



# WE SHARE A GROWING CITY

A successful year for Hutt City Council, where we well and truly achieved our vision of making Hutt City a great place to live, work and play.

The NRB Communitrak Survey showed respondents to the survey rated satisfaction with the services and functions provided by the council at more than 90 per cent. Hutt City Council laid a strong foundation for the future with adoption of a new urban growth strategy that will guide the city's development for the next 20 years. A new Hutt City Community Facilities Trust was also established to assist with designing, funding and delivering major community facility projects.

Economic development improved during the year with the council's business stimulus package attracting new business enterprise to the city. This in turn encouraged confidence among investors interested in setting up within the Hutt Valley. Investment plans totalling more than \$250 million are currently being considered, reinforcing the success of the council's business growth programme.

Council successfully managed its affairs during the year with the Standard & Poor's agency reaffirming Council's AA credit rating which is equal to the rating applied to the New Zealand government. This strong financial base allowed Council to deliver one of the lowest average rate rises in the country while continuing to maintain a significant investment in the maintenance and upgrading of infrastructure across the city.

Renewal of community assets featured during the year with work starting on the upgrade of the McKenzie Pool complex and a number of Eastbourne's Vibrant Village projects being completed. Significant community projects, including the combined Taita Community Centre and Fraser Park Sportsville, made good progress. Work on the upgrade of Avalon Park was also started and Council received an award for its disabled access at the Huia Pool.

Consideration of Council's response to the review of regional governance also occupied a good deal of time. Council responded to the Local Government Commission with an application that reflected the views of Lower Hutt residents. This included an enhanced status quo with regionally controlled water and transport services, and, in the event of boundary changes, multiple unitary authorities with amalgamation of the two Hutt Valley councils.

*Ray Wallace* 

Ray Wallace  
MAYOR  
18 October 2013

Tony Stallinger  
CHIEF EXECUTIVE  
18 October 2013



Council began work on an urban growth strategy that will establish the city's growth targets and outline how the city will develop over coming decades

Attendance at recreation programmes and events peaked at a new high of 457,759 this year

A new landscape has all-but been completed to connect the Eastbourne Shopping Centre to Eastbourne's most significant geographical feature, the sea



# WE SHARE A...

## GROWING COMMUNITY

### Improvements to our living environment

Council has a focus on the North East communities and improving outcomes within the communities of Naenae, Taita, Pomare and Stokes Valley. The Community Development team at Hutt City Council has been leading a project called Our Place Naenae with other agencies involvement including WINZ, HNZ, ACC, Police, Civil Defence, Fire Department, Regional Public Health, Hutt Safe City and Safer Hutt Valley.

Over 1,000 people responded to the Hutt Valley Alcohol Survey to inform the development of a local alcohol policy.

Council supported Neighbours Day by funding street barbeques to encourage closer neighbourhood ties with the community.

The new Dowse Square features two water-filling stations and a drinking fountain that supplies pure, untreated water from the underground Waiwhetu aquifer.

During the year we have cleared 22,845 graffiti tags from across Hutt City. Residents' satisfaction with graffiti removal has increased from 68% in 2011 to 89% this year.

Council began work on an urban growth strategy that will establish the city's growth targets and outline how the city will develop over coming decades.

A new landscape has all-but been completed to connect the Eastbourne Shopping Centre to Eastbourne's most significant geographical feature – the sea.

## GROWING WORKPLACE

### Improvements to our work environment

Council introduced remission of all development fees on a range of qualifying developments across the city. This initiative is designed to incentivise development activity.

CBD Making Places Projects – Council Administration Building Strengthening Project and Riddiford Gardens Redevelopment.

In May the Council turned on free Wi-Fi in public spaces in the CBD.

An increase in a number of businesses in the high tech sector.

Environmental Consents now offers a service whereby Building Consent and Resource Consent applications can be lodged online, as well as LIM applications.

District Plan Change 29 – Petone West Mixed Use to provide for a wide variety of uses, including residential, to encourage quality development.

Council has been working with owners of vacant retail space in the CBD, identifying short term uses, both commercial and community based, to ensure the space remains vibrant.

## GROWING PLAYGROUND

### Improvements to our recreation spaces

There are over 23,000 visitors to a library every week, and a staggering 1.43 million library items issued in a year. Over 200,000 people visited the Dowse Art Museum, and 850,000 visit our pools every year. Attendance at recreation programmes and events peaked at a new high of 457,759 this year.

