



## Summary Annual Report 2006

### Letter from the Mayor

Welcome to the Summary Annual Report for 2006. This document summarises the Hutt City Council's activities over the past 12 months.

Council fulfilled its promise to hold rate increases below the rate of inflation – which, in real terms, is a rates reduction – and this will continue in 2007 and every year after that to 2016.

During the past year Council has increased investment in infrastructure, including the stormwater system, helping to almost double capital expenditure from \$22 million in 2005 to \$38 million in 2006.

Council has a plan to reduce debt from \$76 million in 2006 to \$28 million in 2016. This will save millions in interest charges over 10 years and help keep rates down.

The city is enjoying an economic boom. Examples include completion of Westfield Queensgate with the opening of Sky City Village Cinema, the Titan redevelopment at Seaview, the relocation of Noel Leeming, and the new Pak 'n' Save supermarket. Under construction are the Harvey Norman store at the corner of Rutherford Street and Melling Bridge and the soon to open Les Mills gymnasium at the former Mitre Ten site. Jackson Street also continues its renaissance.

Each of these investments reflects business confidence in Hutt City's future. The Margaret Street redevelopment is an example of Council playing its part.

Council is committed to making our city an even better place to live and work. Examples are the formulation of a cycling strategy, and two initiatives launched in partnership with government agencies to help our young people, TradeStart and the Youth Transition Service. The re-opening of the Dowse early next year is something to look forward to.

Hutt City's billboards launched late last year have been a big hit with both locals and Wellingtonians alike. The tongue-in-cheek campaign gave residents a lift, while causing "out-of-towners" to reevaluate their sometimes negative attitudes towards Hutt City.

As Mayor I'm delighted with the progress we have made as a city over the past year. I look forward with anticipation to working together with councillors and the community to build on this good work and make our city the best it can be.

**DAVID OGDEN**

MAYOR, HUTT CITY COUNCIL

8 AUGUST 2006

*A great place to  
live, work and play*

## Report from the Staff

*For Hutt City Council the year to 30 June 2006 should be seen as a year of achievement. Decisions taken in previous years were implemented, especially in the flood protection area, and a number of indicators for the economic life of Hutt City have markedly improved. We now need to build on these foundations and refine a vision for Hutt City to allow us to plan ahead more coherently.*



### FLOOD PROTECTION

The priority of Council projects has been flood protection work. Stage one of the Black Creek flood protection project at Wainuiomata is finished with stage two ready to start. Substantial progress has been made on the Opahu Pumping Station.

Repair of private drains in the Waiwhetu catchment has successfully progressed. The Silverstream excess flow management tank will be commissioned later this year.

### HUTT CITY PROMOTION

Building on the 'Go Ahead' campaign on the previous year, Council has embarked on a promotional blitz in Wellington city using billboards to express an edgy tongue in cheek image of Hutt City.

Hutt City visitor promotion worked with neighbouring local bodies to, for the first time, promote the region, at the TRENZ tourism tradeshow in Christchurch.

### PARKS AND RESERVES

Council has declared most of the Summit Road nursery site as surplus for disposal or development. Council has begun evaluating its fee simple land managed as reserve.

The Memorial Park Stand was redeveloped during the year, in partnership with Capital Soccer.

At Hutt Park, the Pelorus Trust confirmed its commitment to the Sports House proposal.

### ENVIRONMENTAL INSPECTION AND ENFORCEMENT

Three dogs were killed after eating toxic cyanobacterial mats from the Hutt River in late November. Council responded to the human and animal risk by restricting the use of local waterways for recreational purposes.

### LEISURE ACTIVE

The highlight of the Leisure Active year was the holding the first stage of the Trust House International Women's Cycle Race through the CBD in February.

### YOUTH TRANSITION SERVICE

The Hutt Valley Youth Transition Service was launched in February, as the first joint venture between two local authorities, Hutt City and Upper Hutt City, contracted to the Ministry of Social Welfare.

### LIBRARIES

The Books for Babies Service was launched as a partnership with Plunket to deliver 2000 gift packs to Hutt City's newborns and their parents. Hutt City Libraries redeveloped their website during the year and expanded digital resources.

