	ACTUAL 2011	BUDGET 2011	ACTUAL 2010	ACTUAL 2011	ACTUAL 2010
Net cash flows from operating activities	26,781	36,093	24,853	26,747	25,958
Net cash flows from investing activities	(17,548)	(16,640)	(25,342)	(22,995)	(27,957)
Net cash flows from financing activities	(6,032)	(16,024)	(5,575)	(632)	(4,025)
<b>Net cash flow for the year</b>	<b>3,201</b>	<b>3,429</b>	<b>(6,064)</b>	<b>3,120</b>	<b>(6,024)</b>

- NOTES
1. 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.
  2. The specific disclosures included in the summary financial report have been extracted from the full financial report. Both reports were adopted on 28 October 2011. This summary has been prepared in accordance with FRS-43: Summary Financial Statements.
  3. The summary financial report has been presented in New Zealand dollars.
  4. 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 28 October 2011 has received an unmodified audit report. A copy of the financial report may be obtained from the Council's website [www.huttcity.govt.nz](http://www.huttcity.govt.nz) from mid November.
  5. This summary financial report has been examined by the auditor for consistency with the full financial report. An unmodified auditor's report is included with this summary.
  6. 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.

## CONTACT US

You can contact the Mayor or any councillor at:

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**Mayor and councillors**

Mayor Ray Wallace	Councillor Angus Finlayson	Councillor Chris Milne
Councillor David Bassett	Councillor Ross Jamieson	Councillor Max Shierlaw
Councillor Lisa Bridson	Councillor Ken Laban	Councillor Roger Styles
Councillor Margaret Cousins	Councillor Michael Lulich	Councillor Margaret Willard
	Councillor Gwen McDonald	

## INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

To the readers of Hutt City Council and group's summary of the annual report for the year ended 30 June 2011

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) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 28 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, 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 28 October 2011 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.

Other than in our capacity as auditor and the audit of the 2012-22 Long Term Plan, we have no relationship with, or interest in, the City Council or any of its subsidiaries.

John O'Connell, Audit New Zealand  
On behalf of the Auditor-General, Wellington, New Zealand  
28 October 2011

**HUTT CITY**  
TE AWA KAIRANGI