A new artificial football turf was developed at Memorial Park in conjunction with Capital Football and FIFA.

Free computer and internet training for adults took place at three council libraries.

Huia Pool was the recipient of the SportAccess gold award from the Halberg Trust for its disabled access.

A new playground was installed at Bishop Park in Eastbourne. The tractor familiar to generations of Hutt children has been repaired. The old Ford has stood in Riddiford Gardens, behind the council's offices, for at least half a century.

Work continued on developing tracks and facilities at the Wainuiomata Mountain Bike Park. An exciting new tower and slide structure was installed at Avalon Park.

Hutt City has one of the most extensive areas for dogs running off the lead in NZ.

"Be safe around dogs" training is available for all primary school children and free dog training also available.

Contact the Mayor  
or any councillor

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Lower Hutt 5040

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A new artificial football turf was developed at Memorial Park in conjunction with Capital Football and FIFA



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## HOW HUTT CITY PERFORMED IN 2012 – 2013

Council uses five key performance indicators to assess its overall performance

<b>Budget management</b>	●	Achieved. All activities operated within net capital and operating budgets.
<b>Customer satisfaction</b>	●	In total, 91.2% of customers were satisfied or very satisfied with council services (peer average 87%).
<b>Staff perceptions</b>	●	The performance index of 67.7% is greater than the local government performance index of 66.7%.
<b>Project completion</b>	●	In total, 70% of projects were completed on time, below the target of 90% completion, mainly because projects were delayed to meet debt reduction targets.
<b>Compliance</b>	●	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 17 core activities, each of which has performance targets.

### GROUP PEOPLE

<b>Libraries</b>	●	Performance measures covered use of libraries, satisfaction, number of physical and internet visits, and library stock turnover. The target of 1.2 million physical visits and pay sessions on Connect for the year fell slightly short. We achieved 99% of customers satisfied compared to our peer average of 97%.
<b>Museums</b>	●	Just over 9,000 students attended our education programmes this year, a little below the target of 11,000. All other performance measures were achieved covering number of visits, and satisfaction.
<b>Aquatics and Recreation</b>	●	All performance measures were achieved covering satisfaction with and use of pools and Leisure Active programmes and events, pool accreditation, and cost per visit.
<b>Parks and Reserves</b>	●	The target of 95% of maintenance standards being met was not achieved. All other performance measures were achieved. In particular, 99% of residents were satisfied with sports grounds.
<b>Community Development</b>	●	All performance measures were achieved covering resident perceptions of safety in their neighbourhood and in the city centre during the day and after dark; satisfaction with graffiti removal; and new settlers' satisfaction with information provided.

- Fully Achieved
- Mainly Achieved
- Not Achieved

### GROUP ENVIRONMENT

<b>Environmental Management</b>	●	All performance measures were achieved covering satisfaction with animal and parking services; 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; dog pound opening hours; and noise and dog 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 UTILITY SERVICES

<b>Roading and Traffic</b>	●	All performance measures were achieved covering satisfaction with street lighting, litter on roads, traffic control, footpaths, roads and parking; road condition; road roughness; and accident trend.
<b>Water Supply</b>	●	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.
<b>Wastewater</b>	●	All performance measures were achieved covering satisfaction (99% satisfaction achieved), compliance with resource consents, reliability of the service and response to disruptions.
<b>Stormwater</b>	●	Three out of four performance measures were achieved covering satisfaction, reliability of the service and response to disruptions. Water quality at main recreational beaches was slightly under target.
<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 was 6% below the target of 87%.