### EMERGENCY MANAGEMENT

In May the Mayor launched a pilot for Hutt City of an emergency management preparedness web based programme that assists groups to plan for emergencies. Negotiations with Upper Hutt City Council are progressing for working together for Emergency Management and Rural Fire.

### RIK HART

CHIEF EXECUTIVE, HUTT CITY COUNCIL

8 AUGUST 2006

# Meeting challenges. Seizing opportunities.

*Key projects and issues Hutt City Council has worked on during the year to 30 June 2006.*

Group of Activity	Non Financial Targets			Projects – Operating and Capital with a budget over \$100,000	
	Achieved	Substantially Achieved*	Not Achieved	Completed	Not Completed
People	21	2	6	14	6
Infrastructure	12	5	3	33	8
Environment	10	–	3	–	–
Economy	12	1	–	8	1
Organisation	14	–	–	3	4

\* “Substantially Achieved” are the projects that were “Achieved, Except for” in the full financial statements

## Infrastructure

### STORMWATER CONTROL

The weather was a little kinder in 05/06 than in the previous year; and during this lull significant progress has been made on a number of stormwater control projects.

Stage one of Wainuiomata’s Black Creek works has been completed at a cost of \$1.5m, and a further \$1m spend on Stage two of this project will be undertaken in the 06/07 year.

Design work is nearing completion for a pump station which will protect businesses in the Hutt Park area; this work is closely aligned to the wider issues associated with flooding from the Waiwhetu Stream.

A joint council committee comprising representatives for Hutt City and Greater Wellington has made excellent progress, in consultation with relevant communities, in determining a programme of physical works for both the Awamutu and Waiwhetu streams. The two councils have also worked co-operatively on Hutt River protection works at Ava, and in the Hathaway Avenue area.

### WASTEWATER/ENVIRONMENTAL PROTECTION

Two major projects undertaken in 05/06 have been specifically targeted at reducing wastewater overflows into the Waiwhetu Stream and Hutt River. These overflows currently occur when heavy rain infiltrates the private and public sewer drains, exceeding their capacity.

In the Silverstream area a \$7m project to construct a storage tank is virtually complete, with commissioning due late August/September this year. The tank will be capable of holding 10 million litres of water, thus alleviating pressure on the downstream wastewater system.

In the Waiwhetu area Council has spent over \$3m upgrading public drains, and private property owners are now contributing by upgrading wastewater drains on their own

properties. Council tested over 500 household drains in the area, and over 300 of these are now in the process of being repaired. This programme will continue in the Waiwhetu area over the next two years and it is expected that this will see over flows into the Waiwhetu Stream reduce from the current average of 4 per year, to around once every five years.

## Economic Development

Hutt City's economic performance continues to improve and was better in nearly all measures reported for the 2004/05 year than for the previous year and in most cases greater than those experienced across the Wellington Region. We continue to see positive growth in all of the four major measures of performance. To year end March 2005 Hutt City gained 1,787 new full time equivalent jobs (FTEs) and 145 new businesses. GDP figures for 2005 show the city's economy grew 4.1% over the period.

The proactive approach to economic development taken by Council over the last few years has helped in creating an environment that has encouraged development. A number of new developments were completed during the year including Westfield Queensgate, the newly completed Sky City Cinema Complex, the new Pak 'n' Save supermarket, and Titan Cranes redevelopment at Seaview whilst others are currently underway and will shortly be completed like the Harvey Norman development at Melling. These developments are adding many new jobs to the city economy.

### TRADE INFORMATION CENTRE

Council launched TradeStart, a trades information centre in November working alongside industry training organisations (ITO's), polytechnics, schools and businesses to increase the number of people getting into apprenticeships and trades training. The centre has exceeded all expectations and the one year pilot funded by Work & Income has recently been extended for a further two years. Over 200 persons have been referred on to ITOs and training institutions with a large number commencing trades training and apprenticeships.



*We want to grow Hutt City in a way that will make it a great place to live, work and play.*

## Our Community

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### COMMUNITY DEVELOPMENT FUND

This was the third year of Council's annual contestable funding for community groups with the establishment of the Community Development and Small Grants Funding Schemes. The total funding available to the community was \$206,000 in recognition of the vital and valuable work undertaken by a range of community groups in the City. This year funds were allocated as follows; Community Development Fund \$145,000, Small Grants Fund \$25,000, Regional Grants \$33,000 and \$3,000 towards administration. The funding schemes are to provide support to those groups that provide services that contribute to the community outcomes identified in the Long Term Council Community Plan.