### GROUP ECONOMY

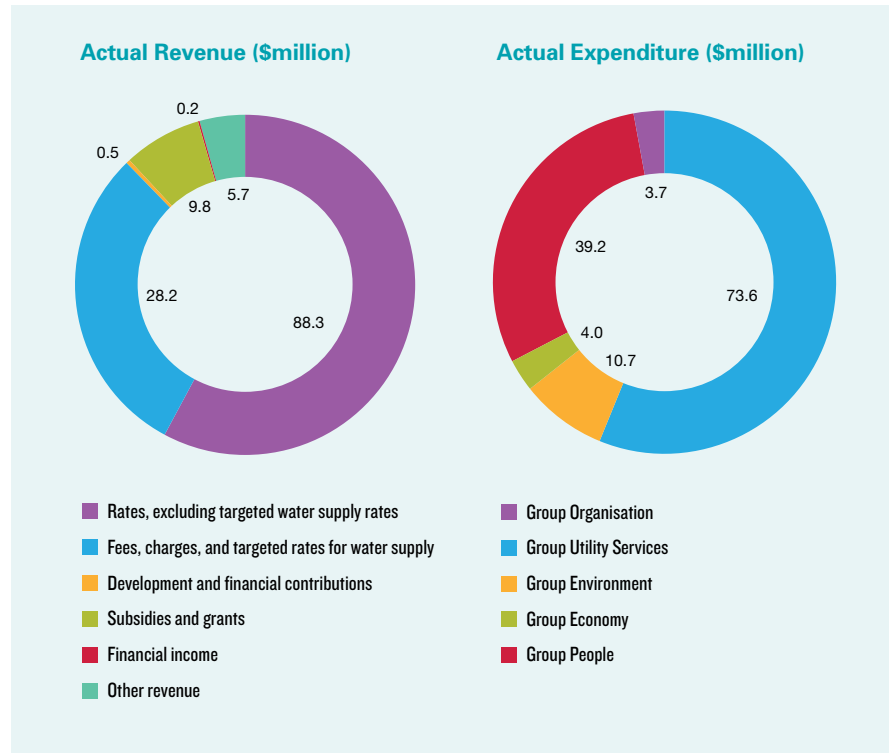
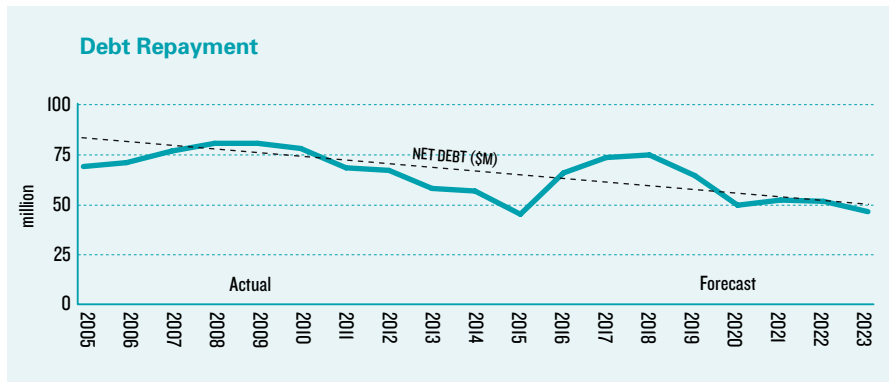
<b>Local Urban Environment</b>	●	Five out of seven performance measures were achieved covering: pride in the way the city looks, satisfaction with litter control and recycling, use of the recycling service, and access to recycling facilities. The overall look and feel of the city (3% less than previous result) and volume of material recycled (0.01% less than previous result) were not achieved.
<b>Economic Development</b>	●	Performance measures were achieved covering satisfaction with the i-SITE visitor information centre. Not all economic measures were achieved due to slow recovery from the global financial crisis.

### GROUP ORGANISATION

<b>Elected Members</b>	●	All performance measures were achieved covering satisfaction with the mayor's and councillors' performance, the way rates are spent and satisfaction with public consultation.
<b>Advice and Support</b>	●	Performance measures were achieved covering community board and community committee satisfaction with formal advice received and responses to requests for help from staff. Too few councillors responded to the survey to be able to make a statistically sound judgment on levels of satisfaction with the formal advice they received from officers.
<b>Managing Services</b>	●	All performance measures were achieved covering staff turnover, compliance with legal and policy requirements, and work-related accidents.



# FINANCIAL PERFORMANCE



## 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 \$3.1 million compared to a budgeted net surplus of \$1.4 million. This result contributes to the council's ability to provide future services, maintain assets and repay debt.

## DEBT REPAYMENT

Council's financial strategy identifies maximum net debt levels for 2015 and every five years thereafter. Council is on track to achieve its 2015 target of reducing debt to \$45 million. Council achieved its debt repayment this year with net debt being reduced to \$58.1 million (targeted \$59.9 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 positions Council well should future developments require additional debt funding as shown in the graph above.

## REVENUE

The graph above shows where Council's revenue comes from. The greatest portion comes from rates (67%) with some 21% 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 26%. This will take a number of years to achieve. In the meantime rates increases will be kept below the policy maximum. Total revenue for the year was \$132.8 million which was \$0.2 million above budget.