### HUTT COUNCIL OF SOCIAL SERVICES

The Council supported the establishment of the Hutt Council of Social Services (HCOSS) through direct funding and officers' time. The establishment committee for the HCOSS held several community meetings to obtain support and buy in. The committee developed its constitution and trust members have been appointed. To date over forty local community groups are registered as members of the HCOSS. The establishment of the HCOSS for the City will assist the coordination of social services, networks between organisations and groups and improved support for the important work undertaken by its members.

### YOUTH TRANSITION SERVICE

The Hutt Valley Youth Transition Service is the first youth transition service (YTS) to involve two territorial land authorities working together for the benefit of young people who are transitioning from school to tertiary education, training or employment.

Vibe was selected as the Hutt Valley YTS provider in 2005, and they are now contracted to The Ministry of Social Development for a three year period to deliver youth transition services valley-wide. All young people aged 15-19 will be given

individual support to access available employment, education and training opportunities.

Vibe YTS works in partnership with government agencies, local schools, employers, training organisations and community-based organisations to build goodwill, collaboration and partnerships to assist our young people to achieve their career aspirations. Vibe YTS brokers interventions and employment or training placements for all young people in the Hutt Valley.

## Our Environment

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North Island Brown Kiwi were reintroduced to Rimutaka Forest Park. This was enabled by the work of volunteers who carried out the necessary pest trapping.

1,730 graffiti hits totalling 3,918.5m<sup>2</sup> of area were cleared by Council contractors.

The Naenae School mural completed as part of Council's Art 4 Change programme won the Resene Paints Best School Mural award.

Council published "The Happy Little House" storybook. The story is based on a project undertaken by Council in partnership with Koraunui Marae, Stokes Valley Rotary and Stokes Valley Plunket to revitalise the vandalised Stokes Valley Plunket rooms.

After three years of hard work by Earthlink and Council, the WasteSmart recycling shop officially opened in April this year. WasteSmart restores, repairs and sells items that were destined for the landfill.

Council became an EnergyWise Council in partnership with the Energy Efficiency and Conservation Authority. Council has committed to establishing a corporate policy on energy efficiency, including targets for improved energy efficiency.

Eight local schools are now part of the EnviroSchools programme. EnviroSchools is a "whole of school" approach to environmental education and facilitates staff and students to create a sustainable school. All council facilitated schools achieved a bronze award over the past year.

# Financial Overview

## Introduction

I am pleased to present Council's financial overview for the year ended 30 June 2006.

Council has achieved excellent financial results this year, with a reported surplus of \$8 million, which is \$3 million above budget.

At least nine years of producing budget surpluses and focusing on debt repayment has put Council in a strong financial position. As a result, Council has been increasing investment in areas of community concern, such as storm water protection.

In 2005 Council adopted a new Financial Strategy, committing to rate control and debt reduction targets. That Financial Strategy has guided decisions made during the last financial year. Council is determined to maintain its record of prudent financial management and ensure residents and ratepayers in the City receive excellent value.

**TONY STALLINGER** GENERAL MANAGER BUSINESS SERVICES

## What it cost to run the city

**TABLE 1** shows the cost per resident for Council activities. It highlights that the majority of Council expenditure is on essential infrastructure and community facilities. In the future, Council expenditure is expected to be even more heavily directed towards infrastructure, particularly in the areas of storm water protection and road maintenance.

Group of activities	Net cost per resident
People (libraries, pools, recreation, parks, community property and support)	\$207
Infrastructure (roads, water, waste)	\$374
Environment	\$33
Economy	\$26
Organisation (including costs of democracy)	\$23

## Financial performance

**TABLE 2** summarises the financial performance of Council and the Group\* for the last two financial years. The summary shows the operating revenue and expenditure as well as other transactions that have impacted on Council's and the Group's net wealth.

Council operating revenue was well above budget. This was due to increased revenue from landfills, environmental management activities, parking and profit on sale of surplus property. Income from rates was also above budget due to property development in the City. Council operating expenditure was slightly above budget due to writing off certain property related costs.

	Council			Group	
	Actual June 2006 \$000	Budget June 2006 \$000	Actual June 2005 \$000	Actual June 2006 \$000	Actual June 2005 \$000
Operating revenue	106,110	102,135	100,268	107,053	101,021
Operating expenditure	97,729	96,766	98,543	98,510	99,182
Surplus before tax	8,381	5,369	1,725	8,543	1,839
Income tax	–	–	–	–	–
Net surplus after tax	8,381	5,369	1,725	8,543	1,839
Movement in equity reserves	555	–	(1,063)	555	(1,063)
Total recognised revenue and expenditure	8,936	5,369	662	9,098	776
Equity at the beginning of the year	731,586	731,660	730,924	732,222	731,446
Equity at the end of the year	740,522	737,029	731,586	741,320	732,222

\* Group is a term used in Council's financial statements to describe Council and its subsidiary companies combined.

## Cash flows

The following table summarises how Council and the Group generated and used cash during the respective financial years.

In both years, large cash surpluses from operating activities were invested in the city's assets.

	Council			Group	
	Actual June 2006 \$000	Budget June 2006 \$000	Actual June 2005 \$000	Actual June 2006 \$000	Actual June 2005 \$000
Net cash flow from operating activities	31,858	26,803	20,281	32,250	20,482
Net cash flow from investing activities	(33,125)	(31,665)	(21,417)	(33,490)	(21,686)
Net cash flow from financing activities	899	4,911	2,932	899	2,932
Net cash flow for the year	(368)	49	1,796	(341)	1,728

## Financial position

**TABLE 4** provides a summary of the Council and Group financial position (that is what they own and owe) at the end of each financial year. There are only minor changes between years as a result of investment in several significant capital projects in 2006.

The Council's financial position remains in excellent shape with liabilities representing only 12% of total assets.

	Council			Group	
	Actual June 2006 \$000	Budget June 2006 \$000	Actual June 2005 \$000	Actual June 2006 \$000	Actual June 2005 \$000
Current Assets	17,189	11,343	17,794	17,220	17,935
Non-current assets	826,931	825,429	811,073	827,759	811,567
Total Assets	844,120	836,772	828,867	844,979	829,502
Current Liabilities	74,845	81,561	68,640	74,906	68,639
Non-current liabilities	28,753	18,182	28,641	28,753	28,641
Total Liabilities	103,598	99,743	97,281	103,659	97,280
Net assets/equity	740,522	737,029	731,586	741,320	732,222

### NOTES

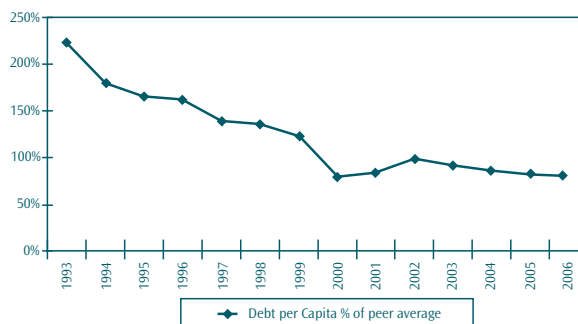
1. Part 6 s 98(b) of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.
2. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted on 8 August 2006.
3. 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 8 August 2006 has received a qualified audit report as the reported value for property, plant and equipment may be understated. A full copy of the financial report may be obtained from Council's offices.
4. This summary financial report has been examined by the auditor for consistency with the full financial report. A qualified auditor's report is included with this summary.

## Net Debt

This graph shows historical net debt levels per capita in comparison with Council's peers (other similar local authorities). It highlights the considerable success Council has had in reducing debt levels since 1993. At that time debt levels in Hutt City were more than twice the average for similar local authorities.

The increase in debt in 2002 was due to the unavoidable requirement to fund the construction of the wastewater treatment facilities at Seaview. Despite this, debt levels are now below the average of peer local authorities.

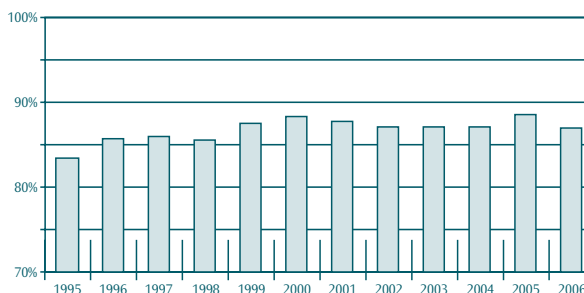
Council has a target of reducing net debt below \$60 million by 2010 and a long-term target of reducing net debt below \$30 million by 2015.



## Customer Satisfaction

Council monitors customer satisfaction levels with Council services annually by way of an independently conducted survey.

Council budgets to maintain satisfaction levels that are above the 84% average of Council's peers (other similar local authorities). Council also has a long-term target of achieving results regarded as best practice which is above 90%.



# Audit Report

## To the readers of Hutt City Council and Group's Summary Annual Report for the year ended 30 June 2006

*We have audited the summary annual report.*

### QUALIFIED OPINION

In our audit report to the readers of Hutt City Council (the City Council) and group's financial statements dated 7 August 2006, we expressed the following qualified opinion:

"As stated in the accounting policies, the City Council and group recognises its land and buildings and certain infrastructural asset classes at fair value. Financial Reporting Standard No. 3 Property, Plant and Equipment requires entities that recognise classes of property, plant and equipment at fair value to carry out revaluations with sufficient regularity to ensure that revalued property, plant and equipment is not included at a value that is materially different to fair value.

There are reliable indicators based on Quotable Value Limited, Statistics New Zealand and Land Transport New Zealand indices that there is likely to have been a material increase in the value of land and buildings and infrastructural asset classes. However, the City Council and group has not carried out a revaluation and we are unable to determine the amount of the adjustment required.

In our opinion:

- except for the effect of the departure from Financial Reporting Standard No. 3 as outlined above, the financial statements of the City Council and group:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the City Council and group's financial position as at 30 June 2006.

In our opinion:

- the financial statements of the City Council and group fairly reflect the City Council and group's results of operations and cash flows for the year ended 30 June 2006;
- the service provision information of the City Council and group fairly reflects the levels of service provision as measured against

the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and

- the City Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report."

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 information reported in the summary financial statements complies with FRS-39: Summary Financial Reports and is consistent with the full financial statements from which it is derived.

### BASIS OF OPINION

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which include New Zealand Auditing Standards. Other than in our capacity as auditor, and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the City Council or any of its subsidiaries.

### RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

**L Desborough** AUDIT NEW ZEALAND  
On behalf of the Auditor-General  
Wellington, New Zealand

15 AUGUST 2006



*Back row*

Councillor Ray Wallace JP (I)  
Wainuiomata Ward

Councillor Tracey Pollard (I)  
Wainuiomata Ward

Councillor Angus Finlayson JP (CV)  
Northern Ward

Councillor Christopher Milne (OCOF)  
Central Ward

Councillor Ross Jamieson JP (I)  
Harbour Ward

Councillor Julie Englebretsen (H)  
Northern Ward

Councillor Margaret Cousins JP (I)  
Western Ward

*Front row*

Councillor Deborah Hislop (CV)  
Central Ward

Councillor Roger Styles (OCOF)  
Eastern Ward

David Ogden  
Mayor JP (OCOF)

Councillor Joy Baird JP (I)  
Harbour Ward

Councillor Glenda Barratt (CV)  
Eastern Ward

(I) Independent

(CV) City Vision – Terris’ Team

(H) Hutt 20/20

(OCOF) Our City, Our Future

**CONTACT US**

**Registered Office**

Address: Hutt City Council,  
30 Laings Road,  
Lower Hutt

Postal Address: Private Bag 31 912,  
Lower Hutt

Telephone: (04) 570 6666  
or 0800 HUTT CITY

Facsimile: (04) 569 4290

Email: [contact@huttcity.govt.nz](mailto:contact@huttcity.govt.nz)

Website: [www.huttcity.info](http://www.huttcity.info)

**Vision for Hutt City**

A great place to live, work and play.

To achieve this, Council has set key goals including:

- A vibrant, diverse city
- Accessible, high-quality leisure activities/facilities
- Connected, safe, healthy communities
- Affordable, sustainable, accessible, high-quality services
- Strong, enterprising, diverse economy
- Clean, healthy, attractive, sustainable environment.

Council takes into account the principles of the Treaty of Waitangi and values a sincere partnership with Mana whenua.