## INDEPENDENT AUDITOR'S REPORT

To the readers of Hutt City Council and group's summary annual report for the year ended 30 June 2013.

The summary annual report was derived from the annual report of the Hutt City Council (the Council) and group for the year ended 30 June 2013. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 3 to 4:

- the summary statement of financial position as at 30 June 2013;
- the summaries of the statement of comprehensive income, statement of changes in

equity and statement of cash flows for the year ended 30 June 2013; and

- the summary statement of service provision (referred to as 'How Hutt City Performed in 2012-2013') of the Council and group.

We expressed an unmodified audit opinion on the Council and group's full audited statements in our report dated 18 October 2013.

### Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with FRS43 (PBE): Summary Financial Statements.

### Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the

## EXPENDITURE

The graph below left shows Council's expenditure across core activities and where expenditure was actually incurred during the year. Maintaining infrastructure is a major portion of Council spending at over \$70 million. Council also spent some \$40 million providing community facilities and services. A smaller portion of \$15 million was for the provision of services for the environment and economy with the remainder being for governance and support of the organisation. Total expenditure for the year was \$131.2 million which was on budget.

## CAPITAL EXPENDITURE

Capital expenditure is money spent on the replacement of existing assets or the construction or purchase of new assets.

Council's planned capital expenditure programme was \$32.4 million. Council has a target to achieve at least 90% of its programme each year. Actual capital spent this year was below target at \$27 million. Council delayed completion of some projects in order to meet debt reduction targets. Some \$7 million of 2012-2013 projects will be completed in the next financial year in addition to the programme for 2013-2014.

Council targets three year average expenditure of between 90% - 110% of depreciation expense in order to maintain investment in city assets. The last three years' capital spending has been below this at 82%. A number of large one-off projects in the near future e.g. earthquake strengthening of the civic administration building, Taita Community Centre, and Fraser Park Sportville should increase capital spend back within this target range.

## 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 \$1.3 billion with liabilities of only \$0.1 billion. Net equity has increased over the last five years, largely due to a revaluation of assets in 2012. The table below shows the equity at the start of the year plus the net surplus achieved during the year.

ALL FIGURES: \$000,S	Council			Group	
	ACTUAL 2013	BUDGET 2013	ACTUAL 2012	ACTUAL 2013	ACTUAL 2012
Equity at the beginning of the year	1,247,261	1,247,743	1,149,105	1,249,516	1,151,909
Total comprehensive income	3,133	1,414	98,156	3,409	97,607
Equity at the end of the year	<b>1,250,394</b>	<b>1,249,157</b>	<b>1,247,261</b>	<b>1,252,925</b>	<b>1,249,516</b>

## 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 above budget due to loans made to Council-Controlled Organisations. This is offset by higher cash inflows from financing activities.

ALL FIGURES: \$000,S	Council			Group	
	ACTUAL 2013	BUDGET 2013	ACTUAL 2012	ACTUAL 2013	ACTUAL 2012
Net cash flows from operating activities	34,765	34,152	27,726	35,717	30,207
Net cash flows from investing activities	(34,299)	(26,964)	(26,251)	(24,329)	(26,567)
Net cash flows from financing activities	4,413	(5,387)	(1,140)	(6,087)	(3,240)
Net cash flow for the year	<b>4,879</b>	<b>1,801</b>	<b>335</b>	<b>5,301</b>	<b>400</b>

## GROUP HIGHLIGHTS

The group consists of Council, its subsidiaries Seaview Marina Limited, Urban Plus Limited and Hutt City Community Facilities Trust (all 100% owned) and associate Capacity Infrastructure Services. The Community Facilities Trust is newly established this year.

	2013 \$M	2012 \$M	2011 \$M	2010 \$M	2009 \$M
Net surplus	1.9	(2.0)	1.7	7.7	5.1
Total assets	1,373.5	1,373.9	1,274.7	1,274.9	1,266.1
Total liabilities	120.5	124.3	122.8	128.0	125.9
Total equity	1,252.9	1,249.5	1,151.9	1,146.9	1,140.2

Net worth of the group represented by total equity for the group has grown 10% since 2009 with the asset base also increasing by a similar margin.

International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

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

### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS43 (PBE): Summary Financial Statements. The

Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the Council or any of its subsidiaries.

### Andy Burns

Audit New Zealand

On behalf of the Auditor-General  
Wellington, New Zealand  
18 October 2013

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa