

# Mahere Pae Tawhiti | 2021 – 2031

## Long Term Plan





# Rārangi upoko | Contents

Nau mai	3	Welcome
	5	Stepping through this document
	6	Independent Auditor's Report

## Section A — Whakarāpopototanga | Overview

10	Purpose of the Long Term Plan
11	Our vision
12	Strategic drivers
16	Our priorities for this LTP
17	Consultation and feedback
23	The numbers (financial summary)

## Section B — Ngā manahau whakatōpū | Groups of activities

29	Introduction
31	Leadership
38	Community and recreation
48	Economic development
55	Water Supply
61	Wastewater
67	Stormwater
73	Land transport
80	Sustainability
87	Planning and regulatory

**Section C — Ngā rautaki me ngā ahumoni | Strategies and financials****95** Financial Strategy**104** Benchmarks**111** Infrastructure Strategy**180** Financial Statements**Section D — Ngā whakapae me ngā kaupapa here | Assumptions and policies****226** Significant forecasting assumptions**238** Revenue and Financing Policy**265** Significance and Engagement Policy**277** Policy statement on CCOs**Section E — Ērā atū pārongo | Other information****286** Upper Hutt**289** Upper Hutt City Council**292** Glossary



# Nau mai | Welcome

He mea whakawhanake, he mea whakaahu hoki tēnei Mahere Pae Tawhiti i raro i ngā huringa o te wā. Kua tino huri ngā whakahaerenga ōhanga o te ao, o te motu anō hoki i ngā ākinga nui o te KOWHEORI-19, anei, kua tau mai, ā, e rere tonu nei i te ao. Ahakoa kāore i pērā rawa te kaha o te ngau o tēnei mate i konei, i Aotearoa, e ai ki tā ngā matapaetanga i kī mai ai, ka āhua roa tonu te pāngia mai o tātou me ā tātou anō whakahaere e ngā āhuatanga ka pupū ake i tāwāhi.

Hei āpiti atu, kua tīmata tā te Kāwanatanga whakatutuki i āna awhero nui i roto i ngā wāhi o te tukuhanga o ngā ratonga a Three Waters, te Ture Whakahaere Rawa, otirā, te arotakenga 'Future of Local Government' kātahi anō ka puta mai. Me uaua ka kore e pāngia nuitia te āhua o ngā kāwanatanga ā-kāinga me ngā ratonga ka tukuna e ngā Kaunihera hei ā raurangi rā e ēnei panonitanga.

Nō ērā āhuatanga e rērere ana i te takiwā, me te kore o tātou e kite, e matapae rānei he aha kei tua, ko ngā kaupapa matua e ārahi ana i tēnei mahere ko te whai kia tipu, kia toitū, kia pakari hoki ō tātou hapori ahakoa rā te aituā ka tūponotia e tātou, aituā ā-taiao nei, aituā ā-wheori nei rānei. Ahakoa ngā tini āheinga ka puta i tā tātou aro ki te tipuranga, ka ngāngahu hoki te kitea atu me maha ake ngā whare noho, ngā hanganga ā-taone mō tēnei taupori e tipu haere nei, otirā, ngā rawa e tika ana mō tētahi taone ngangahau. Me mātua aro hoki tātou kia toitū te karawhiu, kia iti hoki te utu o ngā mahi, kia kore ai hoki e ngaro ētahi o ngā tino wāhanga o tō tātou taone e aroha nuitia ana.

Nō reira, ko ngā aronga matua o tēnei Mahere Pae Tawhiti, ko te whakangao atu i ngā pūtea ki ngā hanganga matua o te taone, ki ngā waka me te wai. I roto i te 10 tau, ka whakapaua te nuinga o ngā moni tōpū ki ēnei wāhi, tōna \$240 M. He moni hoki ka whakapaua hei whakahou i ētahi whare e tika ana mō tētahi taone e tipu nei, e aro nei ki te whānau, e whakaaro nei hoki ki te āpōpō, pēnei i te whakahoutanga o H<sub>2</sub>O Xstream, o Maidstone Community Sports Hub, me tētahi Community Hub.

This Long Term Plan has been developed and shaped under the influence of change. COVID-19, which has had a significant disruptive effect on global and national economies, has been and is still around. Although, the brunt of this pandemic here in New Zealand has not been as severe as originally predicted, our country and economy will continue to be impacted by the situation in other countries for some time to come.

Additionally, the Government has embarked on an ambitious reform agenda in the areas of the delivery of Three Waters services, the Resource Management Act and the recently announced 'Future of Local Government' review. The change that could flow from these reforms will potentially be considerable in terms of the responsibilities of local government and the services that Councils will be delivering in the future.

While all of that is going on with indirect and somewhat unclear impacts, the more direct drivers for our planning are growth, sustainability, and building resilience in our communities to natural or pandemic type disasters. While growth will bring opportunities, it also brings into sharp focus the need for sufficient housing, infrastructure to meet the growing population and facilities expected of a vibrant city. These have to be catered for in a sustainable and affordable manner and without compromising some of the key aspects of our city that we hold dear.

Our priorities therefore, for this Long Term Plan, are investment in our core infrastructure of transport and waters. This is where the majority of our capital expenditure is aimed, of nearly \$240 M over the next 10 years. We have also planned renewals and upgrades to facilities that a growing, family focussed, future thinking city needs like redevelopment of H<sub>2</sub>O Xstream, Maidstone Community Sports Hub, and a Community Hub.

Ko te whāinga kia whakaūngia ētahi kaupapa toitū rerekē, nō reira, ka whakapaua te \$20 M i roto i te 10 tau ki te whakatū hanganga mō te hiko me te eke paihikara. Ka whai tonu mātou ki te whakawhanake i ngā putanga ohaoha me te whakapai ake i te pokapū o te taone, ā, ka whakahaeretia tonutia ngā kaupapa me ngā ratonga e whai hua ana, e whai tikanga ana ki ngā hiahia ā-oranga hapori, ā-oranga ahurea hoki o ngā kainoho—pēnei i ō tātou kaitiaki whare pukapuka, ngā akoranga korikori, tākaro anō hoki, te mahi tahi ki ngā rōpū o te hapori, hei whakahua noa i ētahi.

I tohaina e mātou ā mātou whakaritenga me ā mātou tono ki a koutou, me te aha, tōna 1,000 ngā whakahokinga kōrero, whakaaro hoki mai i a koutou katoa. Nā konei a mihi e rere atu nei ki a koutou. He mea nui ā koutou kōrero i roto i te whakaahu, te whakaū hoki i ngā whakaritenga mō āpōpō. Ka tau ō mātou mauri ki ā mātou i whakatau ai i te mōhio e whakahoki kōrero mai ana tētahi wāhanga nui o ngā tāngata e noho ana i konei.

Ko ngā wāhanga matua i kōrerohia mai e koutou i ā koutou whakahokinga e aro atu ana ki ngā whakaritenga me te tukunga o ngā hanganga ā-taone, te noho toitū me te noho mataara, te tiaki taiao me te pokapū o tō tātou taone. Nā konā i mōhio ai e tika ana ngā whāinga matua e arohia ana mō te 10 tau e tū mai nei.

Kua whakarite anō mātou i tētahi mahere e aro atu ana ki ngā manako o nāianei, o āpōpō hoki o tō tātou taone, engari i runga i te āta whakaaro ki ngā pūtea e whakapaua ana. Kua piki ake te utu taurite o ngā rēti mō te 10 tau e tū mai nei ki te 4.8% i ia tau. Ahakoa he nui ake tēnei i ngā Mahere Pae Tawhiti o mua, he mea nui te arotau, te āta penapena hoki i ō tātou pūtea, kia kore ai ngā reanga o āpōpō e mate ki te utu pire, te whakanui utu hoki.

E hihiko ana i ngā kaupapa kei mua i te aroaro o tō tātou taone, ā, e hiamō ana mātou ki te kōkiri i ngā mahi mā te Kaunihera, me kore e noho hei wāhi papai mō ngā whānau, hei wāhi noho, wāhi mahi, wāhi tākaro hoki.

We plan to implement various sustainability initiatives including spending about \$20 M on walking and cycling infrastructure over the next 10 years. Economic development of our city and enhancing the vibrancy of our city centre will continue to be our focus and we will continue with initiatives and services that are key contributors to the social and cultural wellbeing of our residents—like our libraries, active and play programmes, working with community groups, to name a few.

We shared our plans and proposals with you and received a record number of nearly 1,000 submissions with your thoughts and feedback. For this we want to extend our sincere thanks. Your feedback is valuable in shaping and confirming our plans for the future. It helps us in our decision making when we know that we are hearing from a larger proportion of our residents.

The key areas of feedback through your submissions was about focussing on infrastructure planning and delivery, sustainability and resilience, environmental protection, and our city centre. It confirmed to us that we are on the right track with the priority areas we have decided for delivery over the next 10 years.

As always, we have worked on delivering a plan that is focused on meeting both the current and future needs of our city, but in a financially prudent manner. Our average rates increase over 10 years is 4.8% per annum. While this is higher than our past Long Term Plans, it is important that we steadily and optimally invest so that our future generations are not faced with backlogs and large increases.

We have exciting times ahead as a city and we look forward to continuing to deliver, as a Council, on our vision of being a great place for families to live, work, and play.



**Wayne Guppy**  
KOROMATUA | MAYOR




**Peter Kelly**  
TE TUMU WHAKARAE | CHIEF EXECUTIVE



# Stepping through this document

## SECTION A Whakarāpopototanga **Overview**



This section provides an overview of this Long Term Plan—the overarching outcomes drivers and feedback that have informed the development of this plan.

## SECTION B Ngā manahau whakatōpū **Groups of activities**



This section provides detail of the activities and services provided by Council—the key deliverables, how we measure performance, and the costs and funding required for our activities.

## SECTION C Ngā rautaki me ngā ahumoni **Strategies and financials**



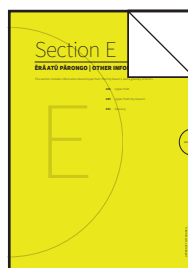
This section details how Council proposes to manage the funding it receives and spends on its operations throughout the Long Term Plan period. It also outlines how Council will perform against legislated benchmarks.

## SECTION D Ngā whakapae me ngā kaupapa here **Assumptions and policies**



This section includes policies that have guided our planning and decision-making as we developed this Long Term Plan.

## SECTION E Ērā atū pārongo **Other information**



This section includes information about Upper Hutt, the City Council and a glossary of terms.

# Independent auditor's report

## To the reader: Independent auditor's report on Upper Hutt City Council's 2021-31 long-term plan

I am the Auditor-General's appointed auditor for Upper Hutt City Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 29 June 2021.

## Opinion

In our opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 104 to 110 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

## EMPHASIS OF MATTERS

Without modifying our opinion, we draw attention to the following disclosures.

### Uncertainty over three waters reforms

Pages 14, 229 and 230 outline the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The plan was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the plan has been based.

### Uncertainty over the three waters asset renewals forecasts

Pages 128 and 155 outline that the Council continues to improve its asset condition information. The Council primarily uses aged based information to forecast its three waters asset renewals, which means there is a higher degree of uncertainty about how the Council prioritises its investment needs.

### Uncertainty over the delivery of the capital programme

Page 237 outlines that the Council is proposing to spend \$359 million on capital projects over the next 10 years. Although the Council is taking steps to deliver its planned capital programme, there is uncertainty over the delivery of the programme due to a number of factors, including the significant constraints in the construction market. If the Council is unable to deliver on a planned project, it could affect intended levels of service.

## Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;

- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

## Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

8

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

## Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.

**Andrew Clark**

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

# Section A

## WHAKARĀPOPOTOTANGA | OVERVIEW

This section provides an overview of this Long Term Plan (LTP). It describes the overarching framework under which this LTP has been developed, and the drivers and feedback that have informed our priorities and work.

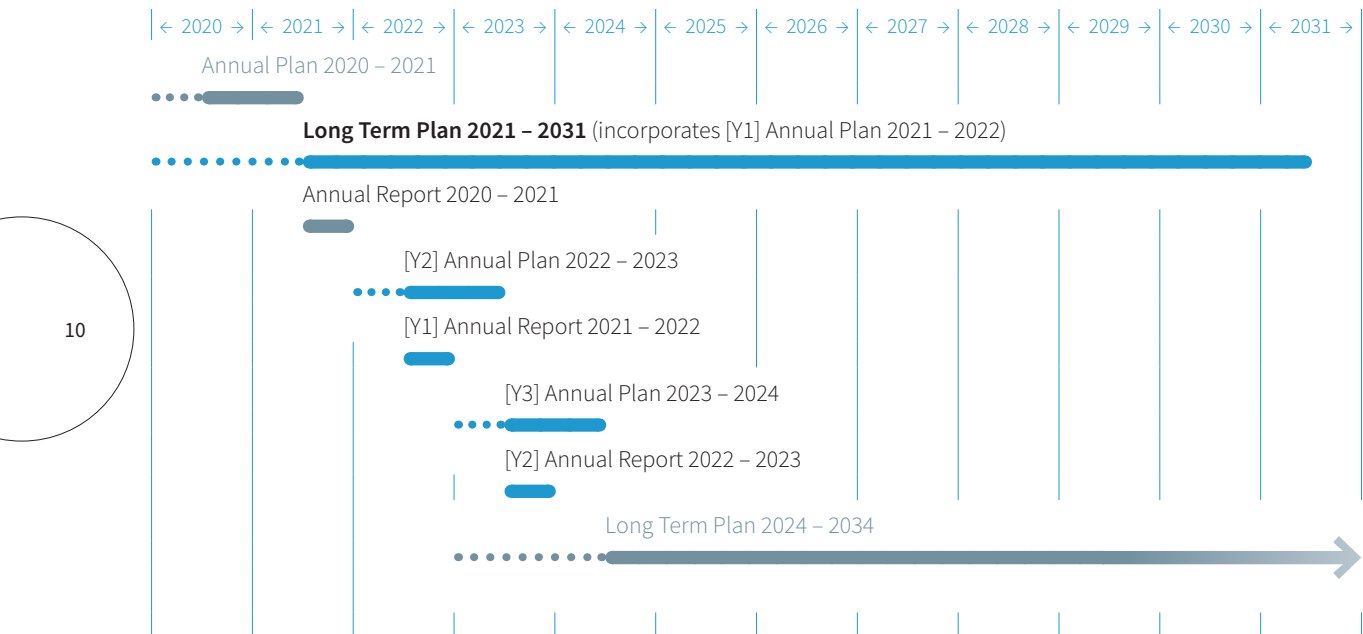
- 10 Purpose of the Long Term Plan
- 11 Our vision
- 12 Strategic drivers
- 16 Our priorities for this LTP
- 17 Consultation and feedback
- 23 The numbers (financial summary)



# Purpose of the Long Term Plan

Council has a wide range of responsibilities and we provide a variety of services to the community of Upper Hutt. To guide our activities and management of our financials and ratepayers’ money responsibly, we work to detailed plans. Our overarching plan is the Long Term Plan (LTP) which covers 10 years.

Council develops a LTP every three years (and an Annual Plan in the other two years). The LTP is aimed at providing a long term focus to Council’s activities and decision making. It outlines the activities Council plans to undertake, the cost of delivering these, and how they will be paid for.



This LTP 2021 – 2031 was shaped through a comprehensive 18 month process of engagement, planning, consultation, and decision making which will continue through the life of the plan. It outlines Council’s vision for the future and contains plans aimed at achieving that vision over time. It also highlights the challenges and opportunities facing

Council and our strategy to meet these over the next 10 years in each activity area.

In addition to setting our direction, this LTP sets out the basis for monitoring and evaluating, so we can report to our community on progress.

# Our vision

Our vision is the desired future state of our city—what we as a Council are aspiring to achieve for our city.

*We have an outstanding natural environment, leisure, and recreational opportunities, and we are a great place for families to live, work, and play.*

## Community outcomes

These are the outcomes we want for our community, in working towards our vision. These outcomes guide our activities, projects, and service levels.



### TAIAO Environment

We're immersed in natural beauty. We care for and protect our river, our stunning parks, and our natural environment.



### PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



### ŌHANGA Economy

We're a city of opportunity. We attract new investment and offer opportunities for people and businesses to prosper. Our city centre is alive, attractive, and vibrant.



### TŪĀPAPA Infrastructure

We have reliable and efficient networks and infrastructure that support our city.

# Strategic drivers

The drivers that have influenced Council's strategic thinking and planning process for this LTP are described below. They represent both opportunities to be pursued and issues that need to be addressed for Upper Hutt City, some of which are national and even global issues. Further details of these drivers are included in the Significant Forecasting Assumptions on page 226.

## COVID-19

All levels of New Zealand society are being significantly impacted as a result of COVID-19, causing social and economic disruption.

Upper Hutt's economy is highly concentrated around public services, with a low exposure to tourism related activities. The industries that contribute most to gross domestic product (GDP) are manufacturing (18.4%), public administration and safety (17.5%), followed by construction (7.3%). Therefore while the Upper Hutt economy has been, and will be impacted negatively by COVID-19, the structure of the local economy means that it is relatively stable, and looks to be resilient to the worst economic effects. However, support will be required to the prominent sectors of the economy to maintain their productivity and ability to deliver.

The social wellbeing of Upper Hutt residents has been detrimentally affected by COVID-19, particularly for the more vulnerable members of society. The number of people on Jobseeker Support has risen considerably to March 2021.

The need for welfare support, and housing availability and affordability has become more pronounced since the COVID-19 outbreak. A coordinated, multi-agency approach will need to be maintained over a sustained period to ensure efficient joint use of resources of Council and other agencies, targeted to areas of most need.

While it is difficult to predict how long this virus will continue to disrupt or the length of time recovery will take, we have assumed that the social, community, and economic impacts of COVID-19 will be felt for at least the first three years of this LTP. This has been considered across all of Council's planning and investment decisions over the next two to three years. We have placed emphasis on a wellbeing approach and have prioritised and targeted our short to medium term capital expenditure so that it acts as an economic stimulus for the city and for us to continue on initiatives that support the environmental, and social and cultural wellbeing of our residents.

## Climate change and sustainability

We are living in a time of changing climate, and Upper Hutt will—similar to all communities in New Zealand—experience the impacts of climate change such as decreased rainfall, extreme weather events, population increase, increased indigenous biodiversity management costs, and an increased

likelihood of flood events. Social and economic impacts are likely to be experienced in the longer term. Impacts such as community cohesion and wellbeing issues arising from the displacement of individuals and families, which can exacerbate inequalities in the community.

Sustainability and resilience will be a defining feature of the next decade. The community has a growing expectation that Council will engage and deliver on initiatives relating to climate change and sustainability. Transitioning to a sustainable, low-waste, low-emissions, carbon-neutral environment will be time and resource intensive. Actions will need to be balanced against affordability and carefully planned to ensure they are coordinated and a

measurement framework put in place to assess performance at regular intervals. We will monitor climate change, natural hazard, and emergency management related regulatory settings to adjust operations and policy throughout the Long Term Plan period. Building resilience into infrastructure has been factored in, resulting in increases to both infrastructure renewals and capital costs.

## A growing urban city

Our population, residential demand, and demand for commercial space is projected to grow over the next 30 years. Our latest forecasts show that growth will be considerably higher than the 2019 projection. Upper Hutt's growth rate is set to be one of the highest in the region, with the population forecast to increase by over 25,000 (55%) over 30 years.

A growing population has an impact on planning for and the provision of infrastructure, services, and facilities. This includes utilities, as well as open space and community facilities. Upper Hutt is facing a housing shortfall in the medium to longer term. Council will need to continue to use a number of tools to support equitable access to quality housing through its growth planning, regulatory tools, incentives, and advocacy for a broader range of housing typologies.

## Wellington Regional Growth Framework

The Wellington region is facing a number of housing and urban development, transport, and resilience challenges for the future. These challenges are regional issues that are best dealt with together and not individually. Many of these challenges cross local council boundaries and maximum benefits can be achieved from tackling these challenges together.

and an additional 100,000 jobs in the next 30 years. This would represent an additional 200,000 people living in the region. The current understanding is that 88% of housing growth is expected to come from areas identified in the WRGF of which nearly one-third is expected to be accommodated in the eastern corridor from Lower Hutt to Masterton.

The Wellington Regional Growth Framework (WRGF) is a spatial plan that has been developed by local government, Central Government, and iwi partners in the Wellington-Wairarapa-Horowhenua region. The WRGF has been developed to provide councils and iwi in the region with an agreed regional direction for growth and investment and to deliver on the Urban Growth Agenda objectives of the Government. The WRGF identifies how the region could accommodate a future population of 760,000

We will continue to work with other councils, Central Government, and iwi on the WRGF, and it aligns with our work being carried out on the District Plan Review and other infrastructure assessments.

# Changing policy and the legislative environment

## Three waters reform

In July 2020, the Government launched the *Three Waters Reform Programme*, intended to reform local government three waters service delivery arrangements, with its starting intention being to reform the services into a small number of multi-regional entities with a bottom line of public ownership. The exact size, shape, and design of these entities is still being worked through.

The design features under consideration for these water services delivery entities are for them to be:

- Of significant scale to enable benefits from aggregation.
- Publicly owned (maybe by a collective of Councils).
- Asset owning.
- Have protections against privatisation.
- Structured as statutory entities, with competency-based boards.
- Able to deliver drinking water and wastewater services as a priority (the approach to stormwater is still being determined).

We understand that local authorities will be asked to decide to participate in the new service delivery system (in consultation with their communities) by the end of 2021. We expect to engage with the community on any potential changes, once the Government provides details on the proposals.

Communities will need water supply, wastewater, and stormwater (three waters) services no matter who delivers them. In this LTP, we have planned for, and provided information on, the three waters services on a 'business as usual' basis given the lack of detail around any changes. The Infrastructure Strategy (for the next 30 years) and the Financial Strategy in this LTP have been prepared on this basis.



## Resource Management Act review

The Ministry for the Environment is undertaking a comprehensive review of the Resource Management Act 1991 (RMA). This is indicated to be a period of fundamental change to the legislative environment. The new framework is intended to be released in 2021 as a draft and become legislation in 2022. In addition, updated national direction for urban development and freshwater management which was gazetted in 2020 will impact on development capacity, further new national direction for

‘indigenous biodiversity’ and ‘highly productive land’ is intended to be in place in 2021.

Significant changes to policy or legislation on climate change response and the RMA, will significantly impact the policy and regulatory environment in which Council operates and could result in significant resource and financial implications for Upper Hutt City Council over the next 10 years.

## Local government review

In April 2021, the Minister of Local Government announced the establishment of a review into the ‘Future for local government’ as the traditional roles and functions of local government are in the process of changing. This review is part of the suite of reviews the Government is advancing to overhaul, along with the prior-mentioned three waters and the resource management system reviews that will reshape our system of local government. The overall purpose of the review, as a result of the cumulative changes being progressed as part of the Government’s reform agenda, is to identify how our system of local democracy and governance needs to evolve over the next 30 years, to improve the wellbeing of New Zealand communities and the environment, and to actively embody the Treaty of Waitangi partnership.

Significant changes to the local government system will no doubt impact Upper Hutt City Council, particularly in functions and partnerships, representation and governance, and funding and financing. Terms of reference for this review are available at [www.dia.govt.nz/Future-for-Local-Government-Review](http://www.dia.govt.nz/Future-for-Local-Government-Review).

The Minister has stated that the review will take place from April 2021 – 30 April 2023. An interim report is to be completed by 30 September 2021, signalling the probable direction of the review and key next steps. Since the review has recently been announced, we have not factored any matters that could result from the review in this LTP.





# Our priorities for this LTP

Our strategic priorities for this LTP, or the areas we want to focus on, are based on the strategic drivers. These influences are having, and will continue to have, an impact on our city and its people and the Council organisation. Importantly, our priorities are also based on our various conversations with our community, examples of which are: consultation on this LTP; development of the Sustainability Strategy; development of the Annual Plan 2020 – 2021; and residential and rural District Plan change discussions.

In response, given the current state of fast-paced and uncertain change, Council has sought to maintain a more flexible approach to longer term planning and we have focused initiatives and actions on the immediate and medium term in this LTP.

Our city is a growing urban centre and we all want it to thrive. Our focus over the 10 years of this LTP is on:

1

Investing in and upgrading the **infrastructure and facilities** needed for our growing city. We have factored building resilience into infrastructure. The projects and works we want to undertake are based on this need and aspiration. We have planned to a capital spend of \$238 M on our waters and transport infrastructure over the next 10 years which is 66% of our total capital spend.

2

**Growing sustainably** and delivering on our community's expectations that Council will lead initiatives to advance our Sustainability Strategy. We plan to work on reducing our carbon emissions to meet our target to be a carbon neutral organisation by 2035. We plan to invest in initiatives that support this focus like the establishment of a Sustainability Stimulus grant that will promote involvement of the local community on sustainability. We will monitor climate change, natural hazard, and emergency management related regulatory settings to adjust operations and policy throughout the Long Term Plan period.

3

Fostering the **wellbeing of our community and economy** and ensure we are resilient in the wake of COVID-19 (which we forecast will have an impact at least over the next 3 years). We will focus on economic and community co-design initiatives and programmes that support this priority. This includes programmes for youth, reduction of family harm, and the implementation of our Smokefree Policy objectives.

4

Continuing to work on developing a **vibrant and attractive City Centre**, which our community has told us repeatedly, is an important priority for this city. We will work in partnership over the first two years, with various stakeholders on planning future initiatives for the City Centre.

5

**Continuing to deliver** our 'business as usual' services which are the bedrock of service delivery to our community. Examples of these are dog control, resource and building consenting, libraries, arts and culture support through Whirinaki Whare Taonga, and maintenance of our parks and open spaces.



# Consultation and feedback

Long Term Plan consultation opened on 26 March and ran through to 26 April 2021. A 42 page 'Consultation Document' booklet was distributed to residential and post office mailboxes across the city. The booklet outlined our planned approach, income, spending, and key projects for the next 10 years. It included a Freepost submission form and a schedule of events during the consultation period.

We hosted 21 events during consultation to meet the community, answer questions, and hear the views of residents. Councillors and staff also made appearances at H2O Xstream, local train stations, and parks and playgrounds seeking feedback on our proposals for this Long Term Plan.

We promoted consultation through our website, radio, newspaper, and social media channels.

To gauge the effectiveness of our campaign we asked our online respondents how they found out about our consultation. Out of 472 responses to this question, 68% knew through the delivery of the Consultation Document in their mailbox, 11% through our online channels, 10% through word of mouth, and 4% through the newspaper.



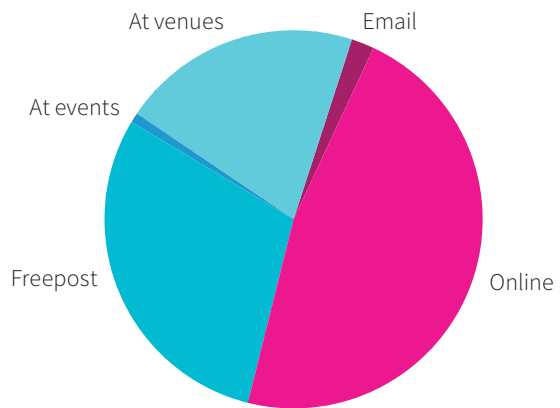
17



# Your feedback and our decisions

Our engagement approach focused on developing an engaging Consultation Document, meeting as many members of our community face to face, and being well-supported by our online presence. Our intention was to encourage participants to engage digitally as much as possible. We wanted to make it easy to source supporting information and provide a submission in one place, at the submitters' convenience. This approach has proven to be successful with 45% opting to reply online. Details of how submitters participated are shown in the following table and graph below. We were focused on increasing participation compared with prior years and had a 158% increase in participation from the LTP 2018 – 2028 consultation (this does not include anecdotal or informal feedback received through social media or other unofficial channels for feedback). This result will guide our development of future engagement plans.

Online submissions	435
Freepost form	275
Submission boxes at Council venues	190
Submission boxes at events	6
Email	17
<b>TOTAL SUBMISSIONS</b>	<b>973</b>

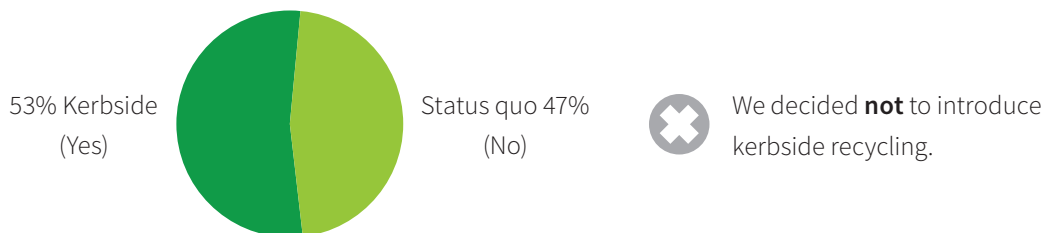


## The big questions

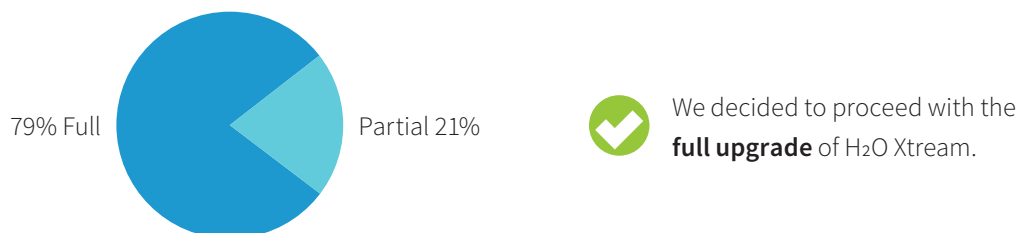
We sought feedback on four key projects along with six other proposals. Below is the summary of feedback we received along with our decision on each of them.

### PROJECTS

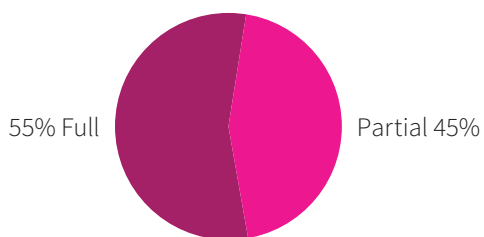
#### INTRODUCE KERBSIDE RECYCLING (912 responses)



#### H2O XTREAM UPGRADE (889 responses)

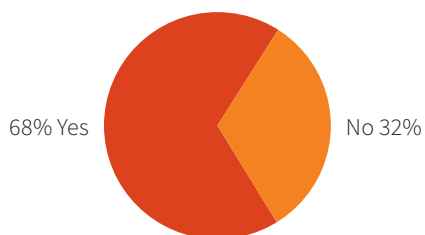


### CIVIC CENTRE UPGRADE (861 responses)



We decided to proceed with the **full upgrade** of the Civic Centre.

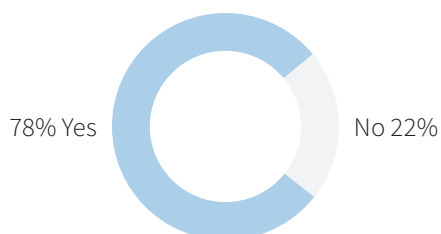
### INTRODUCE SUSTAINABILITY STIMULUS GRANT (860 responses)



We decided **to proceed** with the introduction of a Sustainability Stimulus Grant.

## PERFORMANCE MEASURES

### UPDATE PERFORMANCE FRAMEWORK (756 responses)



We decided **to update** our performance measures and targets with the following exception.

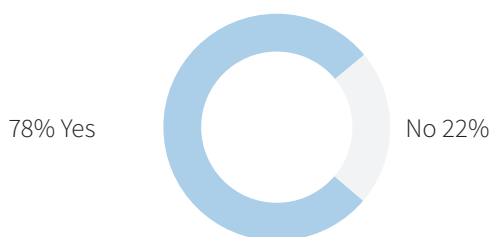
### CHANGES TO SOME WELLINGTON WATER TARGETS (839 responses)



We decided **not** to change the current timeframes for response and resolution to water network complaints (managed by Wellington Water).

## FEES AND CHARGES AND POLICIES

### UPDATE CHANGES TO FEES AND CHARGES 2021 – 2022 (733 responses)



We decided **to proceed** with changes to fees and charges for 2021 – 2022.

### UPDATE SIGNIFICANCE AND ENGAGEMENT POLICY (733 responses)



We decided **to proceed** with changes to our Significance and Engagement Policy.

### UPDATE RATES REMISSION AND POSTPONEMENT POLICY (751 responses)



We decided **to proceed** with changes to our Rates Remission and Postponement Policy.

### UPDATE REVENUE AND FINANCING POLICY (712 responses)



We decided **to proceed** with changes to our Revenue and Financing Policy.

We also decided to include an additional \$13.5 M in the Long Term Plan to meet the additional funding required for the development of Maidstone Community Sports Hub. This additional investment is required to ensure the facility is future-proofed for our community.

## Additional matters raised

The submission forms had an “Anything else?” section that asked submitters to provide any other feedback they wished to about the LTP or the work of Council. 512 submitters raised a variety of matters for Council’s consideration. The themes of the matters raised/comments made, and Council’s consideration of these, are as follows:

- ⦿ Council received requests for funding which Council considers are best applied for through the Community Grants Fund.
- ⦿ Council received requests to work in partnership with Council on various issues and matters. Council welcomes the opportunity to do so.

There were other matters raised that Council has noted for ‘Scheduled review.’ This means Council considers matters raised to be strategic in nature and could/should be investigated as part of a scheduled review of relevant strategic documents (e.g. Annual Plan, District Plan or other scheduled review of policies and/or plans).

- ⦿ Requests for the establishment of a dog exercise area in the city.
- ⦿ Council noted that the matter of Silverstream Spur will be subject to a separate consultation process.
- ⦿ Comments regarding the city centre, the Mall, economic development, and marketing ranging from improvements required to the appearance of the city centre, attracting tenants and more businesses and industry to the city, a desire for more variety in retail, and some asking for the establishment of a ‘farmers market.’ Most comments regarding the Mall related to a perceived lack of maintenance and empty shops.
- ⦿ It was noted that some submitters expressed concerns with the Pinehaven flood modelling, many in relation to development.
- ⦿ Generally supportive comments on Council, the LTP, the Consultation Document, and engagement process. Council is appreciative of the feedback and comments.
- ⦿ Council noted that concerns were raised regarding rates and debt, and has balanced affordability with the needs of the city.

You can find more information about the feedback we received in our Deliberations meeting agenda at [upperhuttcity.com/LTP21-31-Deliberations](https://upperhuttcity.com/LTP21-31-Deliberations) (PDF, 6 MB).

# Major projects in the pipeline

Below is a list of other significant projects we have budgeted for in the next 10 years.

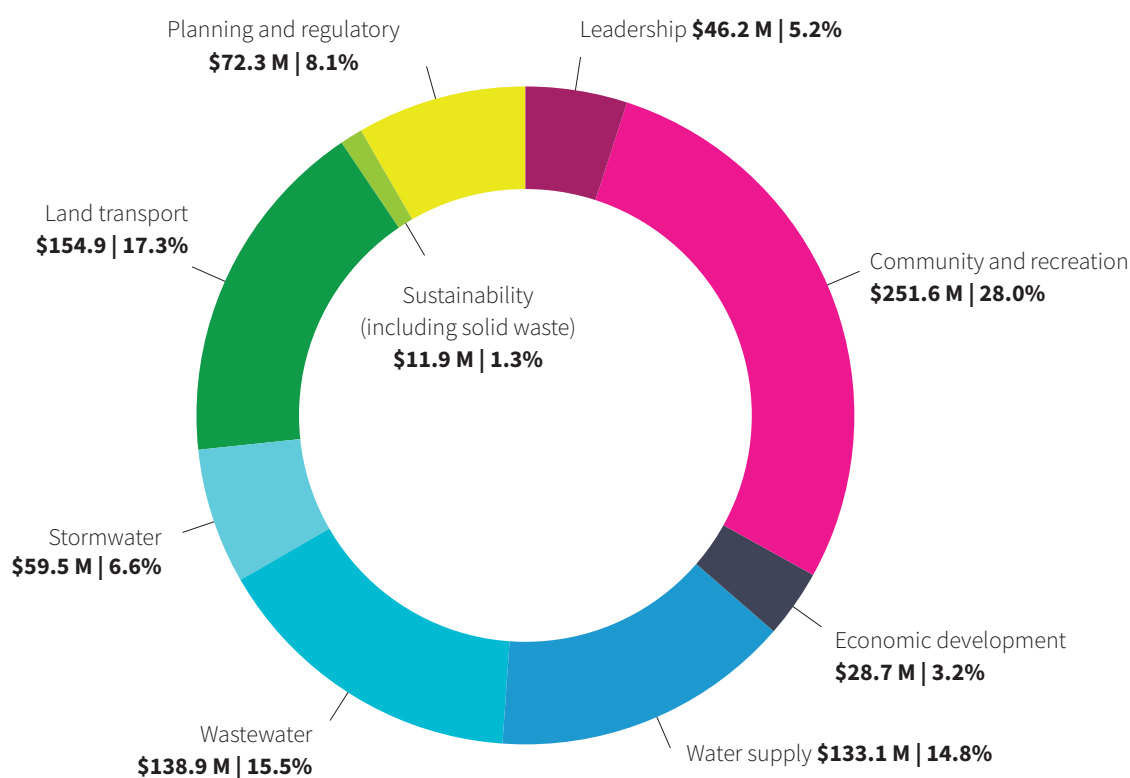
KEY INFRASTRUCTURE PROJECTS WE'RE PROPOSING TO DELIVER	COST	TIMEFRAME(S)
<b>Supporting growth and demand</b>		
Silverstream Bridge replacement	\$27.5 M	Y5, Y7 – Y9
Fergusson/Ward/Whakatiki intersections	\$4.7 M	Y2 – Y3
<b>Meeting changing expectations</b>		
Rural road high priority safety projects	\$19.2 M	Y1 – Y10
H <sub>2</sub> O Xstream upgrade	\$27.5 M	Y1 – Y2
Civic Centre upgrade	\$20.7 M	Y1 – Y3
Active mode transport programme	\$19.6 M	Y1 – Y9
Pinehaven stream	\$11.3 M	Y1 – Y2
Maidstone Community Sports Hub	\$30.1 M	Y1 – Y3
Fergusson/Gibbons/Main intersection	\$6.7 M	Y3 – Y4
Community Hub	\$6.0 M	Y4 – Y6
Akatārawa Cemetery redevelopment	\$3.7 M	Y1 – Y4
Widen Tōtara Park Bridge	\$2.4 M	Y1
<b>Maintaining existing assets</b>		
Renewals programme	\$100.5 M	Y1 – Y10
Wastewater joint venture programme (with Hutt City)	\$51.4 M	Y1 – Y10
Maidstone artificial turf replacements	\$2.0 M	Y1, Y3 – Y8, Y10
City centre paving revitalisation	\$4.2 M	Y1 – Y3

# The numbers (financial summary)

Decisions made on our proposals for the next 10 years flow through to financial implications for Council in how we allocate spending and expect to acquire funding for all the activities we are involved in.

## Where the money is going

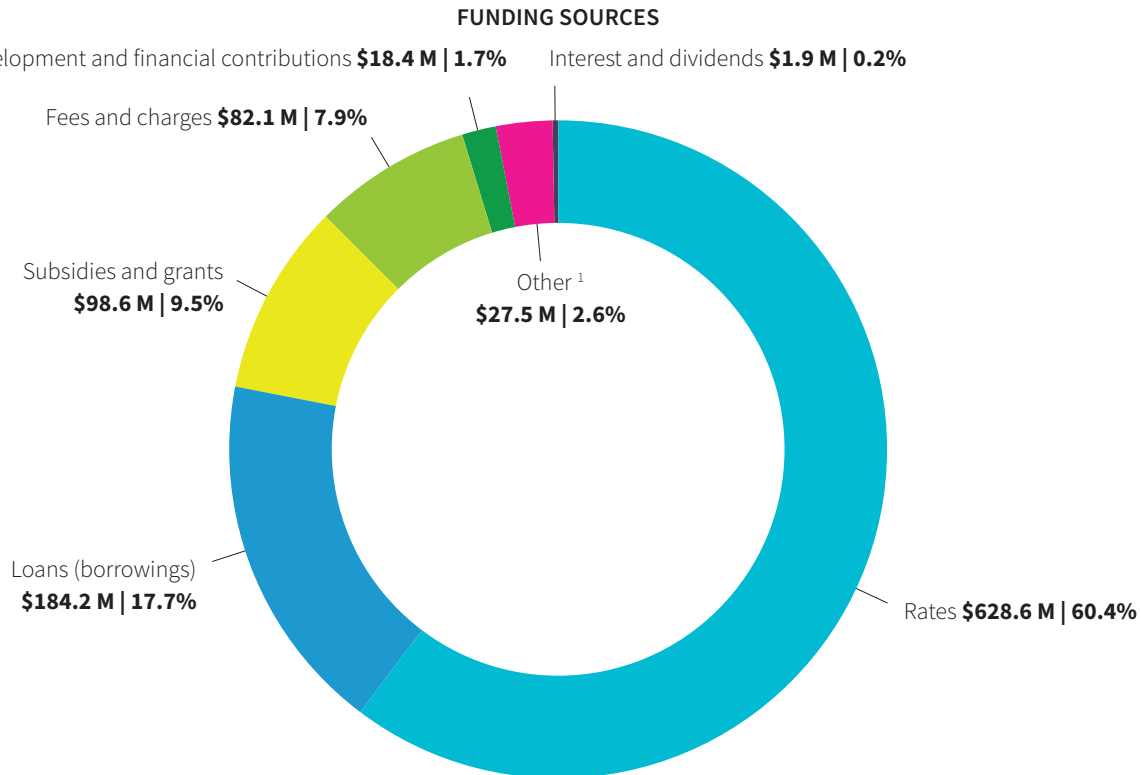
Council functions are arranged, planned for, and reported on under nine groups of activities. This graph shows the total operating expenditure, over the 10 years of the Long Term Plan, in each of these activity groups. The data is taken from our prospective statement of comprehensive revenue and expense (see page 188).





# Where the money is coming from

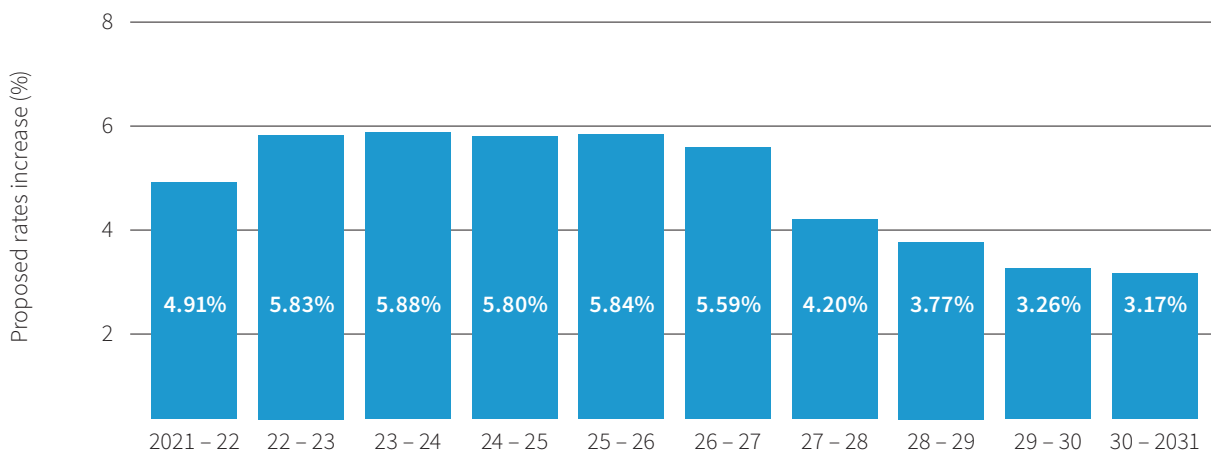
This graph shows our sources of funding over the 10 years of the Long Term Plan.



## Rates

Costs in the local government sector often increase at a higher rate than inflation, which is largely influenced by the costs of construction and infrastructure. We're proposing a limit on rates increases of 6% per year. This is a financially prudent increase that will allow us to maintain

or increase levels of service in some areas, and deliver on the key priorities we have identified for the coming 10 years. This graph indicates our proposed rates increases (percent), after taking growth into account, for the 10 years of this Long Term Plan.



1. Other revenue covers any revenue that does not fit into the six preceding categories. Other revenue includes (but is not limited to) reserves, lump sum contributions, local authority fuel tax, fines, and infringement fees.

## RATES ON SAMPLE PROPERTY VALUES

The following tables include indicative rates (for 2021 – 2022) based on the capital value (CV) of residential, business, and rural properties. These figures assume one pan charge (for residential and business) and are exclusive of GST.

Please note that Upper Hutt City Council also collects rates on behalf of Greater Wellington Regional Council (GWRC) which are not included in the figures below, but will be added to your rates invoices.

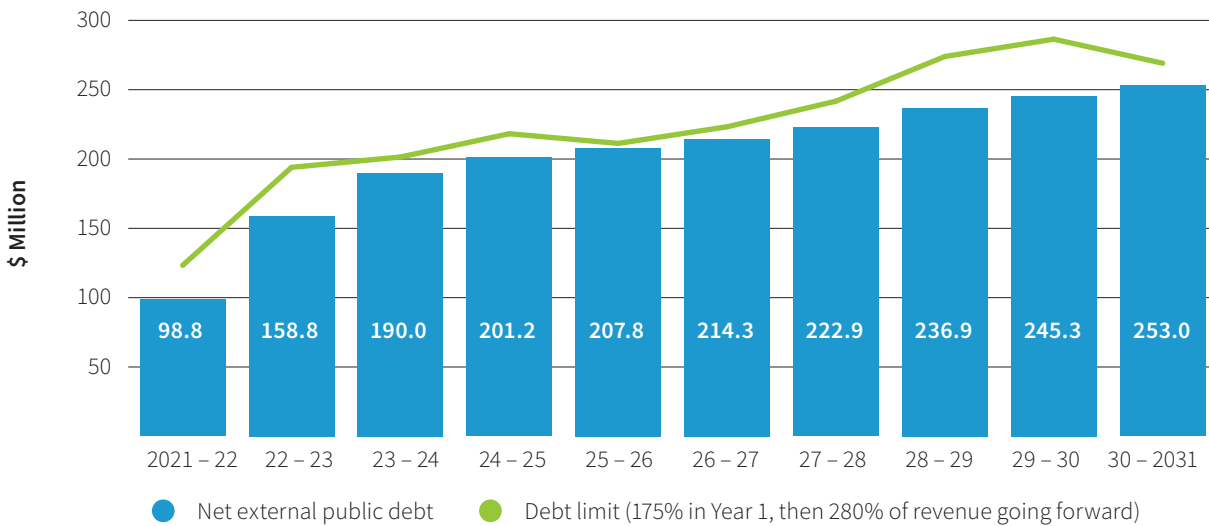
RESIDENTIAL RATES 2021 – 2022 (\$ BY CV)	350,000	550,000	750,000	950,000	1,150,000
General rates	851	1,338	1,824	2,310	2,797
Water supply—uniform charge	326	326	326	326	326
Water supply—fire protection	68	107	147	186	225
Stormwater	84	133	181	229	278
Wastewater	466	466	466	466	466
<b>TOTAL INDICATIVE RATES (UHCC ONLY)</b>	<b>1,796</b>	<b>2,369</b>	<b>2,943</b>	<b>3,517</b>	<b>4,091</b>
Total Indicative rates from previous year (2020 – 2021)	1,770	2,305	2,841	3,378	3,913
<b>Increase/decrease—per week</b>	<b>0.49</b>	<b>1.24</b>	<b>1.97</b>	<b>2.67</b>	<b>3.42</b>
BUSINESS RATES 2021 – 2022 (\$ BY CV)	350,000	550,000	750,000	950,000	1,150,000
General rates	2,469	3,879	5,290	6,700	8,111
Water supply—uniform charge	326	326	326	326	326
Water supply—fire protection	68	107	147	186	225
Stormwater	118	186	253	321	389
Wastewater	466	466	466	466	466
<b>TOTAL INDICATIVE RATES (UHCC ONLY)</b>	<b>3,447</b>	<b>4,964</b>	<b>6,481</b>	<b>7,999</b>	<b>9,516</b>
Total Indicative rates from previous year (2020 – 2021)	3,256	4,642	6,029	7,415	8,801
<b>Increase/decrease—per week</b>	<b>3.67</b>	<b>6.19</b>	<b>8.70</b>	<b>11.22</b>	<b>13.74</b>

RURAL RATES 2021 – 2022 (\$ BY CV)	350,000	550,000	750,000	950,000	1,150,000
General rates	638	1,003	1,368	1,733	2,098
<b>TOTAL INDICATIVE RATES (UHCC ONLY)</b>	<b>638</b>	<b>1,003</b>	<b>1,368</b>	<b>1,733</b>	<b>2,098</b>
Total Indicative rates from previous year (2020 – 2021)	557	875	1,193	1,511	1,829
Increase/decrease—per week	1.57	2.47	3.37	4.27	5.17

## Debt from loans (borrowings)

This graph illustrates the cumulative forecast net debt levels per year and compares them to our forecast debt limit. It demonstrates that we will be below our forecast debt limits for each year of the Long Term Plan.

DEBT LEVELS AGAINST DEBT LIMITS



# Ten years at a glance

As outlined on page 23, Council functions are arranged, planned for, and reported on under nine groups of activities. The dashboard below compares capital (capex) and operational (opex) expenditures, indicates the portion of our overall rates spend that the group uses, and compares where the funding comes from for each group. Note that in this case 'other' includes fees and charges, subsidies and grants, development and financial contributions, and funding from other agencies (such as Waka Kotahi NZ Transport Agency, GWRC, etc).<sup>2</sup>



- The data for these graphs is taken from the funding impact statement for each activity group (Section B, pages 36 to 93), and has been rounded to the nearest \$100,000 (\$0.1 M).
- Excludes sustainability initiatives funded under other activities such as Community and recreation (Council property).

# Section B

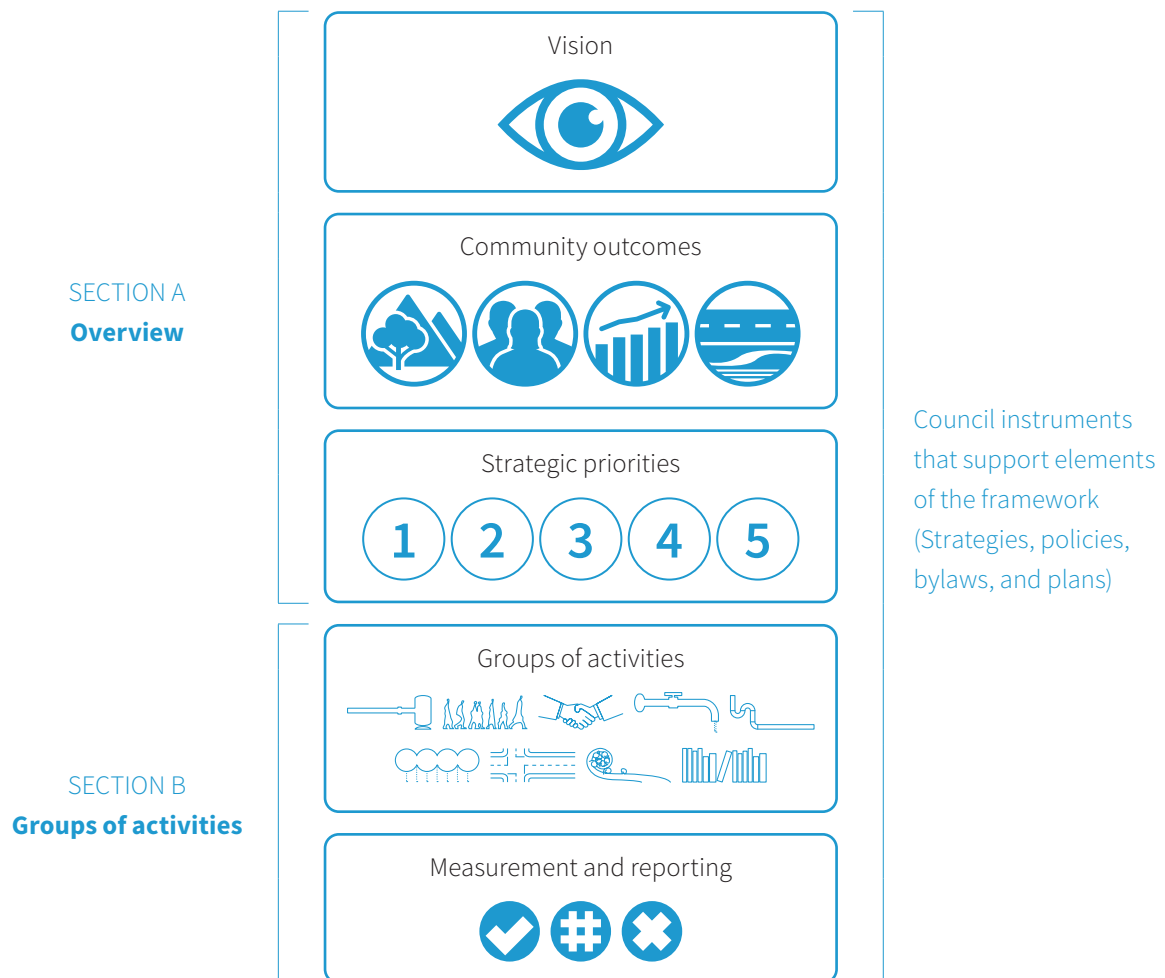
## NGĀ MANAHAU WHAKATŌPŪ | GROUPS OF ACTIVITIES

This section provides detail of the activities and services provided by Council—the key deliverables, how we measure performance, and the costs and funding required for our activities.

29	Introduction
31	Leadership
38	Community and recreation
48	Economic development
55	Water supply
61	Wastewater
67	Stormwater
73	Land transport
80	Sustainability
87	Planning and regulatory

# Introduction

Council carries out a number of activities and functions, aimed at achieving our vision and community outcomes, in response to the needs and aspirations of our community, and in order to meet our statutory responsibilities. This overall framework is shown in the following diagram.



Council's activities and functions are arranged under nine main groups of activities (or activity groups).



Leadership



Community and recreation



Economic development



Water supply



Wastewater



Stormwater



Land transport



Sustainability



Planning and regulatory

# Elements of the groups of activities

In this section, for each activity group we describe:

- The community outcomes that the activity group contributes to.
- What we do and why we do it.
- Effects on the community—any significant potential negative effects.
- What we have planned—our focus for the activity group, key projects, programmes, and services.
- How the performance of the activity group is measured (see performance framework).
- Financial forecasts for the activity group.<sup>1</sup>

## Performance framework

In order to manage and monitor the non-financial performance of our activities, the work programmes undertaken, and to ensure efforts contribute to our purpose and community outcomes, we have developed a performance framework. The performance framework describes:

- **Levels of service:** what the community can expect Council to provide.
- **Performance measures:** how success or progress will be measured.
- **Performance targets:** the level of performance that Council is aiming for. Targets are noted in detail for the first three years of the LTP, and combined for Years 4 – 10.

## Monitoring and reporting

There are 66 measures in total across our nine activity groups. 18 are mandatory measures, covering aspects of water supply, wastewater, stormwater, and land transport activities, which the Department of Internal Affairs requires councils nationwide to report on.

Through our LTP development, we have reworded some of our existing level-of-service statements, and refocused some of the measures we report against. This has not resulted in any change to the actual levels of service we are delivering to the community.

We have introduced sustainability performance measures to the framework, that were previously internally monitored, as they contribute to goals laid out in our Sustainability Strategy 2020, and will help us monitor progress towards those goals.

Both the financial and non-financial performance of Council is monitored regularly and reported to the Finance and Performance Committee, and through the Annual Report of Council.

1. The Annual Plan figures stated in the funding impact statements ('How we pay for it') by activity group will not align with the Annual Plan 2020 – 2021 due to the Annual Plan's 'What it will cost' tables being in a different format from the funding impact statements in this LTP.



# Leadership

The outcomes this activity group contributes to are:



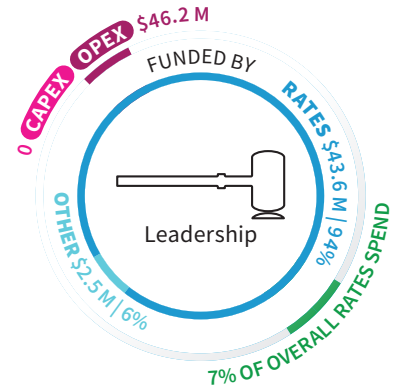
## PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



## ŌHANGA Economy

We're a city of opportunity. We attract new investment and offer opportunities for people and businesses to prosper. Our city centre is alive, attractive, and vibrant.



## What we do

The purpose of local government in New Zealand is to promote the wellbeing of communities in the present and for the future. This group of activities is about providing leadership for the community, advocating on its behalf and enabling democratic decision-making in which the community is fully involved.

- Governance and advocacy
- Strategy and policy
- Communications and engagement
- Partnerships

## Governance and advocacy

Governance and advocacy represents the decision-making function of elected officials and the processes surrounding it. With the support of committees, and council officers, the elected Mayor and councillors set Council's direction and

work programmes and monitor and review the organisation's performance. The majority of our democracy services are set in law with processes that ensure each community is fairly represented.

## Strategy and policy

Strategy and policy involves establishing our strategic direction via policies, strategies, bylaws and plans. These are developed to address the top priorities facing our community. Whilst the work within this activity is carried out to address local issues or to achieve desired outcomes, we

also have a legal obligation to develop and review some mandatory policies, strategies and plans and to report on these. Our work within this activity is particularly affected by new and proposed national as well as regional policy and legislation changes.

## Communications and engagement

Communications and engagement is about the provision of timely and accurate information and creating meaningful opportunities for community involvement in our decision-making processes.

The work in this activity group aims to ensure the public is well informed and actively encouraged

to engage with Council. This involves developing plans and materials to engage with the community, monitoring media trends like online services and social media and making it easier for our residents and customers to do business with us or participate in our processes.

## Partnerships

We develop and foster productive partnerships and relationships with our stakeholders—which are many and varied—and promote our city and its needs and aspirations.

## Partnership, participation, and protection of Māori contributions to decision-making

We are guided by a legal framework that includes provisions for Māori. These statutory obligations may be the foundations for organisational policy and delivery but, on their own, they don't adequately emphasise the importance of Te Tiriti o Waitangi (Te Tiriti), partnership with Māori, and the critical value that this unique relationship can bring to the city.

It is our aspiration to embrace and incorporate the principles of Te Tiriti o Waitangi in our policies and practices, to be aware and responsive to Māori needs and aspirations, and to fulfill our obligations under the principles of Te Tiriti. Our aim is to ensure we have the right relationships and processes in place to enable partnership with Māori, effective participation, and a shared decision-making focus. This includes meaningful, timely, and inclusive engagement at all levels to ensure we're thinking about the role of Māori in the planning and delivery of our work programmes and the equitable resourcing for this, in line with our obligations to Māori.

In line with this thinking, we have initiated conversations to formalise our relationships with Port Nicholson Block Settlement Trust (Taranaki Whānui ki te Upoko o te Ika a Māui), and Te Rūnanga o Toa Rangatira Incorporated. Initially we hope to establish memoranda of partnership agreements that will provide a basis for investigating and

working toward streamlining and strengthening Māori-Council engagement. This will enable us to develop an agreed programme toward improved engagement and effective participation in Council decision-making processes.

Further to these Te Tiriti entities, and given the complexity of the tribal landscape, in addition to taurāhere/mātāwaka groups (Māori living in the Upper Hutt region whose ancestral links lie outside of the region), we are committed to formalising relationships with the Wellington Tenth Trust, Palmerston North Māori Reservation Trust, Te Rūnanganui o Te Atiawa ki te Upoko o Te Ika a Māui Incorporated, and Ōrongomai Marae.

We have a longstanding relationship with Ōrongomai Marae, and their guidance on matters of importance to Māori in this region has been invaluable to our work. As this city's only marae, Ōrongomai Marae is a mātāwaka marae, and representative of the many tribal affiliations of all who live in this region. We are represented on the Committee Trust of Ōrongomai Marae by His Worship the Mayor, to ensure that both groups are actively engaging with one another.

# Why we do it

Our role is to lead and represent the Upper Hutt community. We are required to engage with the community, and encourage community involvement in decision-making, with specific requirements for Māori involvement. With consideration to the needs

of current and future residents, we strive for the right balance between continuously improving the city, listening and responding to community needs and aspirations, complying with government legislation, while maintaining affordable services.

## Key legislation, strategies, policies, and plans that guide our work

- Te Tiriti o Waitangi
- Local Government Act 2002
- Local Government Official Information and Meetings Act 1987 (LGOIMA)
- Our Sustainability Strategy 2020
- Local Electoral Act 2001
- Local Government Rating Act 2002
- Financial Reporting Act 2013
- Our Financial Strategy
- Our Revenue and Financing Policy
- Our Significance and Engagement Policy
- Te Ture Mō te Reo Māori (Māori Language Act) 2016



# Effects on the community

## SIGNIFICANT POTENTIAL NEGATIVE EFFECTS

## OUR RESPONSE

Some decisions made for the benefit of the wider community may potentially negatively affect the wellbeing of some individuals and groups within the community.

Council seeks to ensure that it adequately weighs up the demands of the different interest groups and makes decisions that will be in the best interests of the community as a whole.

Council also follows the guidance provided by the Local Government Act 2002 on conducting transparent consultation and will engage and consult with affected groups and individuals where possible in accordance with the Significance and Engagement Policy.

Community disengagement from the decision-making processes of Council.

Council aims to facilitate community participation in decision-making by providing information through multiple channels, ensuring governance processes such as meetings and hearings are accessible, and by engaging and consulting with affected groups and individuals in accordance with the Significance and Engagement Policy.

Council expenditure and the costs of paying for services may be unsatisfactory to some people.

Council applies prudent financial management to minimise rate and fee increases. Council will engage and consult with affected groups and individuals where possible in accordance with the Significance and Engagement Policy.

## What we have planned

- Annual Plans for each year, with public engagement or consultation on any variance that might arise against what was planned in the Long Term Plan for that financial year.
- Annual Reports to communicate, and be accountable for, the work we do.
- Development of strategies, bylaws, and policies.
- Increased engagement with Māori, and the wider community, in regard to participation in decision-making processes.
- Contribution to community groups through our Community Grants Funding Scheme.
- Facilitating the Local Body Elections in 2022.
- Pre-election Report.
- Development and review of Long Term Plans.

# Measuring our progress

We use the following five measures to determine our success against the level of service we aim to provide. The first four measures have been in place over the last three years. We've introduced the fifth measure to track our progress in communicating and engaging with our community.

**LEVEL OF SERVICE:** Upper Hutt City Council has a positive reputation, is fit for purpose, capable, and serves the city effectively and efficiently.

## 1 Satisfaction with Council in terms of leadership, trust, and effective management

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	74%	80% <sup>2</sup>	≥ previous year	≥ previous year	≥ previous year	Community Survey

## 2 Council rates, and fees for other services are perceived to have value for money

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Affordability	59%	60%	≥ 65%	≥ previous year	≥ previous year	Community Survey

## 3 Overall satisfaction with Council's services, infrastructure, and facilities

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	81%	80% <sup>2</sup>	≥ 80% <sup>2</sup>	≥ 80% <sup>2</sup>	≥ 80% <sup>2</sup>	Community Survey

## 4 Satisfaction with the overall performance of our Mayor and Councillors

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	68%	70% <sup>2</sup>	≥ 70% <sup>2</sup>	≥ 70% <sup>2</sup>	≥ 70% <sup>2</sup>	Community Survey

## 5 **NEW** Satisfaction with the level of communication and engagement, and the channels we use

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	NA	70% <sup>2</sup>	≥ 70% <sup>2</sup>	≥ 70% <sup>2</sup>	≥ 70% <sup>2</sup>	Community Survey

2. Respondents are satisfied or very satisfied.



ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF CAPITAL FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	<b>Total sources of capital funding (C)</b>	0	0	0	0	0	0	0	0	0	0
<b>APPLICATIONS OF CAPITAL FUNDING</b>											
Capital expenditure											
0	to meet additional demand	0	0	0	0	0	0	0	0	0	0
0	to improve the level of service	0	0	0	0	0	0	0	0	0	0
0	to replace existing assets	0	0	0	0	0	0	0	0	0	0
1,000	Increase (decrease) in reserves	0	(300)	(300)	(300)	(300)	(300)	(300)	(300)	0	0
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
1,000	<b>Total applications of capital funding (D)</b>	0	(300)	(300)	(300)	(300)	(300)	(300)	(300)	0	0
(1,000)	<b>Surplus (deficit) of capital funding (C – D)</b>	0	300	300	300	300	300	300	300	0	0
0	<b>FUNDING BALANCE ((A – B) + (C – D))</b>	0	0	0	0	0	0	0	0	0	0

# Community and recreation

The outcomes this activity group contributes to are:



## PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



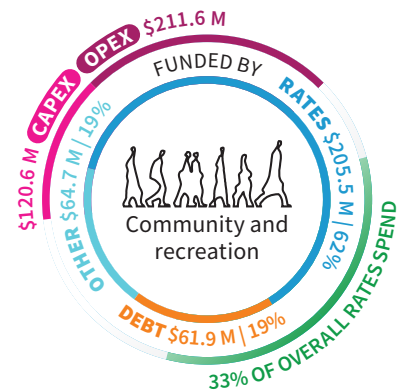
## TAIAO Environment

We're immersed in natural beauty. We care for and protect our river, our stunning parks, and our natural environment.



## ŌHANGA Economy

We're a city of opportunity. We attract new investment and offer opportunities for people and businesses to prosper. Our city centre is alive, attractive, and vibrant.



## What we do

This broad group of activities provides a number of initiatives and services that support the community; including facilities and associated programmes, recreation and leisure offerings, and community support.

- Community facilities
- Community development
- Emergency management
- Recreation services
- Parks and reserves

## Community facilities

We provide a range of services that are aimed at informing, inspiring, connecting and engaging the community through Ngā Puna Mātauranga o Te Awa Kairangi ki Uta (Upper Hutt Libraries) and Whirinaki Whare Taonga, our hub for arts, culture, and events. Along with H<sub>2</sub>O Xstream aquatic centre, these are the largest of our community facilities, enabling us to provide vital services to our community.



## Community development

We enable a caring, safe and healthy community by supporting community participation and connectedness, enhancing the capacity and capability of community groups, and improving community safety and resilience.

## Emergency management

We work with partners to keep the community aware of risks and the importance of readiness, and in the event that an emergency situation is imminent or has arisen, we work at a regional level with the Wellington Region Emergency Management Office (WREMO) and if and when required, stand up our local Emergency Operations Centre which is run by a group of trained Council employees.

## Recreation services

A healthy and active lifestyle plays a critical role in individual and community wellbeing. Our recreation services support the improvement of health and wellbeing of the community through the programmes and services we offer at H<sub>2</sub>O Xstream, and our recreation team Activation.

## Parks and reserves

With over 748 hectares of parks and reserves, including destination parks, neighbourhood parks, sport fields, Akatārawa cemetery, and natural areas, there are many opportunities for a wide range of users to be active, socialise, and relax.

## Why we do it

Community wellbeing is a priority area in our Vision and the driver for this activity. We are committed to working together within Council and with the community to improve community safety, resilience, connectedness and collaboration. We recognise the role that arts, culture and events play in a sustainable city and in regional development. Our goal is to support and enable a flourishing community led arts, culture and heritage sector, and create opportunities for participation for our diverse range of ages, cultures, and interests.

Emergency management fulfills two vital roles: it builds resilient communities, and it establishes and maintains the plan, processes, structures, systems, and teams that will enable our community to prepare for, respond to, and recover from disasters.

We fulfill our legislative duties to the community to plan and provide for civil defence emergency management within our district.

Recreation and access to our natural environment are key components to individual, and community wellbeing. Our H<sub>2</sub>O Xstream aquatic facility is a core Council service, ensuring communities have access to water space for rehabilitation, exercise, and social connection. Our parks, reserves, public gardens and sports grounds are maintained to meet recreational needs of the public and ensure our natural environment thrives to maintain connection between people and nature. As a place of remembrance, we aim to provide an attractive, peaceful and tranquil atmosphere at Akatārawa Cemetery.

# Key legislation, strategies, policies, and plans that guide our work

- Sport Wellington Regional Living Well Strategy 2018 – 2030
- Everybody Active Strategic Plan 2020 – 2024 (Sport New Zealand)
- Te Mana o te Taiao – Aotearoa NZ Biodiversity Strategy 2020
- Public Health Bill 2007
- Te Tiriti o Waitangi
- Our Arts, Culture, and Heritage Strategy 2014
- Civil Defence Emergency Management Act 2002
- Public Libraries of New Zealand Strategic Framework 2020 – 2025
- Our Sustainability Strategy 2020
- Health and Safety at Work Act 2015
- Privacy Act 2020
- Children’s Act 2014
- Our Child Protection Policy
- Oranga Tamariki Act 2019
- Youth Development Strategy Aotearoa 2002
- Healthy Ageing Strategy 2016
- Family Violence Act 2018
- Smokefree Upper Hutt Policy
- Our Open Space Strategy 2018 – 2028
- Reserves Act 1977
- Property Law Act 2007
- Land Transfer Act 2017
- Our Public Places Bylaw 2005
- Local Government Act 2002

# Effects on the community

SIGNIFICANT POTENTIAL NEGATIVE EFFECTS	OUR RESPONSE
Community facilities are public places where people congregate and are vulnerable to the risks associated with any public space.	Council’s mitigation measures include health and safety procedures, facility rules, and bylaws applying to public places.
The impacts of climate change have a significant financial and technical impact on H2O Xtream. The facility operates on a gas source of heating, which will need to change to reduce our carbon footprint.	H2O Xtream’s full upgrade provides the opportunity to future-proof existing infrastructure, and energy sources.
Events and activities in parks and reserves can have adverse impacts on surrounding properties including noise, traffic congestion, and vandalism.	Council’s mitigation measures include imposing appropriate conditions on events and activities, and having facility rules and bylaws that apply to public places.

## SIGNIFICANT POTENTIAL NEGATIVE EFFECTS

## OUR RESPONSE

Low community readiness for, or low resilience to, an emergency can have significant negative effects.

Council works with its partners to engage with the community and deliver effective emergency management. The community is kept aware of risks and the importance of readiness and resilience via regular education activities, information provision, and training opportunities.

Emergency response activities may cause disruption or temporary effects on the environmental, social, and economic wellbeing of the community.

Depending on the nature and scale of the emergency and its effects, appropriate mitigation measures will be put in place where possible.

# What we have planned

## Parks and reserves

The focus areas for this activity as per the Infrastructure Strategy are:

- Ensuring parks and reserves assets are resilient, effective, safe, meet the requirements of the community, and assist in the delivery of Council's strategic goals.
- Providing cycling, and walking facilities to meet the agreed levels of service for all ages.
- Catering for anticipated future growth in burial requirements.
- Continuing to align work programmes, levels of service, and accessibility to our parks and reserves, with the Open Space Strategy.

41

## Council property

The focus areas for this activity as per the Infrastructure Strategy are:

- Ensuring community facilities are maintained so that they are safe, fit for purpose, welcoming and assist in the delivery of Council's strategic goals.
- Implementing the upgrade and expansion of H2O Xtream aquatic centre.
- Investigating the needs for and the provision of a new community hub.
- Complete required seismic strengthening works for Council buildings.

# Key projects

## MAIDSTONE COMMUNITY SPORTS HUB

Identified as a shovel ready project and allocated central government funding in 2020, the Maidstone Community Sports Hub was originally selected as a project through public consultation on the LTP 2018 – 2028. The proposal is to develop a sports hub for multi-sport utilisation consistent with a master plan for Maidstone Park. The hub would be one part of an integrated development (which

would include the utilisation of the area by various sporting codes) and its design will be finalised after consultation with potential user groups. The project has been fast-tracked to commence building in September 2021 and the total budget comprises \$12 M in Government funding along with up to \$13.5 M from Council.

## H<sub>2</sub>O XTREAM UPGRADE

H<sub>2</sub>O Xtream is almost 25 years old and in need of significant ongoing maintenance and a range of extensive asset renewal works. Council will take the opportunity to significantly upgrade and expand the facility with the addition of new water space, improved slides, and other attractions to enhance aquatic opportunities for the community. The

upgrade project was originally selected through public consultation on the LTP 2018 – 2028. Since 2018, it has advanced through the planning and design stages, with detailed proposed costs, and two options which the community provided feedback on. Council decided to fully upgrade the facility (see page 18).

## CIVIC CENTRE UPGRADE

The Civic Centre requires earthquake strengthening to enable us to provide spaces, and services to the community, in a fit for purpose building. Due to the invasiveness of the seismic works, we are taking the opportunity to refurbish and modernise the building for the first time to meet current standards

and expectations. Two options were consulted on, with the expanded option including an extension being built to accommodate a new council chamber space. Council decided to fully upgrade the Civic Centre (see page 19)

## CEMETERY DEVELOPMENT

Akatārawa Cemetery, jointly owned by Upper Hutt City Council and Hutt City Council, has an estimated capacity for a further five to six years based on

current interment trends. Further development of the cemetery, carried out in five stages, will provide burial options for a further 58 years.

## WALKING AND CYCLING NETWORK

Council plans to continue developing our walking and cycling network. This would improve the liveability of our city and provide easy, safe access to our highly valued open space network. It supports the strong recreational focus of our city vision and is aligned to the goals and objectives of the Open Space Strategy. Due to difficulties with

securing legal access across private property, the Cruickshank Tunnel stage of the project has been delayed. The remaining walkway planned stages, which are also across private land, have been deferred pending further planning and the funding has been reprogrammed over the coming five years.

## COMMUNITY HUB

This project aims to create additional capacity for community groups by providing office space and shared spaces for meetings, programmes, and activities. It will increase opportunities for, and improve delivery of, a wide range of community services and activities. Originally proposed in the LTP 2018 – 2028 to start in 2021 – 2022, the project is now scheduled to commence in 2024 – 2025 and has a projected budget of \$6.0 M.

## Measuring our progress

We use the following 17 measures to determine our success against the level of service we aim to provide. New measures are indicated, the rest have been in place over the last three years.

**LEVEL OF SERVICE:** Our city is connected to its open spaces.

- ⑥ Resident satisfaction with quality of parks, reserves, and gardens (includes Trentham Memorial Park, Maidstone Park, and Harcourt Park)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	91%	≥ 90% <sup>3</sup>	≥ 90% <sup>3</sup>	≥ 90% <sup>3</sup>	≥ 90% <sup>3</sup>	Community Survey

- ⑦ User satisfaction with the Upper Hutt pathways network

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	89%	> 86% <sup>3</sup>	> 86% <sup>3</sup>	> 86% <sup>3</sup>	> 86% <sup>3</sup>	Community Survey

**LEVEL OF SERVICE:** Our services and facilities are accessible and valued by our residents and visitors.

- ⑧ Whirinaki Whare Taonga: Number of visitors in 12 months to June

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality, accessibility	94,078	≥ 100,000	≥ 110,000	≥ 115,000	≥ 120,000	Internal audit of attendance rates

- ⑨ Whirinaki Whare Taonga: Community satisfaction with the range and quality of events, and exhibitions provided at Whirinaki Whare Taonga

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	93%	90% <sup>3</sup>	90% <sup>3</sup>	90% <sup>3</sup>	90% <sup>3</sup>	Community Survey

- ⑩ H2O Xtream: Annual attendance figures (represented by paying users)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality, accessibility	163,319	210,000	210,000	210,000	210,000	Internal point of sale (POS) system

- ⑪ H2O Xtream: User satisfaction with the facility

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	84%	80% <sup>3</sup>	80% <sup>3</sup>	80% <sup>3</sup>	80% <sup>3</sup>	Community Survey

3. Respondents are satisfied or very satisfied.

**12** H2O Xtream: User satisfaction with service provided

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	89%	90% <sup>4</sup>	90% <sup>4</sup>	90% <sup>4</sup>	90% <sup>4</sup>	Community Survey

**13** Libraries: Number of physical visits in 12 months to June

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality, accessibility	186,918	≥ 190,000	≥ 190,000	≥ 190,000	≥ 190,000	Door counter (5% margin of error)

**14** Libraries: Number of digital visits in 12 months to June<sup>5</sup>

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality, accessibility	1,170,883	≥ 250,000	≥ 250,000	≥ 250,000	≥ 250,000	Internal data analytics tool

**15** Libraries: Community satisfaction with service provided by the library

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	96%	95% <sup>4</sup>	95% <sup>4</sup>	95% <sup>4</sup>	95% <sup>4</sup>	Community Survey

**16** **NEW** Libraries: Community actively uses the libraries

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality accessibility	NA	≥ 30% <sup>6</sup>	≥ 33% <sup>6</sup>	≥ 35% <sup>6</sup>	≥ 35% <sup>6</sup>	Internal membership records

**17** **NEW** Activation: Community satisfaction with service provided

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	NA	90% <sup>4</sup>	90% <sup>4</sup>	90% <sup>4</sup>	90% <sup>4</sup>	Community Survey

**18** Community Development: Community group satisfaction with service provided

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	93%	90% <sup>4</sup>	90% <sup>4</sup>	90% <sup>4</sup>	90% <sup>4</sup>	Annual community groups survey

**19** **NEW** Community Development: Community satisfaction with the quality of event attended

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	NA	90% <sup>4</sup>	90% <sup>4</sup>	90% <sup>4</sup>	90% <sup>4</sup>	Feedback forms from small events, emoji rating counter for large events

4. Respondents are satisfied or very satisfied.

5. Sites included in this result are: upperhuttlibrary.co.nz (site visits), upperhutt.kotui.org.nz (site visits), the Library app (how many times it is accessed).

6. Percentage of residents who are active users.



**LEVEL OF SERVICE:** **NEW** Our city is safe and prepared.

- (20) **NEW** Council emergency preparedness: Number of staff at Advanced training level

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality	NA	6	8	10	10	EOC training audit

- (21) Percentage of respondents who know that households need to store 20 litres of water per person, per day, for seven days

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality	16%	≥ 16%	≥ 20%	≥ 25%	≥ 25%	Community Survey

- (22) Resident satisfaction with safety in their neighbourhood

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	82%	85% <sup>7</sup>	85% <sup>7</sup>	85% <sup>7</sup>	85% <sup>7</sup>	Community Survey



7. Respondents are satisfied or very satisfied.



## Funding impact statement for Community and recreation (\$'000)

<b>ANNUAL PLAN</b>		<b>LTPY1</b>	<b>LTPY2</b>	<b>LTPY3</b>	<b>LTPY4</b>	<b>LTPY5</b>	<b>LTPY6</b>	<b>LTPY7</b>	<b>LTPY8</b>	<b>LTPY9</b>	<b>LTPY10</b>
<b>2020 – 21</b>	<b>SOURCES OF OPERATING FUNDING</b>	<b>2021 – 22</b>	<b>2022 – 23</b>	<b>2023 – 24</b>	<b>2024 – 25</b>	<b>2025 – 26</b>	<b>2026 – 27</b>	<b>2027 – 28</b>	<b>2028 – 29</b>	<b>2029 – 30</b>	<b>2030 – 31</b>
11,603	General rates, uniform annual general charges, rates penalties	14,245	15,115	16,295	18,053	20,646	21,953	23,723	26,697	25,417	23,384
0	Targeted rates	0	0	0	0	0	0	0	0	0	0
92	Subsidies and grants for operating purposes	60	18	18	19	19	19	20	20	21	21
1,567	Fees, charges	2,113	2,085	2,348	2,315	2,375	2,207	2,489	2,547	2,605	2,406
216	Internal charges and overheads recovered	8	8	8	8	9	9	9	9	9	10
0	Interest and dividends from investments	201	204	201	192	185	180	175	173	173	170
0	Local authority fuel tax, fines, infringement fees, and other receipts	376	1,062	1,112	976	210	215	219	224	230	234
<b>13,478</b>	<b>Total operating funding (A)</b>	<b>17,003</b>	<b>18,492</b>	<b>19,982</b>	<b>21,563</b>	<b>23,444</b>	<b>24,583</b>	<b>26,635</b>	<b>29,670</b>	<b>28,455</b>	<b>26,225</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
10,157	Payments to staff and suppliers	10,982	11,407	12,096	12,543	13,095	13,675	13,482	13,996	14,417	15,603
829	Finance costs	852	1,534	2,549	2,990	3,011	3,020	3,058	2,923	2,740	2,630
3,403	Internal charges and overheads applied	4,384	4,732	5,028	5,337	5,480	5,584	5,713	5,839	6,134	6,307
39	Other operating funding applications	48	48	48	48	48	48	48	48	48	48
<b>14,428</b>	<b>Total applications of operating funding (B)</b>	<b>16,266</b>	<b>17,721</b>	<b>19,721</b>	<b>20,918</b>	<b>21,634</b>	<b>22,327</b>	<b>22,301</b>	<b>22,806</b>	<b>23,339</b>	<b>24,588</b>
<b>(950)</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>737</b>	<b>771</b>	<b>261</b>	<b>645</b>	<b>1,810</b>	<b>2,256</b>	<b>4,334</b>	<b>6,864</b>	<b>5,116</b>	<b>1,637</b>

ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF CAPITAL FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
1,084	Subsidies and grants for capital expenditure	9,000	5,664	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
6,909	Increase (decrease) in debt	21,971	33,500	16,288	2,724	1,393	1,917	(4,401)	(7,141)	(4,681)	348
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
7,993	Total sources of capital funding (C)	30,971	39,164	16,288	2,724	1,393	1,917	(4,401)	(7,141)	(4,681)	348
APPLICATIONS OF CAPITAL FUNDING											
4,439	Capital expenditure										
	to meet additional demand	187	78	80	82	84	86	88	90	92	94
3,255	to improve the level of service	28,752	38,002	16,678	3,570	2,868	4,830	299	261	282	287
907	to replace existing assets	4,069	3,528	1,828	2,302	1,934	1,608	1,228	1,147	1,752	4,374
(1,558)	Increase (decrease) in reserves	(1,300)	(1,673)	(2,037)	(2,585)	(1,683)	(2,351)	(1,682)	(1,775)	(1,691)	(2,770)
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
7,043	Total applications of capital funding (D)	31,708	39,935	16,549	3,369	3,203	4,173	(67)	(277)	435	1,985
950	Surplus (deficit) of capital funding (C – D)	(737)	(771)	(261)	(645)	(1,810)	(2,256)	(4,334)	(6,864)	(5,116)	(1,637)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0	0	0	0	0	0	0	0	0

# Economic development

The outcomes this activity group contributes to are:



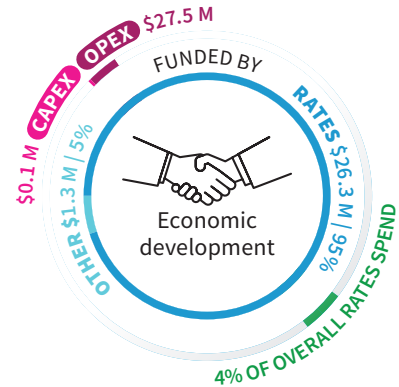
## PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



## ŌHANGA Economy

We're a city of opportunity. We attract new investment and offer opportunities for people and businesses to prosper. Our city centre is alive, attractive, and vibrant.



## What we do

This activity group delivers initiatives that foster economic growth and promotion of the city, its events, and attractions. It focuses on targeting and attracting new businesses and employers, providing business support and liaison services to encourage future development.

We work with regional partners, at a macro-economic level, to help create an economic environment which enables the community to thrive.

- Economic development stimulus
- City centre place-making
- Business support, partnerships, and liaison
- City marketing
- City events
- Digital channel management

## Why we do it

Our economic development activities support community wellbeing and Upper Hutt's vision. It aims to increase the vibrancy of our city centre and stimulate economic growth within Upper Hutt. This is done by encouraging development that provides employment and GDP growth, and elevating the presentation and structural safety of commercial premises.

Events and promotion activities improve the liveability and character of the city, making it an attractive and enjoyable city for residents and visitors alike.

Our marketing activities are focused on:

- Building pride and affection for Upper Hutt.
- Encouraging people to invest and establish businesses here.
- Attracting new residents and visitors to Upper Hutt.

## Key legislation, strategies, policies, and plans that guide our work

- Te Tiriti o Waitangi
- Our Public Places Bylaw 2005
- Economic Development Stimulus Policy
- Rates Remission and Postponement Policy
- Residential Stimulus Policy
- Hutt Valley Tourism Action Plan
- Sustainability Strategy

## Effects on the community

### SIGNIFICANT POTENTIAL NEGATIVE EFFECTS

Increased demand for commercial development can have negative social and environmental effects and compete with other community interests.

Declining availability of quality commercial space in the city centre may limit Upper Hutt's options to attract and retain new and diverse activity to the precinct.

Events managed, facilitated or supported by Council may have negative effects on the environment or wellbeing of non-participants. Such negative effects include increased noise, increased traffic congestion, and restricted access to public facilities.

### OUR RESPONSE

Council's role is to ensure development considers the ongoing sustainability of the community and the local economy, to support achieving our vision and priority areas.

Council promotes, manages and directs incentive programmes and city centre infrastructure activity in an integrated manner to encourage investment in the city centre.

Council works with event managers and affected parties to minimise these negative effects wherever possible.

# What we have planned

## Economic development

- Gathering and analyse economic data to inform evidence based decision-making.
- Invest in the city centre and ensure that investment is aligned to strategic outcomes.
- Continue and enhance regional collaboration.
- Continue to attract businesses to Upper Hutt.
- Expand on marketing tactics used to promote Upper Hutt and increase engagement with city centre, parks and reserves, and tourism offerings.
- Increase number of seasonal campaigns to further support promotion of our city.

## Marketing initiatives

Continue with marketing and promotion initiatives to attract visitors, stimulate local economy, and provide job opportunities.

### EVENTS

Continue to attract events and support community events that contribute to our outcomes and vision.

### HUTT VALLEY NZ

Incorporating economic and business development focus into Hutt Valley NZ. The current focus of the Hutt Valley NZ partnership is visitation and destination. The opportunity presents to evolve this partnership to incorporate *work* and *live* aspects, promoting Upper Hutt City as a place to *work, live, and play*.

### ECONOMIC DEVELOPMENT STIMULUS POLICY

Since 2014, this policy has contributed to increased vitality within our city centre, and new industrial commercial building stock throughout the city, giving investors' confidence that Upper Hutt is a great place to establish a business. We will continue to refine and implement this policy, as well as advising the business sector of other relevant business development, and funding opportunities.

## CITY CENTRE DEVELOPMENT STRATEGY

Our community has identified a thriving city centre as a priority for Upper Hutt. Our businesses identify the city centre as important to Upper Hutt's economic wellbeing. Council long term planning has identified infrastructure projects within the city centre, including a community hub and open/green spaces which will improve delivery of a wide range of community activity and contribute to social and environmental

wellbeing. In order to maximise the benefits of these public investments, and ensure we are meeting the needs of our city centre residents and businesses; we plan to undertake a programme of stakeholder consultation and needs analysis which will result in an integrated strategic blueprint for future development of our city centre.

## Measuring our progress

We use the following six measures to determine our success against the level of service we aim to provide.

**LEVEL OF SERVICE:** People feel welcomed and connected to our city centre

### 23 City centre on-street parking occupancy levels

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality, accessibility	92%	≤ 85%	≤ 85%	≤ 85%	≤ 85%	Years 1 – 2: Annual targeted surveys Years 3 – 10: Monitoring via sensors

### 24 Resident satisfaction with appearance of the city centre

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	60%	≥ 75% <sup>8</sup>	≥ 75% <sup>8</sup>	≥ 75% <sup>8</sup>	≥ 75% <sup>8</sup>	Community Survey

### 24 Resident satisfaction with safety in the city centre

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	69%	≥ 85% <sup>8</sup>	≥ 85% <sup>8</sup>	≥ 85% <sup>8</sup>	≥ 85% <sup>8</sup>	Community Survey

8. Respondents are satisfied or very satisfied.

**LEVEL OF SERVICE:** The city centre is a great place for businesses.

26 Ground floor occupancy rate in the city centre

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality	93%	90%	90%	90%	90%	Six-monthly physical audit

**LEVEL OF SERVICE:** Our city is a great place to live in and do business

27 Community satisfaction with the level of Council support in relation to economic development

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	100%	75% <sup>9</sup>	75% <sup>9</sup>	75% <sup>9</sup>	75% <sup>9</sup>	Business and retailers survey

28 Community satisfaction with the level of Council support provided to retailers

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	100%	85% <sup>9</sup>	85% <sup>9</sup>	85% <sup>9</sup>	85% <sup>9</sup>	Business and retailers survey

9. Respondents are satisfied or very satisfied.





# How we pay for it

## Funding impact statement for Economic development (\$000)

ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF OPERATING FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
1,785	General rates, uniform annual general charges, rates penalties	2,526	2,569	2,816	2,951	3,074	2,745	2,552	2,637	2,732	2,747
0	Targeted rates	0	0	0	0	0	0	0	0	0	0
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
10	Fees, charges	0	0	0	0	0	0	0	0	0	0
16	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0
<b>1,811</b>	<b>Total operating funding (A)</b>	<b>2,526</b>	<b>2,569</b>	<b>2,816</b>	<b>2,951</b>	<b>3,074</b>	<b>2,745</b>	<b>2,552</b>	<b>2,637</b>	<b>2,732</b>	<b>2,747</b>
APPLICATIONS OF OPERATING FUNDING											
1,620	Payments to staff and suppliers	2,244	2,084	2,099	1,901	1,912	1,968	1,974	2,031	2,041	2,100
71	Finance costs	84	92	95	93	78	61	56	55	55	54
725	Internal charges and overheads applied	540	584	660	593	620	682	638	667	752	709
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>2,416</b>	<b>Total applications of operating funding (B)</b>	<b>2,868</b>	<b>2,760</b>	<b>2,854</b>	<b>2,587</b>	<b>2,610</b>	<b>2,711</b>	<b>2,668</b>	<b>2,753</b>	<b>2,848</b>	<b>2,863</b>
<b>(605)</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>(342)</b>	<b>(191)</b>	<b>(38)</b>	<b>364</b>	<b>464</b>	<b>34</b>	<b>(116)</b>	<b>(116)</b>	<b>(116)</b>	<b>(116)</b>

[illegible]

# Water supply

The outcomes this activity group contributes to are:



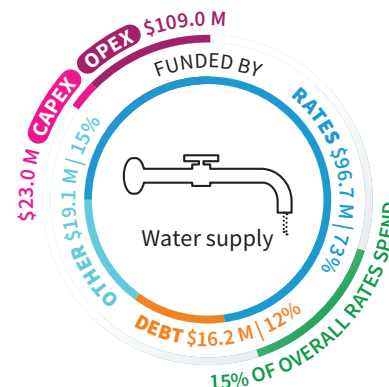
## PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



## TŪĀPAPA Infrastructure

We have reliable and efficient networks and infrastructure that support our city.



## What we do

This activity provides a high quality, reliable and resilient water supply service that ensures the health and safety of the community, and supports economic growth and development.

Our water supply assets have a total replacement value of \$151 M. Provision of our water supply and management of the network is contracted to Wellington Water.

- 16 reservoirs
- 9 pump stations
- 280 km of water mains
- 17,058 service connections, 1,627 hydrants, and 16,003 valves

55

Bulk water is purchased from Greater Wellington Regional Council (GWRC) and stored in Council's reservoirs prior to distribution to households and businesses in the supply area.

## Why we do it

By providing a safe and reliable potable water supply the Council aims to safeguard public health and safety, as well as support the economic growth of the city. At the same time, we support sustainability outcomes by encouraging water conservation through managing demand.

The Infrastructure Strategy sets out the direction for this activity. The Strategy is implemented through Council's Asset Management Plan, which guides decisions around how best to maintain, renew and replace the water supply infrastructure. We also

have plans in place to reinstate the water supply as quickly as possible after a disaster.

The Assessment of Water and Sanitary Services 2005 discusses the provision of water supply services in Upper Hutt. The key focus of the assessment is the protection of public health in the city. There are no variations between this assessment and the LTP.

The current Ministry of Health water supply grading for Upper Hutt is at the best and highest level of A1-a1.

# Key legislation, strategies, policies, and plans that guide our work

- Assessment of Water and Sanitary Services 2005
- Drinking Water Standards for New Zealand 2005 (Revised 2018)
- Health Act 1956
- Local Government Act 2002
- Local Government Act 1974
- National Policy Statement for Freshwater Management 2017
- Resource Management Act 1991
- Te Tiriti o Waitangi
- Our Sustainability Strategy 2020
- Our Water Supply Bylaw 2005
- Water Conservation Policy
- Natural Resources Plan

## Effects on the community

### SIGNIFICANT POTENTIAL NEGATIVE EFFECTS

### OUR RESPONSE

Water extraction can have negative environmental effects on streams and river ecology.

Greater Wellington Regional Council is responsible for the extraction, treatment and supply of water into the city's water supply system. Extraction is managed to ensure that potential adverse effects are minimised to acceptable levels.

Disruption of water supply due to asset failure or planned works may result in losses or damage for communities and businesses.

Operation and maintenance procedures and contracts are in place to ensure a quick response to, and resolution of failures. Where disruptions or shutdowns are necessary, we give adequate notice and consult with affected parties.

Construction works on the water supply network can have a significant negative effect on the environment and community, such as traffic disruption, air pollution, safety and stormwater issues, and disturbance of cultural sites during earthworks.

These are addressed by putting in place strong contractual and consent conditions to ensure that effects are kept to a minimum.

Residential customers may be impacted by water restrictions in times of shortages.

Council uses demand management processes such as education programmes and water use restrictions, to ensure the efficient use of water.

# What we have planned

The focus areas for this activity group as per the Infrastructure Strategy are:

- Ensuring the water supply is resilient, efficient, safe and assists in the delivery of Council's strategic goals.
- Looking after existing infrastructure (renewals, operations and maintenance).
- Gaining asset condition assessment knowledge to inform prioritisation of renewals programme.
- Ensuring critical services are maintained such as providing a safe drinking water supply.
- Completion of future growth study for region to ensure services align to growth.
- Reducing water demand including community education and proactive leak detection and repairs.
- Reducing carbon emissions through alternative design and construction techniques.
- Improving network resilience by using more resilient materials.

## Key projects

### PIPELINE RENEWALS

Pipe renewals funding is reviewed and adjusted every three years to coincide with the Long Term Plan. The renewal/replacement programme is set out in the Water Supply Asset Management Plan, based on the current state of knowledge of the

system and the work required to keep the system fit for purpose. More work to better understand the level of investment required is planned to be undertaken over the next 3 years.



# Measuring our progress

We use the following five measures to determine our success against the level of service we aim to provide.

**LEVEL OF SERVICE:** We will maintain a high quality water supply with minimal interruptions.

- 29** Safety of drinking water: The extent to which Council's drinking water supply complies with Part 4 (bacteria compliance criteria) and Part 5 (protozoal compliance criteria) of the Drinking-water Standards.<sup>10</sup>

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, safety	Part 4: 100% Part 5: 100%	Part 4: 100% Part 5: 100%	Part 4: 100% Part 5: 100%	Part 4: 100% Part 5: 100%	Part 4: 100% Part 5: 100%	WWL data

- 30** Maintenance of the reticulation network: The percentage of real water loss from Council's networked reticulation system (calculated as a regional mean value)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, quality	19% <sup>11</sup>	< 20%	< 20%	< 20%	< 20%	WWL data

- 31** Fault response times: Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:

- |  |  |
|--|--|
| <p><b>A</b> attendance to urgent call-outs (in minutes): from the time that Council receives notification to the time that service personnel reach site; and</p> <p><b>B</b> resolution of urgent call-outs (in hours): from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption;</p> | <p><b>C</b> attendance (in hours): for non-urgent call-outs from the time that Council receives notification to the time that service personnel reach the site; and</p> <p><b>D</b> resolution (in days): of non-urgent call-outs from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.</p> |
|--|--|

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	<b>A</b> 102.1 <sup>11</sup> <b>B</b> 6.48 <sup>11</sup> <b>C</b> 99.7 <sup>11</sup> <b>D</b> 9.98 <sup>11</sup>	<b>A</b> 60 <b>B</b> 4 <b>C</b> 36 <b>D</b> 15	<b>A</b> 60 <b>B</b> 4 <b>C</b> 36 <b>D</b> 15	<b>A</b> 60 <b>B</b> 4 <b>C</b> 36 <b>D</b> 15	<b>A</b> 60 <b>B</b> 4 <b>C</b> 36 <b>D</b> 15	WWL data

- 32** Customer satisfaction: The total number of complaints (per 1,000 connections) received about any of the following:

- |  |   |  |
|--|---|--|
| <input type="radio"/> Drinking water clarity | <input type="radio"/> Drinking water odour            | <input type="radio"/> Continuity of supply |
| <input type="radio"/> Drinking water taste   | <input type="radio"/> Drinking water pressure or flow |  |

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, satisfaction	2.93 <sup>11</sup>	≤ 20	≤ 20	≤ 20	≤ 20	WWL data

- 33** Demand management: The average consumption of drinking water in litres per day, per resident

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, sustainability	413 <sup>11</sup>	415	415	415	415	WWL data

10. Drinking-water Standards for New Zealand 2005 (revised 2018): [health.govt.nz/system/files/documents/publications/dwsnz-2005-revised-mar2019.pdf](https://health.govt.nz/system/files/documents/publications/dwsnz-2005-revised-mar2019.pdf)

11. WWL's auditor could not obtain assurance of the accuracy of reporting for these measures.

# How we pay for it

## Funding impact statement for Water supply (\$000)

ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF OPERATING FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
0	General rates, uniform annual general charges, rates penalties	0	0	0	0	0	0	0	0	0	0
8,093	Targeted rates	6,568	7,495	8,075	8,643	9,282	9,945	10,610	11,278	12,038	12,760
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
1,328	Fees, charges	1,693	1,756	1,805	1,847	1,889	1,933	1,976	2,021	2,067	2,111
95	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0
<b>9,516</b>	<b>Total operating funding (A)</b>	<b>8,261</b>	<b>9,251</b>	<b>9,880</b>	<b>10,490</b>	<b>11,171</b>	<b>11,878</b>	<b>12,586</b>	<b>13,299</b>	<b>14,105</b>	<b>14,871</b>
APPLICATIONS OF OPERATING FUNDING											
6,149	Payments to staff and suppliers	7,013	7,631	8,047	8,451	8,986	9,501	10,027	10,568	11,193	11,790
77	Finance costs	80	186	230	292	342	388	432	468	502	535
1,248	Internal charges and overheads applied	1,034	1,118	1,197	1,217	1,203	1,241	1,269	1,302	1,344	1,372
2	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>7,476</b>	<b>Total applications of operating funding (B)</b>	<b>8,127</b>	<b>8,935</b>	<b>9,474</b>	<b>9,960</b>	<b>10,531</b>	<b>11,130</b>	<b>11,728</b>	<b>12,338</b>	<b>13,039</b>	<b>13,697</b>
<b>2,040</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>134</b>	<b>316</b>	<b>406</b>	<b>530</b>	<b>640</b>	<b>748</b>	<b>858</b>	<b>961</b>	<b>1,066</b>	<b>1,174</b>

[illegible]



# Wastewater

The outcomes this activity group contributes to are:



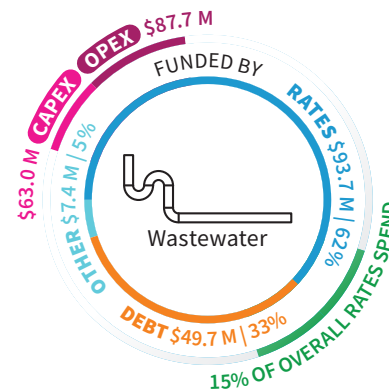
## TAIAO Environment

We're immersed in natural beauty. We care for and protect our river, our stunning parks, and our natural environment.



## TŪĀPAPA Infrastructure

We have reliable and efficient networks and infrastructure that support our city.



## What we do

This activity provides a secure, efficient and resilient wastewater service that protects the health of the community and our waterways from the harmful effects of wastewater, and supports economic growth and development.

These assets have a total replacement value of \$181 M.

- 226 km of sewer mains
- 17 pump stations
- 4,880 wastewater manholes
- One overflow chamber
- One pipe bridge

61

## Why we do it

Safe treatment and disposal of wastewater are of vital importance to ensure quality of life and public health, and is a core service expected by the community. The removal and mitigation of the adverse impacts of wastewater on the environment benefits current and future generations. It safeguards waterways and the environment from direct discharges and helps protect their life supporting capacity.

Wastewater infrastructure is an essential element in maintaining prosperity, promoting economic development in the city and facilitating residential growth in the city. Ongoing maintenance of the wastewater systems occurs to ensure minimal impact on households, businesses and essential services.

Our Infrastructure Strategy sets out the direction for this activity. The Strategy is implemented through Council’s Asset Management Plan, which guides decisions around how best to maintain, renew and replace the wastewater infrastructure. We also have plans in place to reinstate the wastewater services as quickly as possible after a disaster.

The Assessment of Water and Sanitary Services 2005 discusses the provision of wastewater services in Upper Hutt. The key focus of the assessment is the protection of public health in the city. There are no variations between this assessment and the LTP.

## Key legislation, strategies, policies, and plans that guide our work

- Assessment of Water and Sanitary Services 2005
- Drinking Water Standards for New Zealand 2005 (Revised 2018)
- Health Act 1956
- Local Government Act 2002
- Local Government Act 1974
- National Policy Statement for Freshwater Management 2017
- Resource Management Act 1991
- Te Tiriti o Waitangi
- Our Sustainability Strategy 2020
- Our Water Supply Bylaw 2005
- Water Conservation Policy
- Natural Resources Plan

## Effects on the community

### SIGNIFICANT POTENTIAL NEGATIVE EFFECTS

Effluent overflows due to pipeline blockages or extreme weather events, and the possible discharge of untreated effluent wastewater to the Hutt River and local streams and waterways are potential significant negative effects of this activity. The discharges from treatment plants need to meet consent conditions and may result in pollution to the receiving environment and public health risks.

Disruption of wastewater supply due to asset failure or planned works may result in losses or damage for communities and businesses.

### OUR RESPONSE

These potential negative effects are managed and mitigated with planning to ensure the capacity and resilience of the network, as well as through day-to-day operations of the wastewater activity. Upgrades and renewals are carried out through the asset management programme to facilitate network resilience, long term demand projections for the wastewater system and to meet environmental standards.

Operation and maintenance procedures and contracts are in place to ensure a quick response to, and resolution of failures. Where disruptions or shutdowns are necessary, we give adequate notice and consult with affected parties.

**SIGNIFICANT POTENTIAL NEGATIVE EFFECTS****OUR RESPONSE**

Construction works on the wastewater network can have a significant negative effect on the environment and community, such as traffic disruption, air pollution, safety and stormwater issues and disturbance of cultural sites during earthworks.

These are addressed by putting in place strong contractual and consent conditions to ensure that effects are kept to a minimum.

## What we have planned

The focus areas for this activity group as per the Infrastructure Strategy are:

- Ensuring the wastewater network is resilient, efficient, effective, safe and assists in the delivery of Council's strategic goals.
- Looking after existing infrastructure (renewals, operations and maintenance).
- Gaining asset condition assessment knowledge to inform prioritisation of renewals programme.
- Ensuring critical services are maintained to prevent overflows, risk to public health and environment.
- Completion of future growth study for region to ensure services align to growth.
- Improving understanding of network capacity and performance through monitoring and modelling.
- Managing demand and improving capacity to reduce network overflows.
- Improving network resilience by using more resilient materials.
- Reducing carbon emissions through alternative design and construction techniques and improved management of sludge.

## Key projects

### PIPELINE RENEWALS

Pipe renewals funding is reviewed and adjusted every three years to coincide with the Long Term Plan. The renewal/replacement programme is set out in the Wastewater Asset Management Plan,

based on the current state of knowledge of the system and the work required to keep the system fit for purpose.

### JOINT VENTURE WASTEWATER RENEWALS PROGRAMME

The Joint Venture between Hutt City Council and Upper Hutt City Council allows for the conveyance and treatment of wastewater from the Hutt Valley.

Within the next three years major works are required to duplicate the Barber Grove trunk sewer (along Renwick Road), the Petone Interceptor, and at the Seaview Waste Water Treatment Plant. Within Upper Hutt this also includes the replacement of the Gibbons Street/Blenheim Street trunk sewer main.

# Measuring our progress

We use the following four measures to determine our success against the level of service we aim to provide.

**LEVEL OF SERVICE:** Our sewerage systems, and the treatment and disposal of sewerage is well maintained, safe, and allows for growth.

- 34 System and adequacy: The number of dry weather sewerage overflows from Council's sewerage system expressed per 1000 sewerage connections to the sewerage system.

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, sustainability	1.82 <sup>12</sup>	20	20	20	20	WWL data

- 35 Discharge compliance: Compliance with the Council's resource consents for discharge from its sewerage system, measured by the number of:

- ☐ Abatement notices    
 ☐ Infringement notices    
 ☐ Enforcement orders    
 ☐ Convictions

received by Council in relation to the resource consents.

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	WWL data
	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	
	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	
	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	<input type="radio"/> 0	

- 36 Fault response times: Where the Council contractor attends to sewerage overflows, resulting from blocked or other faults in the sewerage system, the following median response times will be measured:

- ☐ attendance time (in minutes): from the time that notification is received to the time that service personnel reach the site; and    
 ☐ resolution time (in hours): from the time that notification is received to the time that service personnel confirm resolution of the blockage or other fault.

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, satisfaction	<input type="radio"/> 132.77 <sup>12</sup>	<input type="radio"/> ≤ 60	<input type="radio"/> ≤ 60	<input type="radio"/> ≤ 60	<input type="radio"/> ≤ 60	WWL data
	<input type="radio"/> 4.68 <sup>12</sup>	<input type="radio"/> ≤ 6	<input type="radio"/> ≤ 6	<input type="radio"/> ≤ 6	<input type="radio"/> ≤ 6	

- 37 Customer satisfaction: The total number of complaints (per 1,000 connections to Council's sewerage system) received about any of the following:

- ☐ Sewerage odour    
 ☐ Sewerage system blockages  
☐ Sewerage system faults    
 ☐ Council's response to the sewerage system issues

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, satisfaction	6.86 <sup>12</sup>	≤ 30	≤ 30	≤ 30	≤ 30	WWL data

12. WWL's auditor could not obtain assurance of the accuracy of reporting for this measure.

# How we pay for it

## Funding impact statement for Wastewater (\$000)

ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF OPERATING FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
0	General rates, uniform annual general charges, rates penalties	0	0	0	0	0	0	0	0	0	0
6,576	Targeted rates	7,540	6,508	6,948	7,913	8,483	9,492	10,278	11,194	12,238	13,076
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
106	Fees, charges	211	218	224	230	235	240	246	251	257	263
122	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0
<b>6,804</b>	<b>Total operating funding (A)</b>	<b>7,751</b>	<b>6,726</b>	<b>7,172</b>	<b>8,143</b>	<b>8,718</b>	<b>9,732</b>	<b>10,524</b>	<b>11,445</b>	<b>12,495</b>	<b>13,339</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
4,153	Payments to staff and suppliers	4,336	4,677	4,980	5,392	5,801	6,245	6,716	7,234	7,791	8,384
864	Finance costs	812	919	1,164	1,348	1,434	1,475	1,517	1,801	2,019	2,120
874	Internal charges and overheads applied	976	1,047	1,132	1,128	1,117	1,158	1,179	1,216	1,267	1,286
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>5,891</b>	<b>Total applications of operating funding (B)</b>	<b>6,124</b>	<b>6,643</b>	<b>7,276</b>	<b>7,868</b>	<b>8,352</b>	<b>8,878</b>	<b>9,412</b>	<b>10,251</b>	<b>11,077</b>	<b>11,790</b>
<b>913</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>1,627</b>	<b>83</b>	<b>(104)</b>	<b>275</b>	<b>366</b>	<b>854</b>	<b>1,112</b>	<b>1,194</b>	<b>1,418</b>	<b>1,549</b>



# Stormwater

The outcomes this activity group contributes to are:



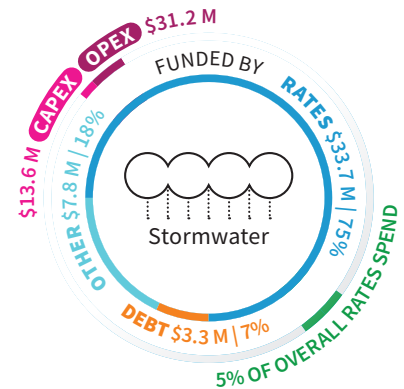
## PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



## TŪĀPAPA Infrastructure

We have reliable and efficient networks and infrastructure that support our city.



## What we do

This activity includes the provision of a stormwater service which efficiently manages and controls flows, supporting the achievement of Council's goals by protecting the public and property from the effects of flooding, and minimising the impact of runoff on the environment.

The city's stormwater assets have a total replacement value of \$184 M.

The network comprises a combination of reticulated pipes, pumps, open drains, and soak pits; prior to entering major watercourses such as Te Awa Kairangi/Hutt River.

- 181 km of stormwater mains
- 7 pump stations
- 3,843 stormwater manholes
- Two detention dams
- 11.4 km of open drains

## Why we do it

The stormwater activity preserves public safety and health and minimises the risk of damage to property through effective stormwater management and disposal. By providing an efficient stormwater disposal system Council aims to safeguard community wellbeing, protect the environment, and support the economic development and residential growth of the city.

Upper Hutt lies within a floodplain with some areas of the city exposed to flood risk, which will be exacerbated by the likely increased occurrence of extreme weather events resulting from climate change. Hydraulic modelling is helping us to understand future flood risk areas and how we can best respond.



The Infrastructure Strategy sets out the direction for this activity. The Strategy is implemented through Council’s Asset Management Plan, which guides decisions around how best to maintain, renew and replace the stormwater infrastructure. We also have plans in place to reinstate the stormwater network as quickly as possible after a disaster.

The Assessment of Water and Sanitary Services 2005 discusses the provision of stormwater services in Upper Hutt. The key focus of the assessment is the protection of public health in the city. There are no variations between this assessment and the Long Term Plan.

## Key legislation, strategies, policies, and plans that guide our work

- Assessment of Water and Sanitary Services 2005
- Drinking Water Standards for New Zealand 2005 (Revised 2018)
- Health Act 1956
- Local Government Act 2002
- Local Government Act 1974
- National Policy Statement for Freshwater Management 2017
- Resource Management Act 1991
- Te Tiriti o Waitangi
- Our Sustainability Strategy 2020
- Our Water Supply Bylaw 2005
- Water Conservation Policy
- Natural Resources Plan

## Effects on the community

### POTENTIAL NEGATIVE EFFECTS

Stormwater overflows may result in flooding, pollution to the receiving environment, and create public health risks.

### OUR RESPONSE

This is managed and mitigated with planning to ensure the capacity and resilience of the network as well as through day-to-day operations of the stormwater activity. Upgrades and renewals are carried out through the asset management programme to facilitate network resilience, long term demand projections for the stormwater system, and to meet environmental standards. For any new development Council is encouraging the use of hydraulic neutrality principles for stormwater design.

**POTENTIAL NEGATIVE EFFECTS****OUR RESPONSE**

Disruption of stormwater services due to asset failure or planned works may result in losses or damage for communities and businesses.

Operation and maintenance procedures and contracts are in place to ensure a quick response to and resolution of failures. Where disruptions or shutdowns are necessary, we give adequate notice and consult with affected parties.

Construction works on the stormwater network can have a significant negative effect on the environment and community, such as traffic disruption, air pollution, safety and stormwater issues, and disturbance of cultural sites during earthworks.

These are addressed by putting in place strong contractual and resource consent conditions to ensure that effects are kept to a minimum.

## What we have planned

The focus areas for this activity group as per the Infrastructure Strategy are:

- Ensuring the stormwater network is resilient, efficient, effective, safe and assists in the delivery of Council's strategic goals.
- Looking after existing infrastructure (renewals, operations and maintenance).
- Gaining asset condition assessment knowledge to inform prioritisation of renewals programme.
- Ensuring critical services, such as control systems, are maintained.
- Completion of future growth study for region to ensure services align to growth.
- Improving environmental water quality through active monitoring of stormwater.
- Improving understanding of network capacity and performance through monitoring and modelling.
- Interventions in place to protect overland flow paths.
- Development controls such as hydraulic neutrality.
- Climate change factored in to planning and design of new works.

## Key projects

### PIPELINE RENEWALS

Pipe renewals funding is reviewed and adjusted every three years to coincide with the Long Term Plan. The renewal/replacement programme is set out in the Stormwater Asset Management Plan,

based on the current state of knowledge of the system and the work required to keep the system fit for purpose.

## PINEHAVEN STREAM CAPACITY UPGRADE (50/50 JOINT PROJECT WITH GWRC)

The Pinehaven area has a long history of flooding. The current level of service is well below the Council's minimum service level. The project is designed to reduce the frequency of flooding to a

1 in 25 year event in the Pinehaven Stream catchment. This upgrade includes planning controls, stream widening and the replacement of culverts which will significantly reduce the frequency of flooding.

## Measuring our progress

We use the following four measures to determine our success against the level of service we aim to provide.

**LEVEL OF SERVICE:** We will effectively manage stormwater to minimise the risk of property damage and preserve public safety and health

### 38 System adequacy:

**A** The number of flooding events that occur in the district

**B** For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the stormwater system)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, quality, safety	<b>A</b> 1 <b>B</b> 0.07	<b>A</b> 2 <b>B</b> 0.64	<b>A</b> 2 <b>B</b> 0.64	<b>A</b> 2 <b>B</b> 0.64	<b>A</b> 2 <b>B</b> 0.64	WWL data

### 39 Discharge compliance: Compliance with Council's resource consents for discharge from its stormwater system, measured by the number of:

**A** Abatement notices

**B** Infringement notices

**C** Enforcement orders

**D** Convictions

received by Council in relation those resource consents.

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, sustainability	<b>A</b> 0 <b>B</b> 0 <b>C</b> 0 <b>D</b> 0	<b>A</b> 0 <b>B</b> 0 <b>C</b> 0 <b>D</b> 0	<b>A</b> 0 <b>B</b> 0 <b>C</b> 0 <b>D</b> 0	<b>A</b> 0 <b>B</b> 0 <b>C</b> 0 <b>D</b> 0	<b>A</b> 0 <b>B</b> 0 <b>C</b> 0 <b>D</b> 0	WWL data

### 32 Response times: The median response time to attend a flooding event (in minutes): from the time that Council receives notification to the time that service personnel reach the site.

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	1,559 <sup>13</sup>	≤ 60	≤ 60	≤ 60	≤ 60	WWL data

### 41 Customer satisfaction: The number of complaints (per 1,000 properties connected to Council's stormwater system) received by Council about the performance of its stormwater system.

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation satisfaction	2.36 <sup>13</sup>	≤ 20	≤ 20	≤ 20	≤ 20	WWL data

13. WWL's auditor could not obtain assurance of the accuracy of reporting for this measure.

# How we pay for it

## Funding impact statement for Stormwater (\$000)

ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF OPERATING FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
0	General rates, uniform annual general charges, rates penalties	0	0	0	0	0	0	0	0	0	0
2,366	Targeted rates	2,111	2,799	3,206	3,251	3,222	3,403	3,590	3,798	4,032	4,271
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
3,150	Fees, charges	0	0	0	0	0	0	0	0	0	0
34	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0
5,550	Total operating funding (A)	2,111	2,799	3,206	3,251	3,222	3,403	3,590	3,798	4,032	4,271
APPLICATIONS OF OPERATING FUNDING											
1,504	Payments to staff and suppliers	1,327	1,540	1,783	1,949	2,100	2,264	2,441	2,637	2,851	3,081
183	Finance costs	229	464	527	458	359	353	348	343	338	333
638	Internal charges and overheads applied	464	503	542	536	528	547	558	572	592	602
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
2,325	Total applications of operating funding (B)	2,020	2,507	2,852	2,943	2,987	3,164	3,347	3,552	3,781	4,016
3,225	Surplus (deficit) of operating funding (A – B)	91	292	354	308	235	239	243	246	251	255

[illegible]

# Land transport

The outcomes this activity group contributes to are:



PAPŌRI ME TE AHUREA

## Social and cultural

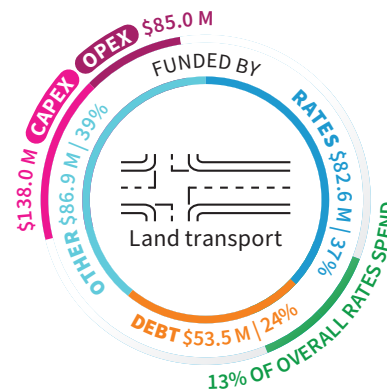
We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



TŪĀPAPA

## Infrastructure

We have reliable and efficient networks and infrastructure that support our city.



## What we do

This activity group is responsible for a well maintained roading network to ensure that the residents and visitors to Upper Hutt can move freely, efficiently and safely throughout the city.

Our local transport network is an extremely valuable community asset, having a total replacement value of \$494 M. Maintaining this asset requires significant and ongoing expenditure. Our transport network includes roads, street lighting, footpaths, cycleways, and bridges to allow for various modes of transport around our city. Parking, street furniture, planters and refuse bins in the city centre are also provided for through this activity group.

The Government, through Waka Kotahi NZ Transport Agency (Waka Kotahi), partners with Council by operating State Highway 2 that runs through Upper Hutt and co-investing with Council in transport infrastructure and services. The bus and train services are provided and funded through the Greater Wellington Regional Council.

We undertake future planning and advocacy, working with regional partners and government agencies on current, and future transport matters that impact our city, such as climate change, sustainability, and road safety.

- 243 km of roads
- 48 road bridges and 6 pedestrian/cycle bridges
- Cycleways, footpaths, and pedestrian crossings
- Public car parks and street furniture in the city centre
- Signs, road markings, street lights, and traffic signals
- Road improvements, renewals, and maintenance
- Street cleaning and vegetation control
- Road safety initiatives

The Infrastructure Strategy sets out the direction for this activity. The Strategy is implemented through Council's Asset Management Plans, which guide decisions around how best to maintain, renew and replace the land transport infrastructure.

# Why we do it

Safety of all road users is a paramount concern of ours. We work in conjunction with the New Zealand Police and Waka Kotahi NZ Transport Agency to monitor and enforce the safe use of roads through safety works, road marking and signage, street lighting upgrades, and road safety awareness.

Excellent road and rail links across the Wellington region are essential if the businesses and residents of Upper Hutt are to continue to thrive—whether in terms of residents travelling to and from work, or for businesses needing to move goods and services quickly and efficiently.

Our city is growing, and this means there is more demand on our transport infrastructure. Several major projects in this plan will address the capacity of key roads, intersections and routes to ensure we can provide for more people, and more vehicles, using our network safely and efficiently.

The resilience of our transport network to withstand unexpected events and extreme weather is crucial for the city to respond and recover in the event of such an emergency. This is an important factor driving our plans for the next 10 years.

The provision of footpaths and cycleways gives alternatives to vehicle transport for short journeys, and allows the community to choose environmentally friendly, and healthy travel options. It also enhances access to public transport and reduces congestion on the local road network.

## Key legislation, strategies, policies, and plans that guide our work

- Our Infrastructure Strategy
- Local Government Act 1974
- Land Transport Management Act 2003
- Land Transport Rule – Traffic Control Devices 2004
- National Code of Practice for Utilities Access to the Transport Corridor
- Our Sustainability Strategy
- Our Open Space Strategy
- Building Act 1991
- Civil Defence Emergency Management Act 2002
- Disabled Persons Act 1985
- Heath Act 1956
- Land Transport Act 1998
- Public Bodies Contracts Act 1959
- Public Works Act 1981
- Railway Safety and Corridor Management Act 1992
- Reserves Act 1977
- Resource Management Act 1991
- Transit New Zealand Act 1989



# Effects on the community

## SIGNIFICANT POTENTIAL NEGATIVE EFFECTS

## OUR RESPONSE

Congestion and noise pollution can be significant negative effects associated with land transport, particularly during peak times.

These possible impacts are well managed through routine ongoing maintenance, as outlined in the Asset Management Plans. Potential future congestion points have been identified and projects developed to address this.

Our promotion of carbon neutral travel aims to reduce the negative effects of pollution and congestion.

Disruption to the roading network due to asset failure or planned works may result in losses or damage for communities and businesses.

Operation and maintenance manuals and contracts are developed to ensure a quick response to, and resolution of failures. Where disruptions or shutdowns are necessary, we give adequate notice and consult with affected parties.

Construction works on roads can have a significant negative effect on the environment and community, such as congestion and delays, air pollution, safety and stormwater issues and disturbance of cultural sites during earthworks.

These are addressed by putting in place strong contractual and resource consent conditions to ensure that effects are kept to a minimum.

Funding shortfalls for road maintenance such as reseals, could lead to the premature deterioration of very costly assets, which will result in poor and unsafe roads that will require a significant investment to restore the level of service.

Council's Asset Management Plans forecast the pavement reseal needs of the roading network for future years based on tested and accepted scientific practices. This allows Council to budget according to these future identified needs.

## What we have planned

The focus areas for this activity group are:

- 🕒 Ensuring the road network is resilient, efficient, effective, and safe and assists in the delivery of Council's strategic goals.
- 🕒 Reducing the vulnerability of the rural roading network to natural hazard events.
- 🕒 Addressing substandard rural carriageway widths – impact on safety of motorists, cyclists and pedestrians on rural roads.
- 🕒 Delivering agreed levels of service as the city enters a period of growth.
- 🕒 Providing cycling and walking facilities that meets the agreed levels of service for all ages.
- 🕒 Continuing advocacy work with Greater Wellington Regional Council (GWRC) and Waka Kotahi for capacity and safety upgrades of State Highway 2 and State Highway 58.

# Key projects

## TŌTARA PARK BRIDGE WIDENING

Increased traffic on State Highway 2 has created congestion exiting Tōtara Park, creating delays for both car and passenger transport. Future residential development will further increase those delays.

This project will widen part of Tōtara Park Bridge to provide a longer length of two lanes at the traffic signals, which will increase the efficiency of traffic flow through the signals.

## REVITALISATION OF THE CITY CENTRE

Following the new modern look that has been created around the Upper Hutt Station and Princes Street area, further enhancement work will continue throughout the city centre.

## ARTERIAL CYCLEWAYS

Continue to develop the Upper Hutt arterial cycleway network, and in particular a path along the rail corridor and the completion of the Hutt River cycleway.

## FERGUSSON DRIVE INTERSECTIONS UPGRADE

Both Fergusson/Ward/Whakatiki, and Fergusson/Main/Gibbons intersections are set to be updated to mitigate traffic congestion from increased demand. These intersections will be redesigned and upgraded.

## CITY CENTRE OPEN SPACE

In support of the Open Space Strategy, an investigation will be carried out to determine an appropriate location and design for a potential new open space within the Upper Hutt city centre. Originally consulted on in the LTP 2018 – 2028, this

project has been reprogrammed with \$250 K for design/investigation work in Year 1 (2021 – 2022) on completion of the wider city centre development strategy (under the Economic development activity group)

## RURAL ROADS HIGH-PRIORITY SAFETY PROJECTS

With the increased usage of our rural roads by multiple users including residents, cyclists, walkers, and horse riders, safety is becoming a concern.

Work will continue to accommodate the multi-modal use of these roads and to improve safety and lessen the risk of serious crashes.

## SILVERSTREAM BRIDGE REPLACEMENT

Increased traffic at the southern end of the city exceeds the capacity of the road network during peak hours and is causing significant delays at the intersection of State Highway 2 and Fergusson Drive and at the intersection of Fergusson Drive and Eastern Hutt Road. The bridge also does not have the capacity to meet the 100 year flood requirements.

These roads and the bridge form a key gateway to the city from the south. The bridge also provides a critical access point to the city in the event of State Highway 2 being compromised, boosting the city's resilience. The work will look to address the existing issues with this key link and also accommodate future growth in the area.

# Measuring our progress

We use the following seven measures to determine our success against the level of service we aim to provide.

**LEVEL OF SERVICE:** We will provide a safe roading network.

- 42 Road Safety: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, quality	7 (same as previous)	≤ previous year	≤ previous year	≤ previous year	≤ previous year	Waka Kotahi data

**LEVEL OF SERVICE:** We will provide a well-lit, clean, convenient, and safe roading network in the city centre for parking, pedestrians, and cyclists.

- 43 Road conditions: The average quality of ride on a sealed local road network, measured by smooth travel exposure

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, quality	77%	80%	80%	80%	80%	Annual roughness survey

- 44 Road maintenance: The percentage of the sealed local road network that is resurfaced

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, quality	47,431 m <sup>2</sup> (aim: 66,634 m <sup>2</sup> )	95% <sup>14</sup>	95% <sup>14</sup>	95% <sup>14</sup>	95% <sup>14</sup>	Internal register and database

- 45 Footpaths: The percentage of footpaths within Upper Hutt that fall within the level of service as set out in the Long Term Plan, and Asset Management Plan

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, quality	99.45%	95%	95%	95%	95%	Internal database

- 46 Response to service requests: The percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the Long Term Plan

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	94.9%	90% <sup>15</sup>	90% <sup>15</sup>	90% <sup>15</sup>	90% <sup>15</sup>	Internal database

- 47 Resident satisfaction with street lighting

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	75%	85% <sup>16</sup>	85% <sup>16</sup>	85% <sup>16</sup>	85% <sup>16</sup>	Community Survey

- 48 Resident satisfaction with street cleanliness

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	76%	85% <sup>16</sup>	85% <sup>16</sup>	85% <sup>16</sup>	85% <sup>16</sup>	Community Survey

14. Percentage of work programmed in Asset Management Plan delivered.

15. Percentage of requests are initially responded to within 3 days.

16. Percentage of respondents who are satisfied or very satisfied.

## Funding impact statement for Land transport (\$'000)

<b>ANNUAL PLAN</b>		<b>LTPY1</b>	<b>LTPY2</b>	<b>LTPY3</b>	<b>LTPY4</b>	<b>LTPY5</b>	<b>LTPY6</b>	<b>LTPY7</b>	<b>LTPY8</b>	<b>LTPY9</b>	<b>LTPY10</b>
<b>2020 – 21</b>	<b>SOURCES OF OPERATING FUNDING</b>	<b>2021 – 22</b>	<b>2022 – 23</b>	<b>2023 – 24</b>	<b>2024 – 25</b>	<b>2025 – 26</b>	<b>2026 – 27</b>	<b>2027 – 28</b>	<b>2028 – 29</b>	<b>2029 – 30</b>	<b>2030 – 31</b>
5,369	General rates, uniform annual general charges, rates penalties	5,460	6,474	6,883	7,550	7,294	8,710	9,145	7,611	9,952	13,481
0	Targeted rates	0	0	0	0	0	0	0	0	0	0
1,734	Subsidies and grants for operating purposes	1,264	765	148	1,236	1,890	1,838	2,659	4,918	5,142	2,010
107	Fees, charges	113	117	119	120	120	121	123	126	128	131
119	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
120	Local authority fuel tax, fines, infringement fees, and other receipts	185	189	192	195	197	200	202	205	207	210
<b>7,449</b>	<b>Total operating funding (A)</b>	<b>7,022</b>	<b>7,545</b>	<b>7,342</b>	<b>9,101</b>	<b>9,501</b>	<b>10,869</b>	<b>12,129</b>	<b>12,860</b>	<b>15,429</b>	<b>15,832</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
4,477	Payments to staff and suppliers	4,679	4,739	5,040	5,442	5,504	5,665	6,150	6,332	6,901	6,920
531	Finance costs	451	621	786	1,030	1,178	1,247	1,259	1,355	1,750	2,030
1,148	Internal charges and overheads applied	1,340	1,403	1,484	1,470	1,605	1,558	1,631	1,750	1,796	1,846
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>6,156</b>	<b>Total applications of operating funding (B)</b>	<b>6,470</b>	<b>6,763</b>	<b>7,310</b>	<b>7,942</b>	<b>8,287</b>	<b>8,470</b>	<b>9,040</b>	<b>9,437</b>	<b>10,447</b>	<b>10,796</b>
<b>1,293</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>552</b>	<b>782</b>	<b>32</b>	<b>1,159</b>	<b>1,214</b>	<b>2,399</b>	<b>3,089</b>	<b>3,423</b>	<b>4,982</b>	<b>5,036</b>

ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF CAPITAL FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
5,608	Subsidies and grants for capital expenditure	4,369	4,345	7,086	7,195	3,574	3,606	5,236	10,630	11,175	4,597
218	Development and financial contributions	218	213	208	203	198	194	189	185	181	177
4,151	Increase (decrease) in debt	6,062	5,797	8,379	5,931	2,493	1,408	2,582	12,729	8,718	(570)
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
9,977	Total sources of capital funding (C)	10,649	10,355	15,673	13,329	6,265	5,208	8,007	23,544	20,074	4,204
APPLICATIONS OF CAPITAL FUNDING											
4,098	Capital expenditure										
	to meet additional demand	0	279	4,410	0	152	0	2,767	12,131	12,406	0
4,719	to improve the level of service	5,538	4,385	4,585	10,087	2,540	2,665	3,016	8,514	5,617	2,780
2,235	to replace existing assets	5,445	6,260	6,502	4,198	4,589	4,748	5,124	6,137	6,852	6,283
218	Increase (decrease) in reserves	218	213	208	203	198	194	189	185	181	177
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
11,270	Total applications of capital funding (D)	11,201	11,137	15,705	14,488	7,479	7,607	11,096	26,967	25,056	9,240
(1,293)	Surplus (deficit) of capital funding (C – D)	(552)	(782)	(32)	(1,159)	(1,214)	(2,399)	(3,089)	(3,423)	(4,982)	(5,036)
0	FUNDING BALANCE ((A – B) + (C – D))	0	0	0	0	0	0	0	0	0	0

# Sustainability

The outcomes this activity group contributes to are:



## TAIAO Environment

We're immersed in natural beauty. We care for and protect our river, our stunning parks, and our natural environment.



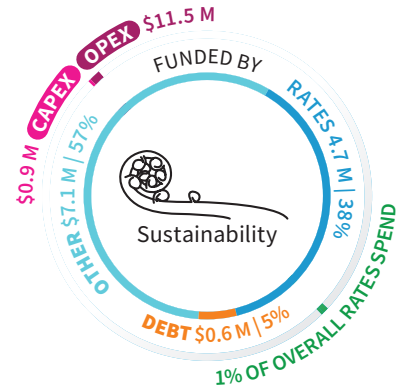
## PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



## TŪĀPAPA Infrastructure

We have reliable and efficient networks and infrastructure that support our city.



## What we do

This activity group combines the work we do to protect Upper Hutt's livability and environment. Our sustainability initiatives are guided by the goals and actions outlined in our Sustainability Strategy, including one-off projects, ongoing programmes, and community education, support, and liaison.

A large part of sustainability is providing waste services to Upper Hutt. A range of refuse and recycling services are available to households and businesses. Silverstream Landfill (situated in Hutt City) is the primary disposal site used by the community, and by waste contractors operating in Upper Hutt.

- Sustainability initiatives and projects
- Sustainability Stimulus Grant
- Waste minimisation education and projects
- Enviroschools
- Rubbish bag collection
- Community recycling station

## Why we do it

Council is committed to taking a sustainable development approach in our activities in the interest of both current and future generations of our city. Sustainability initiatives aim to better inform both the organisation and the community about sustainability issues, set long term goals, overcome barriers, and implement good practice. A key target, stemming from the adoption of our Sustainability Strategy, is to become a carbon neutral organisation by 2035.

Sustainability service delivery will align to fulfill the over-arching vision of our Sustainability Strategy that 'Upper Hutt is a resilient and adaptable city that identifies, confronts, and finds solutions to issues impacting on our four wellbeings, to ensure future generations can live a good life here.' As such, service delivery will align to the following principles of our Strategy:

- Full integration across Council
- Council will partner with the community
- Education, information, and understanding
- Change
- Long term, big picture thinking
- Te Tiriti o Waitangi

## Waste

As part of our sustainable work, Council is required to promote effective and efficient waste management and minimisation within the city.

A key part of this was the adoption of the Waste Management and Minimisation Plan. In 2017 Council adopted the Wellington Region Waste Management and Minimisation Plan 2017 – 2023 (WMMP) to guide our waste minimisation activities. The WMMP sets the priorities and strategic framework for managing waste while the regional and local actions aim to

deliver the plan's goals and objectives. The overall goal of the WMMP is to reduce waste to landfill from 600 kg per person to 400 kg per person by 2026.

There is no significant variation between the WMMP and the LTP 2021 – 2031.

## Key legislation, strategies, policies, and plans that guide our work

- Wellington Region Waste Management and Minimisation Plan 2017 – 2023
- Regional Policy Statement for the Wellington Region 2013 (Greater Wellington)
- Climate Change Response (Zero Carbon) Amendment Act 2019
- Our Sustainability Strategy 2020
- Resource Management Act 1991
- Our District Plan
- Te Mana o te Taiao – Aotearoa NZ Biodiversity Strategy 2020
- Waste Minimisation Act 2008
- Biosecurity Act 1993
- Hutt Valley Trade Waste Bylaw 2006
- Proposed Natural Resources Plan 2019 (Greater Wellington)
- National Policy Statement for Freshwater Management 2014
- Proposed National Policy Statement for Highly Productive Land
- Proposed National Policy Statement for Highly Indigenous Biodiversity 2019
- Our Solid Waste Management and Minimisation (SWMM) Bylaw 2020
- Litter Act 1979
- Local Government Act 2002



# Effects on the community

## SIGNIFICANT POTENTIAL NEGATIVE EFFECTS

## OUR RESPONSE

Climate change brings significant direct and indirect challenges. Direct challenges include the rapid reduction of emissions and adapting to the direct impacts of a changing climate.

Council adopted a Sustainability Strategy in 2020, and is working towards being a carbon neutral organisation by 2035. Council is working on a *climate change risk profile* to identify risks to Upper Hutt.

Indirect challenges include global economic upheaval, and human migration away from the worst affected areas.

Community resilience and adaptability will be supported through actions stemming from our Sustainability Strategy.

Landfills can have a negative effect on the environment if not managed appropriately.

Environmental effects at landfills are managed with resource consent conditions, management techniques and best practice standards. The WMMP sets out Council's actions to reduce the quantity of waste going to landfill. The SWMM Bylaw, and the increase to the waste levy, will help to incentivise waste diversion and track volume and waste type.

Failure to provide effective and efficient recycling and refuse collection services could lead to increased littering, dumping, and lack of participation in recycling and other waste diversion from landfill.

We ensure that a range of rubbish and recycling services are available to our community. The SWMM Bylaw and this LTP increase compliance provisions around waste and littering.

A user-pays approach to waste diversion relies on a willingness to pay the indirect environmental benefits, and not place recyclables with other waste.

The SWMM Bylaw will bring in regulation that supports recyclables being diverted from landfill and controls around making sure waste streams are diverted as intended by the consumer.



# What we have planned

## Sustainability Strategy

Implementing our Sustainability Strategy into Council-wide works, projects, and actions stem from the eight goals of the strategy. The eight goals in our Sustainability Strategy 2020 are:

- ① Council will be a carbon neutral organisation by 2035.
- ② We will prioritise protecting and enhancing our natural environment.
- ③ We will have a good quality and sufficient water supply.
- ④ Our community will be resilient, adaptable, and inclusive.
- ⑤ Upper Hutt City Council will be a leader in the community on sustainability issues.
- ⑥ We will reduce waste.
- ⑦ Our community will be engaged and informed on sustainability issues.
- ⑧ We will encourage low carbon transport.

## Sustainability Stimulus Grant

We will introduce a new Sustainability Stimulus Grant to help our city reduce its emissions profile and work towards achieving our sustainability goals. The grant aims to stimulate investment in sustainable practice, reduce operating costs, and

support both a green economy in Upper Hutt, and organisations that align their practices with the goals of our Sustainability Strategy. A policy will be developed in the first two to three months of the LTP regarding disbursement of the grant.

83

## Waste minimisation

Actions from the Wellington Region Waste Management and Minimisation Plan are in the final three years of the 2017 – 2023 Plan. This plan consists of local actions that we will manage and implement, and regional actions that are worked on collaboratively with other councils in the region.

- ① Education and communication projects
- ② Resource Recovery initiatives
- ③ Promotion of Waste Minimisation
- ④ Regional Waste Data Framework
- ⑤ Waste Bylaw implementation

# Measuring our progress

We use the following five measures to determine our success against the level of service we aim to provide. The first two measures have been in place over the last three years. We have introduced three new measures (as indicated) stemming from our Sustainability Strategy.

**LEVEL OF SERVICE:** We are sustainably managing the impact of our activities on the natural environment.

**49** Increasing total tonnage of recycling materials being collected through Council-provided recycling services

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Sustainability	9.2% increase to 638.76 t	≥ previous year	≥ previous year	≥ previous year	≥ previous year	Quarterly provider data

**50** Percentage of households that use Council-provided recycling services

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality, accessibility	9% increase to 49%	≥ previous year	≥ previous year	≥ previous year	≥ previous year	Community Survey

**51** **NEW** Reduce the level of Carbon generated by Council operations

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Sustainability, safety	3,879 tCO <sub>2</sub> e <sup>17</sup>		Reduce carbon to ≤ 3,879 tCO <sub>2</sub> e			3 yearly greenhouse gas inventory: Baseline 2018 – 19, then reporting Y2, Y5, and Y8

**52** **NEW** Mean number of indigenous forest bird species counted

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Sustainability, quality	57%	≥ previous year	≥ previous year	≥ previous year	≥ previous year	Annual bird count report

**53** **NEW** Local residents awareness of Sustainability projects in the community


KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Quality, accessibility	NA	≥ 20% of respondents report being aware	≥ 20% of respondents report being aware	≥ 30% of respondents report being aware	≥ 35% of respondents report being aware	Community Survey

17. Based on the 2018 – 2019 greenhouse gas inventory. An inventory has not been completed for 2019 – 2020 due to COVID-19 substantially skewing the results.

# How we pay for it

## Funding impact statement for Sustainability (\$'000)

ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF OPERATING FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
309	General rates, uniform annual general charges, rates penalties	492	449	475	382	447	462	474	488	510	522
0	Targeted rates	0	0	0	0	0	0	0	0	0	0
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
545	Fees, charges	627	650	668	684	700	716	732	749	766	782
8	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
0	Local authority fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0
862	Total operating funding (A)	1,119	1,099	1,143	1,066	1,147	1,178	1,206	1,237	1,276	1,304
APPLICATIONS OF OPERATING FUNDING											
865	Payments to staff and suppliers	992	959	986	902	969	991	1,013	1,036	1,060	1,082
0	Finance costs	4	5	8	12	15	16	17	19	20	21
126	Internal charges and overheads applied	116	126	135	131	136	140	141	144	154	154
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
991	Total applications of operating funding (B)	1,112	1,090	1,129	1,045	1,120	1,147	1,171	1,199	1,234	1,257
(129)	Surplus (deficit) of operating funding (A – B)	7	9	14	21	27	31	35	38	42	47



86

# Planning and regulatory

The outcomes this activity group contributes to are:



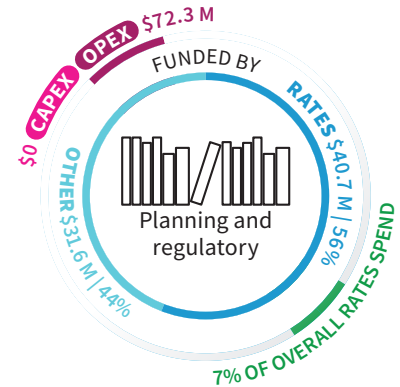
## TAIAO Environment

We're immersed in natural beauty. We care for and protect our river, our stunning parks, and our natural environment.



## PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



## What we do

Regulatory services comprises planning and building control, environmental health (including food safety, and noise management), animal management, alcohol licensing, parking enforcement, and general bylaw compliance. We have a statutory obligation to be involved in these activities to ensure public safety, health and wellbeing, and much of the work undertaken is specified by national legislation or regulations. Our environmental health services work is contracted to Hutt City Council and Environmental Health Officers operate from our Civic Centre building.

Planning Policy activities focus on sustainable management of natural and physical resources under the Resource Management Act 1991 (RMA). We develop the District Plan in response to a range of external drivers including demographics, environmental, economic, and social issues. In addition to our District Plan, we facilitate decision-making on urban planning and growth management issues; for example, on policy proposals from central and regional government relating to the RMA, National Policy Statements and National Environmental Standards.

- City planning, resource consenting, and monitoring
- Regulatory works
- Land Information Memoranda (LIMs)

Consents and compliance provide information and advice to the public on the legislation it administers and enforces. Our work ensures consistent and equitable decision-making, and that subdivision, and development, is undertaken in a manner which is consistent with the District Plan, and in accordance with the RMA.

# Why we do it

## City planning, resource consenting, and monitoring

Our city planning influences the future direction of development in the city by balancing the demand for rural lifestyle developments, identifying suitable

new areas for residential development, balancing the demands for employment growth, and protecting significant landscape features.

## Regulatory works

Everything we do through our regulatory works is to promote public health and safety within the community. Food you buy at restaurants, excessive noise in your neighbourhood, the buildings you live in, lost dogs, and your ability to park near the local shops, is all managed through this activity area to ensure you are safe.

Regulatory and planning activities are guided by a significant amount of legislation, and the regulations that stem from them. Below is a list of legislation, strategies, policies and plans that are used in day-to-day work.

## Legislation, strategies, policies, and plans that guide our work

88

- Resource Management Act 1991
- Our Land Use Strategy 2016 – 2043
- Local Government Act 2002
- Health Act 1956
- Sale and Supply of Alcohol Act 2012
- Our Sustainability Strategy 2020
- Impounding Act 1955
- Food Act 2014
- Building Act 2004
- Dog Control Act 1996
- Land Transport Act 1998
- Te Mana o te Taiao – Aotearoa NZ Biodiversity Strategy 2020
- Wellington Housing and Business Development Capacity Assessment (HBA)
- All our (Council) bylaws, policies, and strategies

# Effects on the community

## SIGNIFICANT POTENTIAL NEGATIVE EFFECTS

## OUR RESPONSE

Individuals' perceptions of personal freedom can be reduced through regulatory activities undertaken for the benefit of the wider community.

This is a natural, and largely unavoidable consequence of imposing any legislation and regulation. Council mitigates these effects where possible with information, community consultation and engagement.

The costs of compliance (such as fees for dog registration, consents or licenses) may be a barrier to some people and could have an adverse economic effect on individuals or businesses.

Fees are set to recognise the benefits to users of the services regulated through this activity on the one hand, and to the general public on the other. Some fees are set by legislation. Council takes into account the balance between affordability and the cost of its operations in setting fees and charges and these are reviewed annually.

Low engagement through District Plan review consultation.

The matters decided upon through the District Plan review are of significant importance to our community. We facilitate community participation in decision-making by providing information, and by engaging and consulting with affected groups and individuals in accordance with the RMA.

Climate change brings direct and indirect challenges to our natural environment.

At a national level, there have been significant changes to the RMA in relation to climate change including both natural hazard implications, and consideration of emissions reduction options, which we factor into our work on District Plan changes.

## What we have planned

We will continue fulfilling our statutory obligations to undertake these activities. How we deliver these services and the work undertaken is primarily specified by legislation or regulations.

### District Plan review

Council is required to review its District Plan every 10 years. The District Plan became operative in 2004, and a 'rolling review' of the District Plan has been underway since that time. Council will continue with

that review, with topic areas including heritage, sites of significance to Māori, subdivision infrastructure, natural hazards, ecology, landscapes, and open spaces.



## RESIDENTIAL STIMULUS POLICY

We will continue this initiative, which encourages higher density residential development in and around the city centre, neighbourhood centres, and major transport nodes.

The stimulus package waives key development charges, such as resource and building consent fees, and reserve fund contributions.

## Measuring our progress

We use the following 13 measures to determine our success against the level of service we aim to provide, the last six of which are proposed new measures regarding legislative inspection timeframes.

**LEVEL OF SERVICE:** Service provision meets all regulatory requirements

54 Process LIMs within statutory timeframe (10 working days)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	94%	100%	100%	100%	100%	Internal database

55 Process resource consents within statutory timeframes (20 working days)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	100%	100%	100%	100%	100%	Internal database

56 Process building consents within statutory timeframes (20 working days)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	87%	100%	100%	100%	100%	Internal database

57 User satisfaction with building consenting service

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Satisfaction, quality	96%	92% <sup>18</sup>	92% <sup>18</sup>	92% <sup>18</sup>	92% <sup>18</sup>	Annual building consents survey

58 All Health Act 1956 premises requiring registration in the following year are inspected annually by 30 June

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	73%	100%	100%	100%	100%	Internal database

59 Timeliness of officer attendance to complaints of excessive noise

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Responsiveness	78%	90% <sup>19</sup>	90% <sup>19</sup>	90% <sup>19</sup>	90% <sup>19</sup>	Internal database

18. Percentage of respondents who are satisfied or very satisfied.

19. Percentage of responses to excessive noise reports within one hour.

## 60 Timeliness of initial officer response to reported dog attacks

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Responsiveness	89%	100% <sup>20</sup>	100% <sup>20</sup>	100% <sup>20</sup>	100% <sup>20</sup>	Internal database

61 **NEW** Licensed alcohol premises (excluding special licences or new licences) have one compliance inspection every 3 years (in addition to licensing inspections)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	NA	100%	100%	100%	100%	Internal database

62 **NEW** New food businesses are verified within 6 weeks of the date of registration under the Food Act 2014

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	NA	100%	100%	100%	100%	Internal database

63 **NEW** Existing food businesses are verified in accordance with the Food Act 2014 (ranging from 3 to 18 months and dependent upon previous performance)

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	NA	100%	100%	100%	100%	Internal database

64 **NEW** Inspection of residential pools within statutory timeframes

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	NA	100%	100%	100%	100%	Internal database

65 **NEW** Process code compliance certificates within statutory timeframes

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	NA	100%	100%	100%	100%	Internal database

66 **NEW** Land use consents are monitored within 12 months of being granted consent

KEY CRITERIA	19 – 20 RESULT	TARGET Y1	TARGET Y2	TARGET Y3	TARGET Y4 – 10	DATA SOURCE
Legislation, responsiveness	NA	100%	100%	100%	100%	Internal database

20. Percentage of reported dog attacks that will receive an initial response within two hours of the complaint being received.



## Funding impact statement for Planning and regulatory (\$000)

<b>ANNUAL PLAN</b>		<b>LTPY1</b>	<b>LTPY2</b>	<b>LTPY3</b>	<b>LTPY4</b>	<b>LTPY5</b>	<b>LTPY6</b>	<b>LTPY7</b>	<b>LTPY8</b>	<b>LTPY9</b>	<b>LTPY10</b>
<b>2020 – 21</b>	<b>SOURCES OF OPERATING FUNDING</b>	<b>2021 – 22</b>	<b>2022 – 23</b>	<b>2023 – 24</b>	<b>2024 – 25</b>	<b>2025 – 26</b>	<b>2026 – 27</b>	<b>2027 – 28</b>	<b>2028 – 29</b>	<b>2029 – 30</b>	<b>2030 – 31</b>
3,162	General rates, uniform annual general charges, rates penalties	3,529	3,890	4,095	4,015	4,121	4,206	4,261	4,220	4,134	4,279
0	Targeted rates	0	0	0	0	0	0	0	0	0	0
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
2,239	Fees, charges	2,462	2,660	2,746	2,767	2,820	2,892	2,962	3,042	3,125	3,205
60	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
259	Local authority fuel tax, fines, infringement fees, and other receipts	257	267	274	280	287	294	300	307	314	321
<b>5,720</b>	<b>Total operating funding (A)</b>	<b>6,248</b>	<b>6,817</b>	<b>7,115</b>	<b>7,062</b>	<b>7,228</b>	<b>7,392</b>	<b>7,523</b>	<b>7,569</b>	<b>7,573</b>	<b>7,805</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>											
3,560	Payments to staff and suppliers	4,043	5,405	4,881	4,486	4,302	4,446	4,514	4,660	4,744	4,889
17	Finance costs	0	0	30	39	38	27	17	6	0	0
2,143	Internal charges and overheads applied	2,202	2,409	2,501	2,484	2,535	2,569	2,642	2,703	2,829	2,916
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>5,720</b>	<b>Total applications of operating funding (B)</b>	<b>6,245</b>	<b>7,814</b>	<b>7,412</b>	<b>7,009</b>	<b>6,875</b>	<b>7,042</b>	<b>7,173</b>	<b>7,369</b>	<b>7,573</b>	<b>7,805</b>
<b>0</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>3</b>	<b>(997)</b>	<b>(297)</b>	<b>53</b>	<b>353</b>	<b>350</b>	<b>350</b>	<b>200</b>	<b>0</b>	<b>0</b>

ANNUAL PLAN		LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
2020 – 21	SOURCES OF CAPITAL FUNDING	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
1,300	Development and financial contributions	1,800	1,659	1,492	1,527	1,562	1,599	1,634	1,672	1,709	1,746
0	Increase (decrease) in debt	(3)	997	297	(53)	(353)	(350)	(350)	(200)	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
1,300	Total sources of capital funding (C)	1,797	2,656	1,789	1,474	1,209	1,249	1,284	1,472	1,709	1,746
APPLICATIONS OF CAPITAL FUNDING											
0	Capital expenditure										
0	to meet additional demand	0	0	0	0	0	0	0	0	0	0
0	to improve the level of service	0	0	0	0	0	0	0	0	0	0
0	to replace existing assets	0	0	0	0	0	0	0	0	0	0
1,300	Increase (decrease) in reserves	1,800	1,659	1,492	1,527	1,562	1,599	1,634	1,672	1,709	1,746
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0
1,300	Total applications of capital funding (D)	1,800	1,659	1,492	1,527	1,562	1,599	1,634	1,672	1,709	1,746
0	Surplus (deficit) of capital funding (C – D)	(3)	997	297	(53)	(353)	(350)	(350)	(200)	0	0
0	FUNDING BALANCE ((A – B) + (C – D))	0	0	0	0	0	0	0	0	0	0

# Section C

## NGĀ RAUTAKI ME NGĀ AHUMONI STRATEGIES AND FINANCIALS

This section details how Council proposes to manage the funding it receives and spends on its operations throughout the Long Term Plan period. It also outlines how Council will perform against legislated benchmarks.

- 95** Financial Strategy
- 104** Benchmarks
- 111** Infrastructure Strategy
- 180** Financial Statements

# Financial Strategy

## Purpose

Under the Local Government Act 2002, section 101A (the Act) “a local authority must as part of its long term plan, prepare and adopt a financial strategy for all of the consecutive financial years covered by the long term plan.”

The Financial Strategy for Council sets the overall financial direction of the Long Term Plan and how Council intends to maintain current levels of service as well as fund its proposed new capital expenditure. The legislated purpose of this financial strategy is to facilitate:

- Prudent financial management by the council by providing a guide for the council to consider proposals for funding and expenditure against; and
- Consultation on the local authority’s proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority’s services, rates, debt and investments.

The Financial Strategy must include:

- A statement of the factors that will have a significant impact on the Council including changes in population and land use and the costs of these changes.
- Expected capital expenditure (capex) on infrastructure.
- Other significant factors which will affect levels of service.
- Quantified limits on rates increases and borrowings.
- An assessment of ability to maintain levels of service, and to meet additional demands.
- A policy on the giving of securities for borrowing and the objectives for the holding of investments and securities.

## Context for this Long Term Plan (LTP)

The context for this LTP’s Financial Strategy is quite different to the ones that have come before it. It is being prepared during a global pandemic and the economic ramifications of COVID-19 have placed the world into recession.

As stewards of local infrastructure, Councils have a part to play in economic recovery by continuing to invest in the maintenance and renewals of roads, three waters infrastructure and other community

assets. This is both to preserve the quality of the assets, but to also keep money flowing through the economy.

Affordability is always a key consideration in setting limits on rates and debt, and fees and charges. New Zealand, and more relevantly, Upper Hutt are currently faring very well in this particular climate. This is largely due to our proximity to the public sector employment opportunities in Wellington.

The strategic considerations and drivers below provide detailed contextual information about specific issues that have fed into the development of this Financial Strategy and LTP. These will provide

background information regarding the formulation of budgets and should be read in conjunction with the Significant Forecasting Assumptions.

## Strategic considerations/drivers

The following significant strategic considerations or ‘drivers’ have influenced this Financial Strategy, some of which are overarching factors that have influenced various other aspects of this LTP.

### Growth

Our growth projections for this LTP, using the Wellington Regional Housing and Business Land Capacity Assessment (HBA) indicate significant population growth in Upper Hutt of between 20% and 29% (based on census population in 2018 of 43,980) to 2047 (details in the Significant Forecasting Assumptions). Residential dwellings are projected to grow by 4,900 to 5,600 dwellings between 2017 and 2047. There were 16,226 residential dwellings in 2020 so that is an approximate increase of between 30% and 35%. In April 2021, Sense Partners issued a report called *Demographic and dwelling forecasts for the Wellington region*. This report will be used to inform the next HBA expected to be issued later this year. The report by Sense Partners indicates that there is expected to be strong population growth over the next 30 years in Wellington, and in Upper Hutt specifically, we can expect to see growth of 2.1% per annum between 2018 and 2028.

The significant growth predicted in Upper Hutt will impact on the Infrastructure Strategy which in turn will impact the financial requirements of Council. Council will need to be prepared for increased capex and ongoing maintenance associated with additional infrastructure. Money has been set aside to prepare growth assessments in the first 3 years as the full extent of the infrastructure requirement is not yet known, however at this stage, in this LTP’s Infrastructure Strategy, we estimate that investment of \$209.4 M will be required over 30 years in order to cope with growth.

Investment will be required in the areas of water supply, traffic, parking, public transport, and open space. As examples, significant capital expenditure detailed in the Infrastructure Strategy relating to growth are the development of the Fergusson/Ward/Whakatiki intersections and the Silverstream Bridge replacement.

### Three Waters Reform

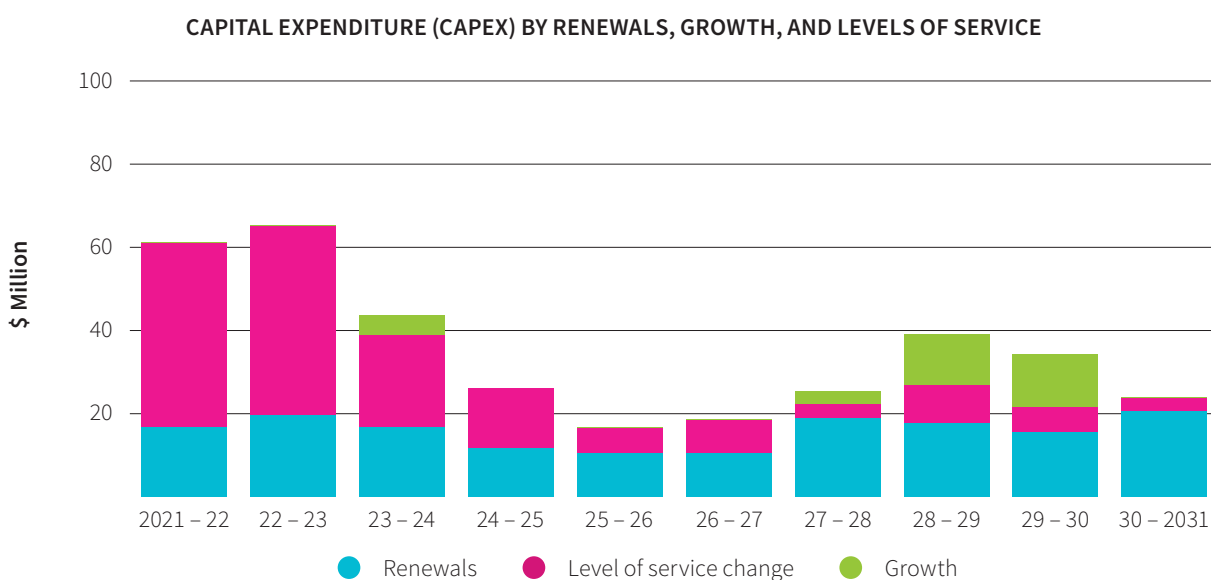
Central Government’s Three Waters Reform programme has the potential to significantly impact Council’s Infrastructure and Financial strategies. In the short term, Council has agreed to sign the Three Waters Reform Memorandum of Understanding and as a result has received stimulus funding from the New Zealand Government in the form of a grant. In the longer term, Government’s intention is to reform the services into a small number of multi-regional entities with a bottom line of public ownership. The exact size, shape, and design of these entities is still

being worked through. As this change is progressed, this will obviously impact Council’s long term planning for water infrastructure. For the purposes of this Financial Strategy and LTP, we have continued on a business as usual basis as communities will still need water services no matter who delivers them. The latest indications from Central Government is that a transfer of water assets will coincide with the preparation of the next LTP (2024 – 2034). Therefore the assumptions in this LTP should be valid for the next 3 years with regards to water.

## Infrastructure Strategy

The Infrastructure Strategy assists Council to take a long term view of the city's infrastructure needs. The infrastructure strategy and financial strategy need to work together to provide the desired outcomes to maintain levels of service and ensure adequate investment where required. There is cross-over between the two strategies and the external factors that have influenced the development of that strategy are: growing urban environment, changing population, three waters reform, changing climate, resilient infrastructure, connectivity with the region, new technologies and changing legislation and priorities.

The Infrastructure Strategy has focused Council's efforts by using an intervention logic mapping process which identifies three problems of ageing infrastructure, growing population and changing expectations. The purpose of the financial strategy in a large part is to ensure that the infrastructure strategy can be carried out, by ensuring there is adequate financial resourcing through various funding mechanisms to ensure that the infrastructure goals can be achieved whilst remaining financially prudent. The Infrastructure Strategy has resulted in a capital plan which has increased markedly from the LTP 2018 – 2028. The revised capex profile for this LTP 2021 – 2031 is illustrated in the following graph.



## Service level changes

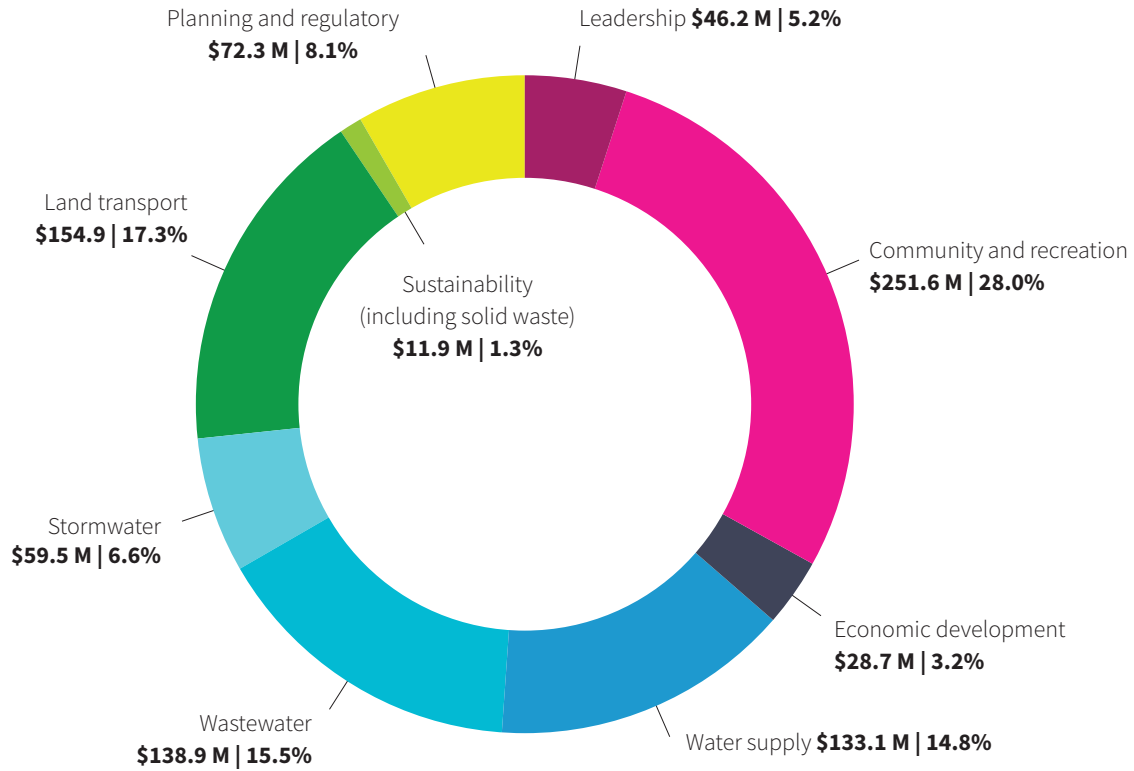
The capital expenditure graph shows there are increased levels of service through the delivery of projects such as the Civic Centre and H<sub>2</sub>O Xstream upgrades.

There are some minor operational service level changes and financial impacts through the implementation of the Sustainability Strategy,

however these have not had a major impact in the first three years of the LTP. They may be more significant through the next LTP as more work is done to implement the Sustainability Strategy and dependent on what the impact of the recommendations from the Climate Change Commission are. Other non-material service level changes have been included in operational budgets.



### OPERATING EXPENDITURE BY ACTIVITY GROUP OVER 10 YEARS

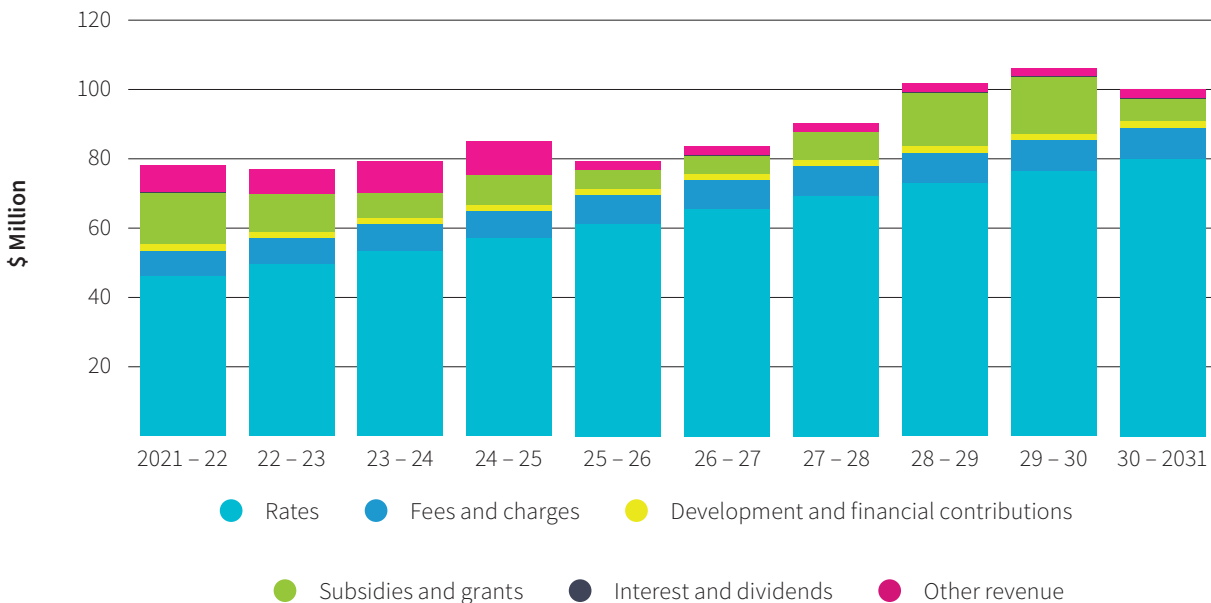


## Revenue

Council is largely dependent on rates as a primary source of income as Council does not have significant income generating investments or assets, such as property, that generate large sums of rental income. There is therefore limited scope to

reduce the impact on rates through other sources of revenue, however we have reviewed our Revenue and Financing Policy during the creation of the LTP, and Council has determined that the revised funding structure is the most appropriate.

### REVENUE BY SOURCE



# Rates

Moderate rates increases are required if we are to increase levels of service and carry out our capital plan which includes necessary infrastructure maintenance and renewals, and complete the additional optional projects that were committed to in the LTP 2018 – 2028 and endorsed by the community through that process.

Council has used all funding tools available including managing our debt profile and utilising reserve funds and retained surpluses to minimise the impact on rates increases throughout the period of the LTP. Council does not fund depreciation and has previously opted to fund all capital renewals through rates. This LTP, Council has decided that a

more equitable option from an inter-generational perspective is to fund capital renewals through loan funding, which spreads the cost of the asset across a time period more closely aligned to its useful life.

This has the effect of reducing the immediate impact on rates in Year 1, however Council has taken the opportunity to budget for some additional debt repayments in Year 1 which balances out the larger fluctuations in rates increases across the 10 year plan. There is a slight increase year-on-year in Years 2 – 5, which reflects the capital expenditure programme and its impact on debt levels. Thereafter the rates increases level off and reduce.

## Limit on rates increases

The proposed annual rates increases (in percentage) over the 10 years of the LTP are shown in the following table. Council has factored in forecast growth in rateable properties in ascertaining the rates increase impact for ratepayers. Council has estimated that the growth in the city's rating database will be 1.5% per year for the next 10 years. This is in line with the growth forecasts for our city (further detailed in the Significant Forecasting Assumptions). It also lines up with historical trend data.

Council will limit its rates percentage increase to no more than 6% per year assuming there are no significant service level increases introduced.

Council believes that this is a reasonable limit on rates increases given that Upper Hutt is a growing city, and costs in the local government sector increase at a rate higher than inflation largely due to the specific nature of costs associated with construction and infrastructure. For example, the earthmoving and site work indices and pipelines indices peak at an increased rate of 3.8% and 4.8% respectively in the 2022 – 2023 financial year. Council has assessed that we can provide and maintain existing levels of service, increased service levels for some activities, along with some growth to meet additional demand within this limit. However, new services or substantial growth in demand cannot be accommodated within this limit.

The proposed rates increase across the 10 years of the LTP are as follows:

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Proposed rates increase	6.41%	7.33%	7.38%	7.30%	7.34%	7.09%	5.70%	5.27%	4.76%	4.67%
Less estimated growth in rateable properties	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
<b>Proposed rates increase (net of growth)</b>	<b>4.91%</b>	<b>5.83%</b>	<b>5.88%</b>	<b>5.80%</b>	<b>5.84%</b>	<b>5.59%</b>	<b>4.20%</b>	<b>3.77%</b>	<b>3.26%</b>	<b>3.17%</b>

## Balanced budget

Over the life of the LTP, Council's objective is to set total operating income at a level that meets or is greater than total operating expenditure. This is to ensure that there is access to enough funding to enable the services to continue to be provided long term.

However, there are activities where this approach may not be practical or prudent on a year-by-year basis due to the activity's long term nature such as three waters and property. Over the next 10 years, Council intends to temporarily run activity deficits/surpluses in order to avoid large variations in rates increases, and any deficits will be funded through operational and other reserves, and by balancing out loan repayments.

Council does not rate fund depreciation, and as mentioned earlier, has chosen to fund renewals through borrowings in this LTP. From a practical perspective, this means that the funding for renewals is borrowed up front and then paid off over the life of the loan. This is the opposite methodology to funding depreciation which builds up a depreciation reserve over the life of the asset. The effect is the same however as in both methods, the asset is paid for over its useful life, promoting intergenerational equity.

Although both methods promote the same result, there will not be an exact correlation between the amount of depreciation accounted for, and the amount of loan repayments rated for. This is because the depreciation amount includes depreciation on all assets owned, which varies when assets are revalued, whereas the loan repayments are only on the outstanding balance of the loans. Council also does not fund accounting adjustments such as losses on asset disposals. For these reasons, Council will seldom have a balanced budget, however Council believes this is nonetheless a prudent way to manage its finances for the long term benefit of the community. Over the course of the LTP, Council's equity is forecast to increase by \$78 M.

As the setting of the budgets is based on long term assumptions, and the level of rates is intrinsically linked to the borrowing limits as detailed in the next section, it is important for Council to adhere to the planned strategy. Sudden changes to rates increases could create bow waves of expenditure at a later date so Council will need to exercise discipline to ensure they 'stay the course' over the life of this LTP.

The following table illustrates the ratio of operating expenditure to operating revenue.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Operating Revenue (\$000) <sup>1</sup>	70,453	69,286	71,948	77,942	75,451	79,736	86,334	97,843	102,296	96,105
Operating Expenditure (\$000)	71,268	77,975	83,385	86,433	88,757	91,294	93,676	97,368	101,636	105,467
Revenue/Expenditure	99%	89%	86%	90%	85%	87%	92%	100%	101%	91%

1. For the purposes of the balanced budget benchmark, per the Local Government (Financial Reporting and Prudence) Regulations 2014, operating revenue excludes development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment)

# Debt

We have historically maintained a low level of debt which has enabled Council the option to invest in some aspirational projects over the past three years. The last LTP (2018 – 2028) contained 11 optional projects, some of which have been completed and some which are still being worked on. The last LTP also featured a net debt profile that started at \$39 M and grew to \$118 M in Year 8, before tapering off. Council expected to have net debt of \$86 M by the end of Year 3, however it is more likely that our net debt will be close to \$61 M at this time. This is due to the capital works programme being slower than anticipated exacerbated by the effects of COVID-19.

As is the case with capital projects, from conceptualisation to execution, there can be changes in cost and scope, and this has led to a revision of the total costs of some capital projects, most notably the cost for the Civic Centre and H<sub>2</sub>O Xstream upgrades, and the Maidstone Community Sports Hub project which also received \$12 M of Government/Crown funding. As mentioned earlier, we have also chosen to fund capital renewals through debt rather than rates. The impacts of all of this are that we have a revised net debt profile which is expected to peak at \$253 M in Year 10 before flattening out.

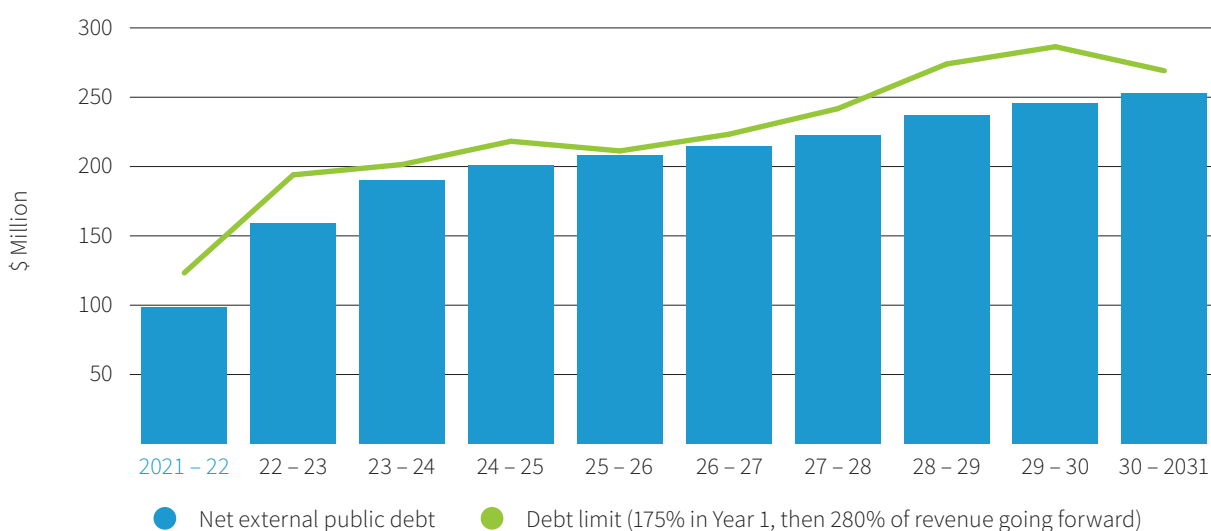
This profile reflects the repayment schedule we have applied in order to smooth the impact on rates year to year, as the underlying capital programme is somewhat lumpy with peaks in Years 2 – 3 and 8 – 9

where the major capital projects are anticipated to occur. In order to achieve this level of borrowings, Council will be required to obtain a credit rating to increase our borrowing limit with the Local Government Funding Agency (LGFA) from 175% of revenue to 280%. This was also planned to occur in the previous LTP however due to project delays, it was not required.

Council has a high level of confidence, and has made the assumption, that we will be able to obtain a credit rating of at least 'A' from an external credit rating agency. This is due to the strong security of the local government sector as a whole, and the supporting New Zealand institutional framework. If, for some unforeseen reason, we were unable to obtain a suitable credit rating, we would need to re-prioritise our capital plan to stay within our available debt limit. What any re-prioritisation would look like is difficult to determine at this time due to the ongoing Three Waters Reform, however we would take all potential scenarios into consideration.

In New Zealand there are 32 Councils which have credit ratings that range between AA+ and A+. As well as being able to obtain a higher debt limit with the LGFA, it also offers Council a lower interest rate as a reflection of lower risk. If Council was not able to obtain an 'A' credit rating, it would not be able to borrow sufficient funds to complete the capital plan, however Council considers that the risk of this occurring is low.

**DEBT LEVELS AGAINST DEBT LIMITS**



# Borrowing limits

In order to ensure that the levels of external debt remain prudent and affordable for the ratepayers, Council will adhere to the following borrowing limits:

- Net external debt will not exceed 280% of total revenue (remains at 175% until a credit rating is approved—planned in year 1)
- Net interest will not exceed 10% of total revenue
- Net interest will not exceed 15% of annual rates income
- Liquidity (as defined in the policy) will exceed 110%

The following table shows that Council is within these limits for 2021 – 2031.

FORECAST PERFORMANCE AGAINST BORROWING LIMITS										
	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Net debt/ total revenue	140%	229%	264%	258%	275%	269%	258%	242%	240%	263%
Net interest/ total revenue	3%	5%	7%	8%	8%	8%	8%	7%	7%	8%
Net interest/ annual rates income	5%	7%	9%	10%	10%	10%	9%	9%	9%	9%
Liquidity	128%	115%	115%	114%	114%	114%	114%	114%	114%	114%

Council is comfortable that the increase of debt limit from 175% of revenue to 280% of revenue is prudent largely because a large portion of Council's revenue comes from rates, secured over properties which provides a stable source of revenue even in economic shock. Additionally, the limit proposed still allows some headroom for unexpected events, however Council has also taken care to ensure it has appropriate levels of insurance in place, and additional overdraft facilities to assist in the event of

a natural disaster which means that headroom is not likely to be required.

Council's borrowings are managed through its Treasury Risk Management Policy which includes the borrowing limits and parameters on managing credit risk, counter-party credit risk, and interest rate risk.

# Investments

Council's excess funds are held in low risk investments, mainly term deposits, until the funds are required and in accordance with the Treasury Management Policy.

Council currently holds three share investments and these are not held in order to provide financial returns, but rather for strategic purposes. Council does not have any current intention to hold and manage any additional financial investment or equity securities. For these reasons Council has not set a targeted return on equity.

## Securities for borrowing

Council has secured its long term debt by issuing security stock, under its Debenture Trust Deed, to the organisations who have lent money to it. This security stock gives these organisations the ability to have a special rate struck to repay monies owed to them, in the event that Council defaults on an interest payment or principal repayment. It is the

intention of Council to continue to secure its long term debt in this way.

In 2014, Council became a guaranteeing member of LGFA and has subsequently borrowed funds through the Agency. This will continue.

## Financial position

The culmination of all of the considerations in this financial strategy result in a robust financial position throughout the life of the LTP as summarised in this table:

FINANCIAL POSITION (\$000)

2020 – 21 ANNUAL PLAN		21 – 22 LTP Y1	22 – 23 LTP Y2	23 – 24 LTP Y3	24 – 25 LTP Y4	25 – 26 LTP Y5	26 – 27 LTP Y6	27 – 28 LTP Y7	28 – 29 LTP Y8	29 – 30 LTP Y9	30 – 31 LTP Y10
864,367	Assets	927,689	989,526	1,027,841	1,036,601	1,044,186	1,054,213	1,059,145	1,088,292	1,114,134	1,115,714
107,601	Liabilities	136,772	189,554	221,310	231,348	237,696	243,446	251,842	265,737	274,329	281,293
756,766	Equity	790,917	799,972	806,531	805,253	806,490	810,767	807,303	822,555	839,805	834,421

Council's equity will grow by \$78 M over the course of the LTP. This demonstrates that despite the increase in the debt profile, by the end of the LTP Council's assets will have increased by more than its liabilities. This lends further support to the prudence of not achieving a balanced budget for each year of the LTP as it shows Council has not over extended itself in terms of utilising reserves.

# Benchmarks

The following benchmarks serve as Council's Long Term Plan disclosure statement for period commencing 1 July 2021. Council is required to include this statement in its LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations Act 2014. Refer to the regulations for more information, including definitions of some of the terms used.

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenue, expenses, assets, liabilities, and general financial dealings.

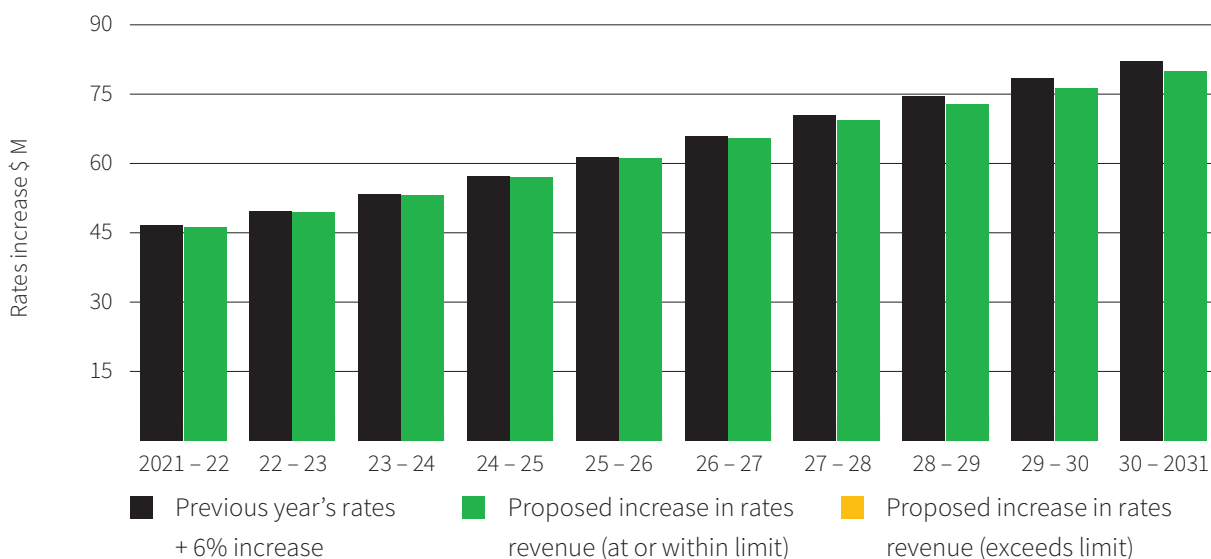
BENCHMARKS—LONG TERM PLAN YEAR 1 (2021 – 2022)	QUANTIFIED LIMIT/TARGET	PLANNED	MET
<b>Rates affordability benchmark</b>			
Income	\$46.414 M	\$45.879 M	Yes
Increase	6.0%	4.8%	Yes
<b>Debt affordability benchmark (four parameters)</b>			
Net interest expense over total revenue will not exceed 10%	≤ 10%	3.4%	Yes
Net external public debt will not exceed 175% of total revenue	≤ 175%	141%	Yes
Net interest/annual rates revenue will not exceed 15%	≤ 15%	5%	Yes
Liquidity (external, term debt + committed funds + available liquid investment to existing external debt) will exceed 110%	> 110%	125%	Yes
Balanced budget benchmark	100%	97%	No
Essential services benchmark	100%	174%	Yes
Debt servicing benchmark	10%	3.4%	Yes

## Rates affordability

Council meets the rates affordability benchmark if its planned rates income equals or is less than the previous year's rates plus an annual 6% increase.

## Rates (income) affordability

The following graph compares Council's planned rates with a quantified limit on rates increases contained in the Financial Strategy included in this LTP. The quantified limit is the previous year's planned rates, plus an annual 6% change (net of the estimated growth in the rates database).



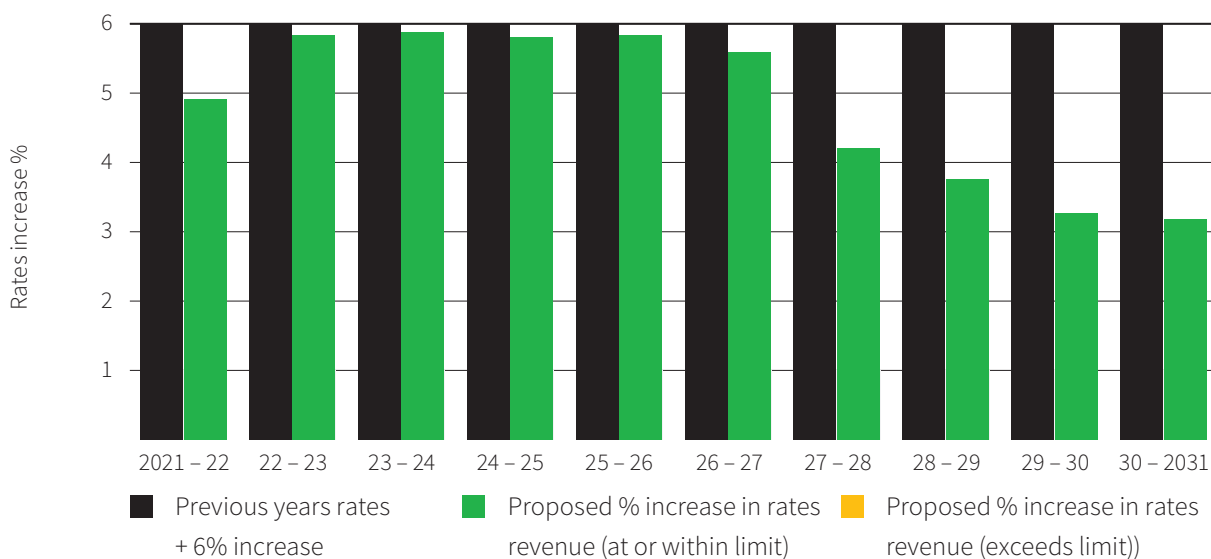
### Additional information from Council on the above graph

For the LTP 2021 – 2031 the limit has been set at a flat 6% year-on-year (net of the estimated growth in the rates database).

105

## Rates (% increase) affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included in this LTP. The quantified limit is the previous year planned rates plus an annual 6% change.



### Additional information from Council on the above graph

For the LTP 2021 – 2031 the limit has been set at a flat 6% year-on-year.



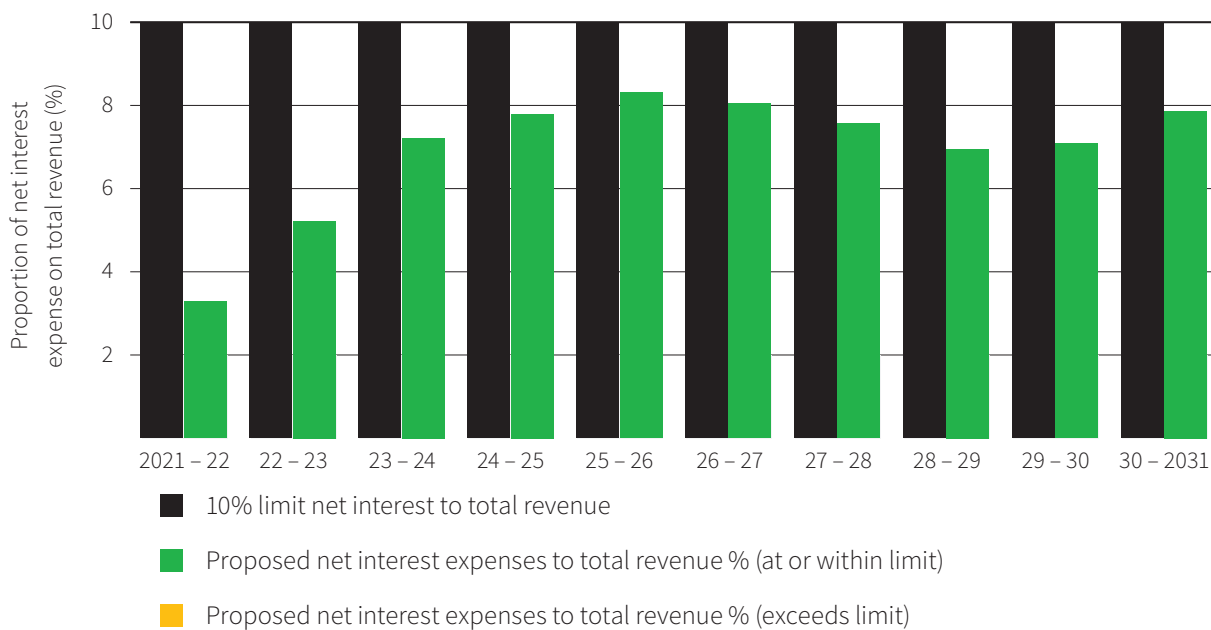
# Debt

## Debt affordability

Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following limits on borrowing are:

- Net interest over total revenue will not exceed 10%.
- Net debt over total revenue will not exceed 280% of total revenue (will remain at 175% until a credit rating is obtained).
- Net interest over annual rates income will not exceed 15%.
- Liquidity [external term debt + committed loan facilities + available liquid investment] / [existing external debt] will exceed 110%.

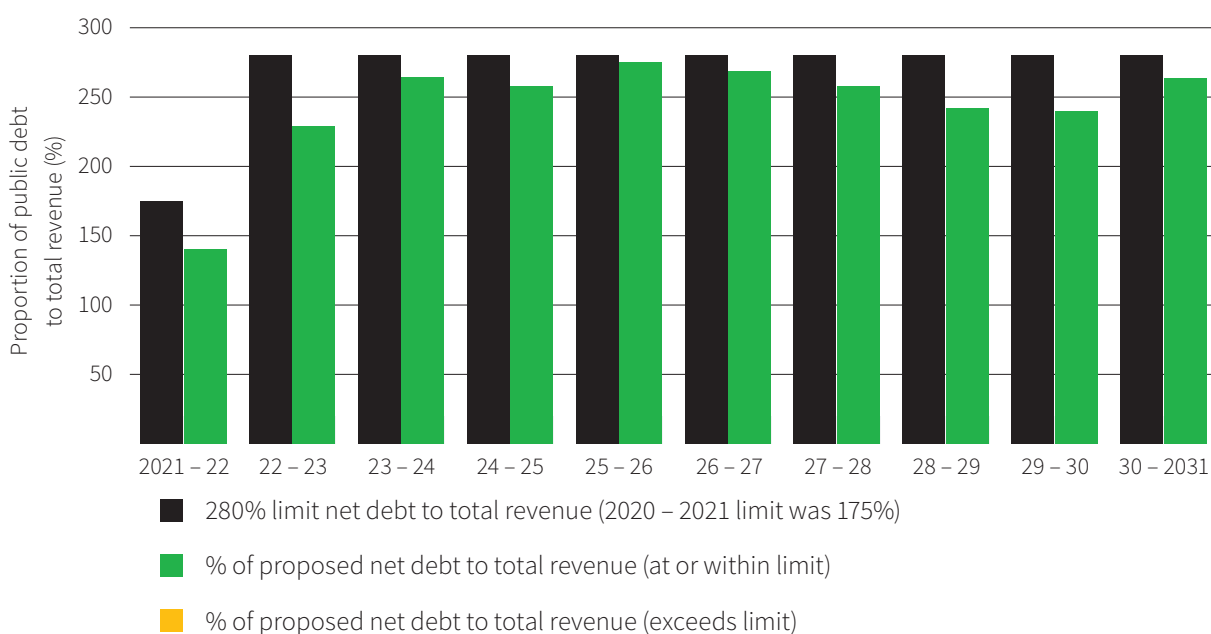
The following graph compares Council's planned borrowing with a quantified limit on net interest over total revenue contained in the Financial Strategy included in this LTP. The quantified limit is net interest expense will not exceed 10% of total revenue.



# Net debt will not exceed 280% of total revenue

The following graph compares Council's planned borrowing with a quantified limit on net public debt to total revenue contained in the Financial Strategy included in this LTP.

The quantified limit is net external public debt will not exceed 280% of total revenue.



## Additional information from Council on above graph

Council is within its forecast limits over the 10 years of this LTP.

Obtaining a credit rating is economically justifiable once net debt exceeds \$50m.

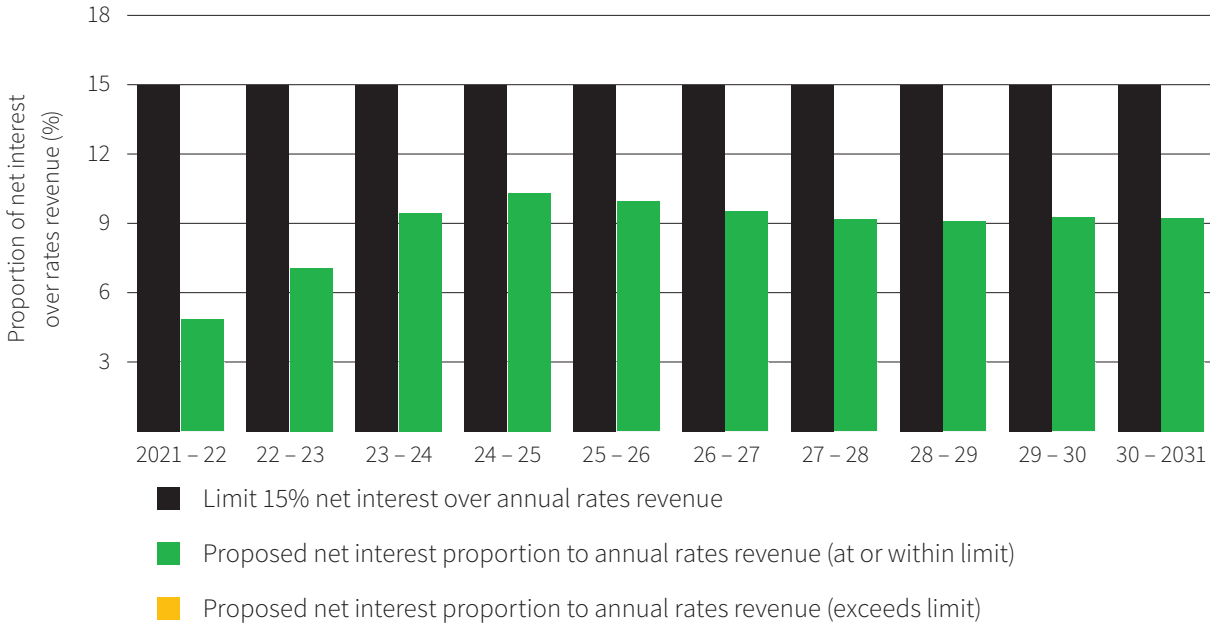
Council is able to set its own debt ratio parameters however it is also required to comply with ratios set by the Local Government Funding Agency (LGFA), the primary source of loan funding for Council.

Council will seek to obtain a credit rating within the first year of this plan. Accordingly, the previous limit for 2020 – 2021 of 175% will also still apply in the first year (2021 – 2022) of this LTP.

In the case of the ratio of net debt to revenue a higher ratio (280%) is permitted by LGFA for Council's which have obtained a credit rating.

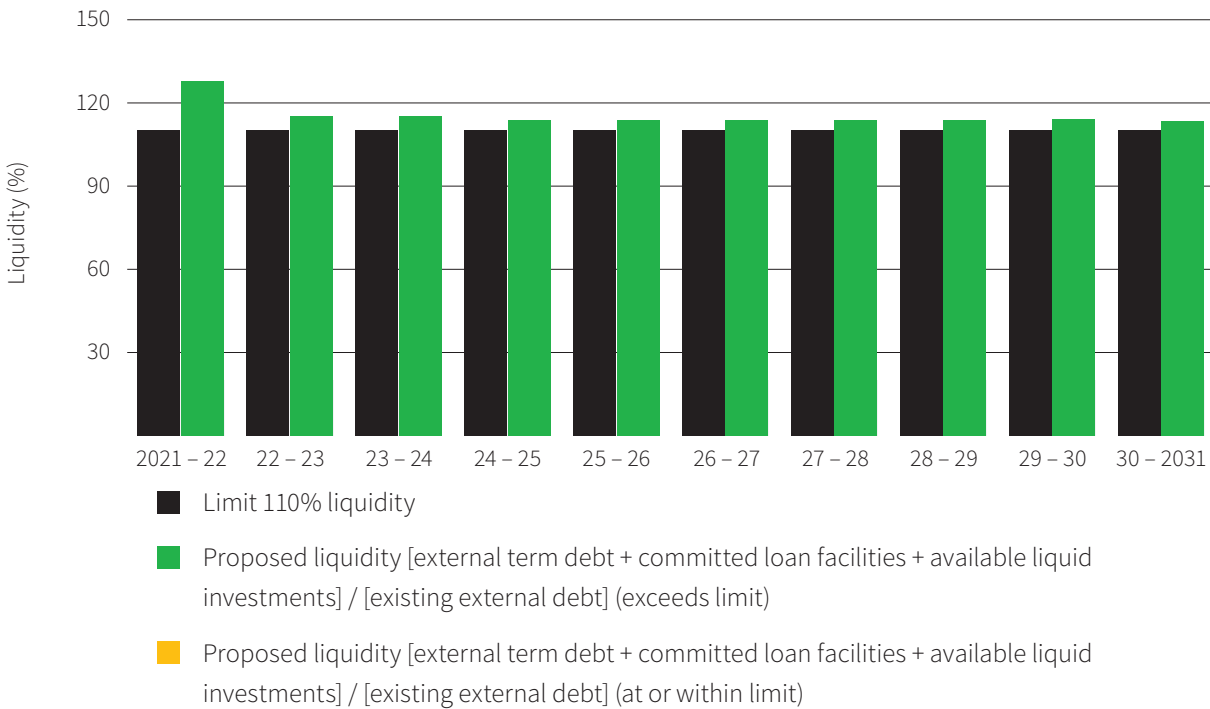
# Net interest will not exceed 15% of annual rates revenue

The following graph compares Council's planned net debt with a quantified limit on borrowing contained in the Financial Strategy included in this LTP. The quantified limit is net interest will not exceed 15% of annual rates revenue.



# Liquidity will exceed 110%

The following graph compares Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this LTP. The quantified limit is liquidity [external term debt + committed loan facilities + available liquid investments] / [existing external debt] will exceed 110%.

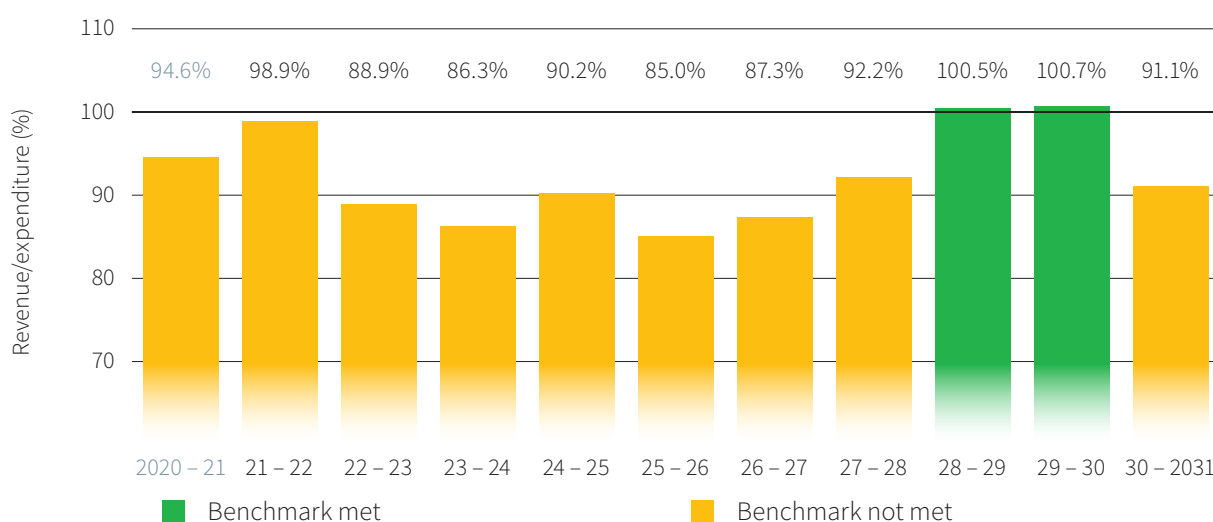


# Balanced budget benchmark

The following graph displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on

derivative financial instruments and revaluations of property, plant or equipment).

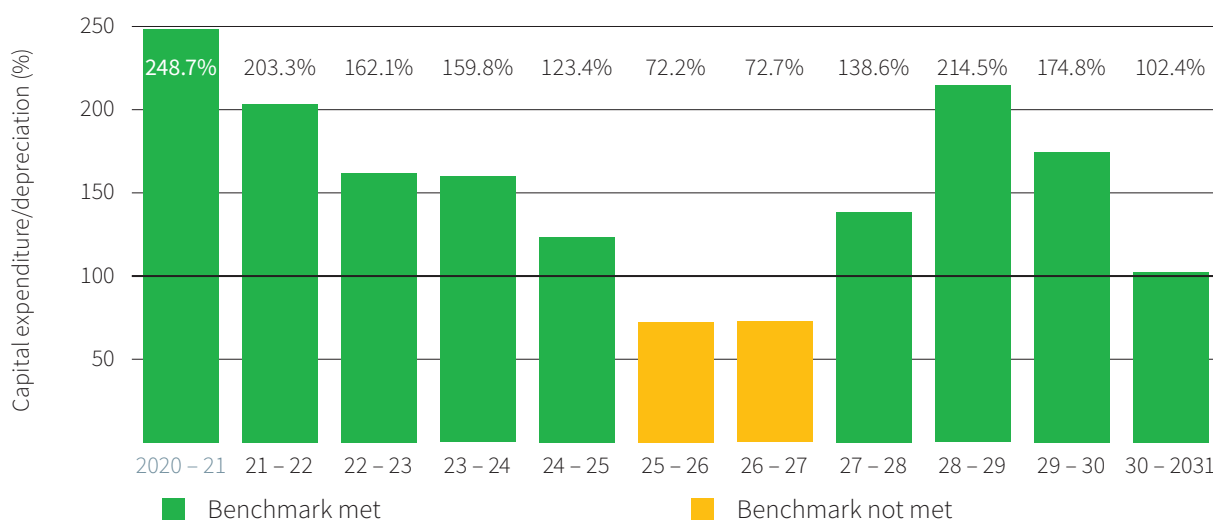
Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.<sup>2</sup>



# Essential services benchmark

The following graph displays Council's planned capital expenditure on network service as a proportion of expected depreciation on network services.

Council meets the essential service benchmark if its planned expenditure on network services equals or is greater than expected depreciation on network services.<sup>2</sup>

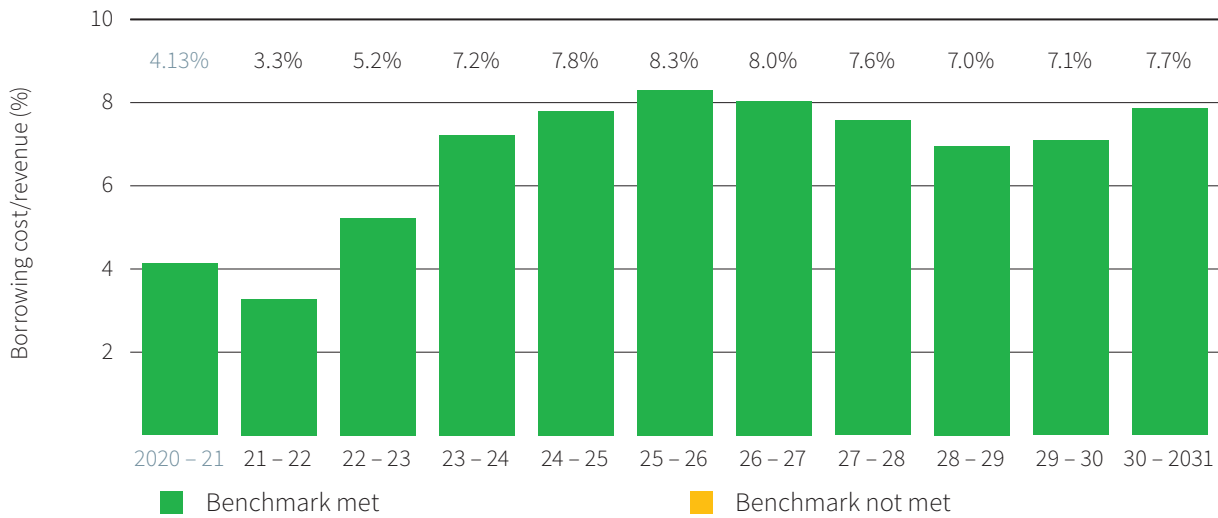


2. This benchmark is not met in some years because Council does not fund depreciation of infrastructural fixed assets. Readers are referred to the Financial Strategy of this Long Term Plan 2021 – 2031 for more information. This outlines and explains Council's approach to the funding of depreciation and its rationale for proposing an unbalanced budget.

# Debt servicing benchmark

The following graph displays Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment).

Because Stats NZ projects that Upper Hutt's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if it's planned borrowing costs are equal or less than 10% of its planned revenue.



# Infrastructure Strategy

<b>111</b>	Introduction	<b>162</b>	Wastewater
<b>113</b>	Understanding our infrastructure environment	<b>165</b>	Stormwater
<b>122</b>	Community outcomes and infrastructure challenges	<b>168</b>	Land transport
<b>125</b>	Our infrastructure challenges, themes, and planned response	<b>170</b>	Property
<b>152</b>	Council's plan	<b>173</b>	Parks and reserves
<b>159</b>	Water supply	<b>176</b>	General assumptions
		<b>178</b>	Useful life assumptions

## Introduction

Infrastructure plays a crucial role in people's lives and provides an important base for many of the activities we pursue. Infrastructure provides the foundation for our economy to prosper, our people to be healthy and our city to be safe. Due to the physical size, long life and financial cost, infrastructure plays a leading role in how our city looks, functions and operates.

Well maintained infrastructure located in the right place and provided at the right time, with sufficient capacity and resilience is critical to the economic prosperity, and social wellbeing of people living, visiting and working in Upper Hutt.

Providing and maintaining Upper Hutt City Council's infrastructure requires good asset management practices and strategic thinking. The Infrastructure Strategy assists Council in taking a long term view of Upper Hutt's infrastructure needs. Council is required to prepare an Infrastructure Strategy for a period of at least 30 years to inform its Long Term Plan (LTP). The Infrastructure Strategy has been directly informed by the city's vision and community outcomes, supporting strategies, and asset management plans, and sits alongside the Financial Strategy.

## About the strategy

This is the third Infrastructure Strategy prepared by Council under section 101B of the Local Government Act 2002, and relates to the following Council documents:

- The Strategy forms part of the LTP.
- Growth and other assumptions in this Strategy are taken from Council's Asset Management Strategy.
- Levels of service, critical assets condition and performance, and mitigation of risk in the Strategy are informed by Council's Asset Management Plans for its infrastructure assets, and the Wellington Regional Asset Management Plan for water services.
- Financial considerations inform and are informed by Council's Financial Strategy.

This Strategy identifies significant infrastructure challenges for Council over the next 30 years, and identifies the principal options for managing those challenges and the implications of those options.

The Strategy is an indicative estimate of Council's future infrastructure needs. It is not a budget and by itself does not commit Council to any future project, cost or timing. It is a statement of current assumptions and thinking on what infrastructure will be required to address the major issues facing the city over the next 30 years, what to prioritise, and to identify risks associated with infrastructure underinvestment.

Our long term approach is to ensure that our infrastructure is maintained to agreed levels of service that underpin the Long Term Plan's community outcomes, to ensure we are meeting all our legislative requirements and the needs and expectations of our community, now and into the future. This Strategy takes a 'multi-asset' approach—looking across different types of infrastructure, rather than within a single activity—to ensure that Upper Hutt is managing and building the right long term infrastructure in the right place, at the right time.



# Understanding our infrastructure environment

## Upper Hutt snapshot

Upper Hutt, home to approximately 43,980 residents (Census 2018), provides the Wellington Region with an expansive natural environment. Easy access to Te Awa Kairangi/Hutt River, regional parks and the hills surrounding the city are part of our identity.

Upper Hutt is a family oriented city, with spacious suburban housing development occupying approximately 3.24% of the land area, encompassed by lots of trees and vegetation. Upper Hutt enjoys the character of a small city, while sitting on an area of approximately 54,000 hectares—the second largest area of a city council in New Zealand.<sup>3</sup>

## Asset portfolio

Council manages a substantial portfolio of infrastructure assets for the city. This Strategy outlines Council's approach to managing and investing in the city's infrastructure including what will be required, when, and how much it will cost.

It covers the following infrastructure types:

- Three waters:
  - Water supply
  - Wastewater
  - Stormwater
- Land transport
- Property
- Parks and reserves

Infrastructure networks in Upper Hutt are not isolated from activity occurring at a regional and national level, and some of our infrastructure is shared or co-managed with other organisations in the region, in particular with Wellington Water, Waka Kotahi NZ Transport Agency, and Hutt City Council. We collaborate with these organisations to ensure consistency, efficiency and effectiveness in our respective infrastructure work.

Specific asset summaries are provided on pages 159 – 175.

## External factors

There are many external factors that will impact how Council delivers infrastructure in the future. Although these factors are generally beyond the control of Council, it is important that we continue to monitor and respond to them to ensure that our infrastructure plans take advantage of new opportunities, and remain fit for purpose.

3. Source: [en.wikipedia.org/wiki/List\\_of\\_cities\\_in\\_New\\_Zealand](https://en.wikipedia.org/wiki/List_of_cities_in_New_Zealand)



Council undertakes an environmental scan every three years to provide relevant context and information to assist with the development of the LTP and infrastructure management planning.

Our current environmental scan identifies the following factors that will impact infrastructure directly:

- COVID-19
- Sustainability
- Three Waters Reform programme
- Resilience
- Changing population
- Connectivity with the region
- Growing urban environment
- New technologies
- Changing climate
- Changing legislation and priorities

## COVID-19

The COVID-19 pandemic had a major impact on how Council provides its services. Council was classed as an essential service so therefore had to remain operational to deliver core services, throughout the changing alert levels. Significant planning has been undertaken by Council in the event of a further outbreak or new pandemic.

Whilst essential maintenance was undertaken, some projects were halted as they were not identified as essential works, resulting in some delays and deferral of projects. When lockdown ceased additional time was required to restart projects as contractors remobilised and materials became available again.

The pandemic had a range of economic impacts, and continues to present significant uncertainty

for the country as well as constraining affordability for the community. In the Annual Plan 2020 – 2021, Council adopted a limited rates increase of 1.5% in an effort to ease the burden on the community.

While the cost of borrowing to fund infrastructure is at an all-time low, the market and supply chain impacts and pricing for the resulting risk and uncertainty of COVID-19 are increasing the cost of some services and projects.

Central government further announced, in an effort to stimulate the economy, significant funding to fast track shovel ready projects within communities. Upper Hutt was successful in receiving \$12 M of Government/Crown funding to enable the construction of the Maidstone Community Sports Hub to be brought forward into year 1 of this LTP.

## THREE WATERS REFORM PROGRAMME

Central Government is setting up an independent, dedicated water regulator—Taumata Arowai—that will oversee drinking water regulation as well as deliver centralised wastewater and stormwater regulatory activities. This regulation is likely to take the form of national standards, greater compliance expectations, improved business processes, and an increase in performance data requirements.

The impacts of the reform on the LTP 2021 – 2031 are not yet fully understood.

For the purposes of the preparation of the LTP and this strategy, we have decided the most prudent approach is to assume that the three waters assets will remain in our control. Therefore, our asset management plans and debt forecasts have been calculated on this assumption. This is believed

to be the most prudent approach at this stage because even if assets are transferred, the costs of maintaining them will still fall on the community in some form; it is important to be clear about those ongoing costs.

Our overall approach to preparing for the changes will be in line with the Government's timeframes and includes the completion of strategic and programme business cases to assess the impacts of regulation on our councils' three waters infrastructure and the Wellington Water's operational systems.

Central Government provided additional stimulus funding through the Central/Local Government Three Waters Reform programme. The programme seeks to support economic recovery, and address

persistent systemic issues facing the three waters sector through a combination of:

- Stimulated investment to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance.
- Reform of current water service delivery into large scale providers to realise economic, public health, environmental, and other benefits over the medium to long term.

A memorandum of understanding (MoU) has been signed between Crown Infrastructure Partners and Upper Hutt City Council. This agreement has resulted in \$2.6 M of funding allocated to Council and a further \$2.1 M from the regional allocation for Wellington.

## CHANGING POPULATION

Council uses the high level population projections produced for the 2019 Housing and Business Capacity Assessment (HBA). These projections indicate Upper Hutt can expect to see a population growth of between approximately 9,000 – 12,800 people between 2017 – 2047. As infrastructure implementation has a long lead time, Council has adopted the higher growth rates for infrastructure asset planning.

The most significant trend for Upper Hutt is an aging population seeing an almost doubling of those in the 65+ age range over the next 30 years. Council expects that an aging population will impact on

the type of recreational and social facilities Council provides, the timing and extent of any upgrade to Akatārawa Cemetery, transport accessibility (passenger transport and access for the less mobile/transport disadvantaged) and ultimately ability to pay.

Along with an aging population, Council anticipates that there will be a fall in average household size, along with a decline in disposable incomes.

Council is obliged to review and update the HBA forecasts every three years to inform its LTP development.

## GROWING URBAN ENVIRONMENT

The government requires Council, through the 2020 National Policy Statement on Urban Development (NPS UD), to provide for a level of new development within the city that provides supply ahead of demand to maintain housing affordability.

The 2019 Housing and Business Development Capacity Assessment (HBA) was completed as part

of the 2016 NPS UD, and provides a greater basis than Council's previous Land Use Strategy with more detail, relevant growth and development forecasts.

The NPS UD enables significant intensification of urban areas, around metropolitan areas and rapid transit stops. In Upper Hutt's case, this is

around our urban train stations, as well as around and within the CBD and metropolitan zones. This intensification will impact on the quality and need for greater emphasis on water supply and pressure (for firefighting), traffic, parking, public transport and open space demands.

These requirements are still being worked through, and there is still some uncertainty on the impacts of these requirements on our District Plan. Council is currently working on Plan Change 50, the Rural

and Residential Review, which will address these potential development outcomes and the timing thereof.

Under the 2019 HBA projection, Council needs to provide strategic infrastructure to enable 5,600 new dwellings over the period from 2017 – 2047. The growing urban environment has already increased pressure on our three waters and land transport infrastructure assets.

## Regional spatial planning

The Wellington Regional Growth Framework (WRGF) is a 30 year spatial plan for the Wellington-Wairarapa-Horowhenua region.

It takes into account work already underway by Council (through its District Planning process) and by other councils in the region. The WRGF has been developed to deliver on the Urban Growth Agenda (UGA) objectives of the Government, which includes improving environmental, employment, transport, and housing outcomes for communities. Similar objectives and challenges exist at both a local level (through Council) and at a regional level (through the WRGF).

The WRGF takes account of the requirements of the National Policy Statement on Urban Development. Going forward it will also need to consider government policy work such as the RMA and the three waters reviews. The WRGF provides for a scenario of accommodating an additional 200,000 people and 100,000 jobs over the 30 year period, of which Upper Hutt's population is a subset.

The WRGF outlines how the region can accommodate additional people and jobs and meet the WRGF objectives, which requires the region to:

- Enable more housing development around transport nodes (i.e. train stations and bus hubs) and support transformational change in key locations across the region—where there is good access to public transport that supports mode shift. There are many such locations around access points to commuter rail and bus services within Upper Hutt.
- Develop more well located greenfield<sup>4</sup> housing development, ensure that it is higher density than most current greenfield (i.e. townhouses and apartments), and that it is connected to public transport.
- Increase housing capacity in our major centres (including Upper Hutt CBD) by expanding the housing footprint and permitting higher densities than are currently enabled in many places.
- Investigate improved multi-modal west-east connections across the region that benefit the region's economy and accessibility and include urban development along these corridors.

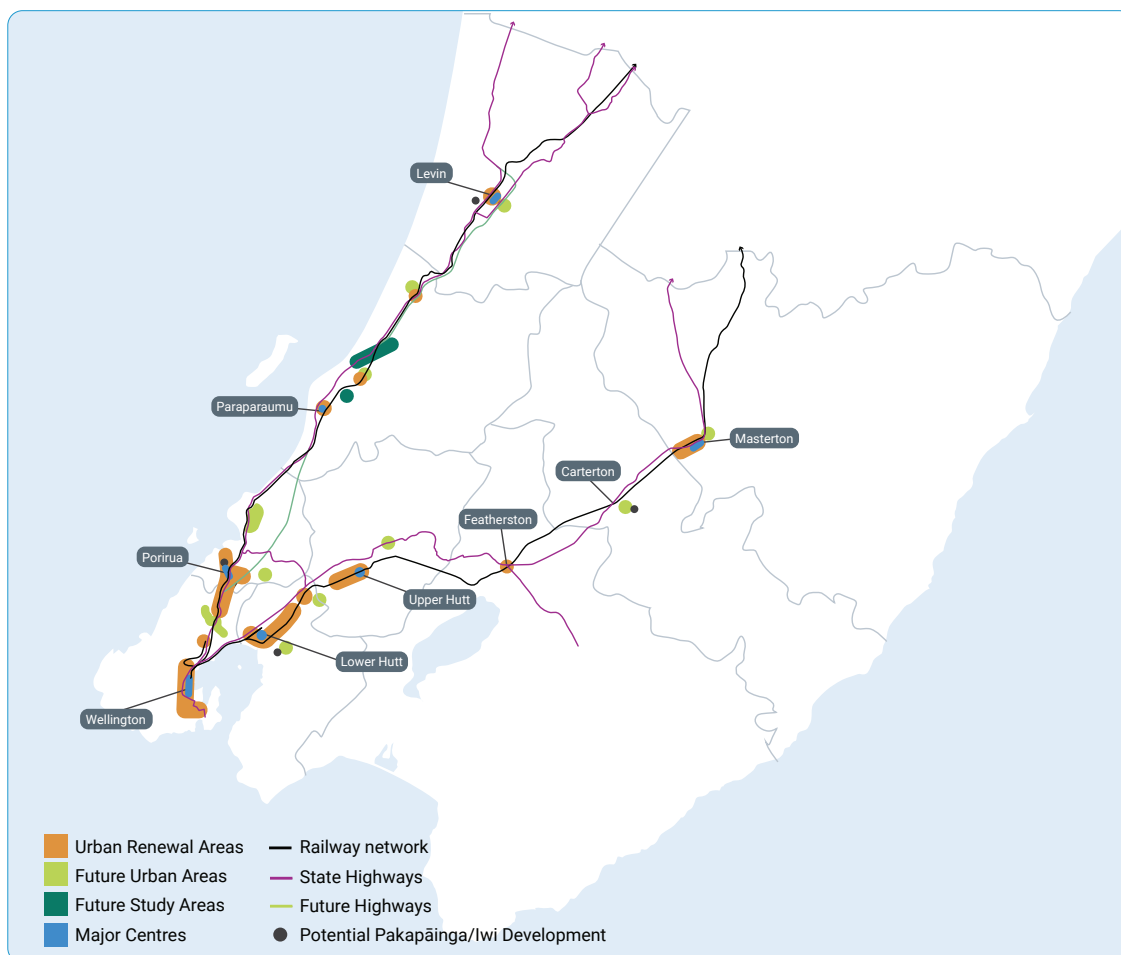
4. Greenfield land is undeveloped land in a city or rural area either used for agriculture or landscape design or left to evolve naturally. Rather than building upon greenfield land, a developer may choose to redevelop brownfield, which have been developed but left abandoned or underused. Source: Wikipedia.

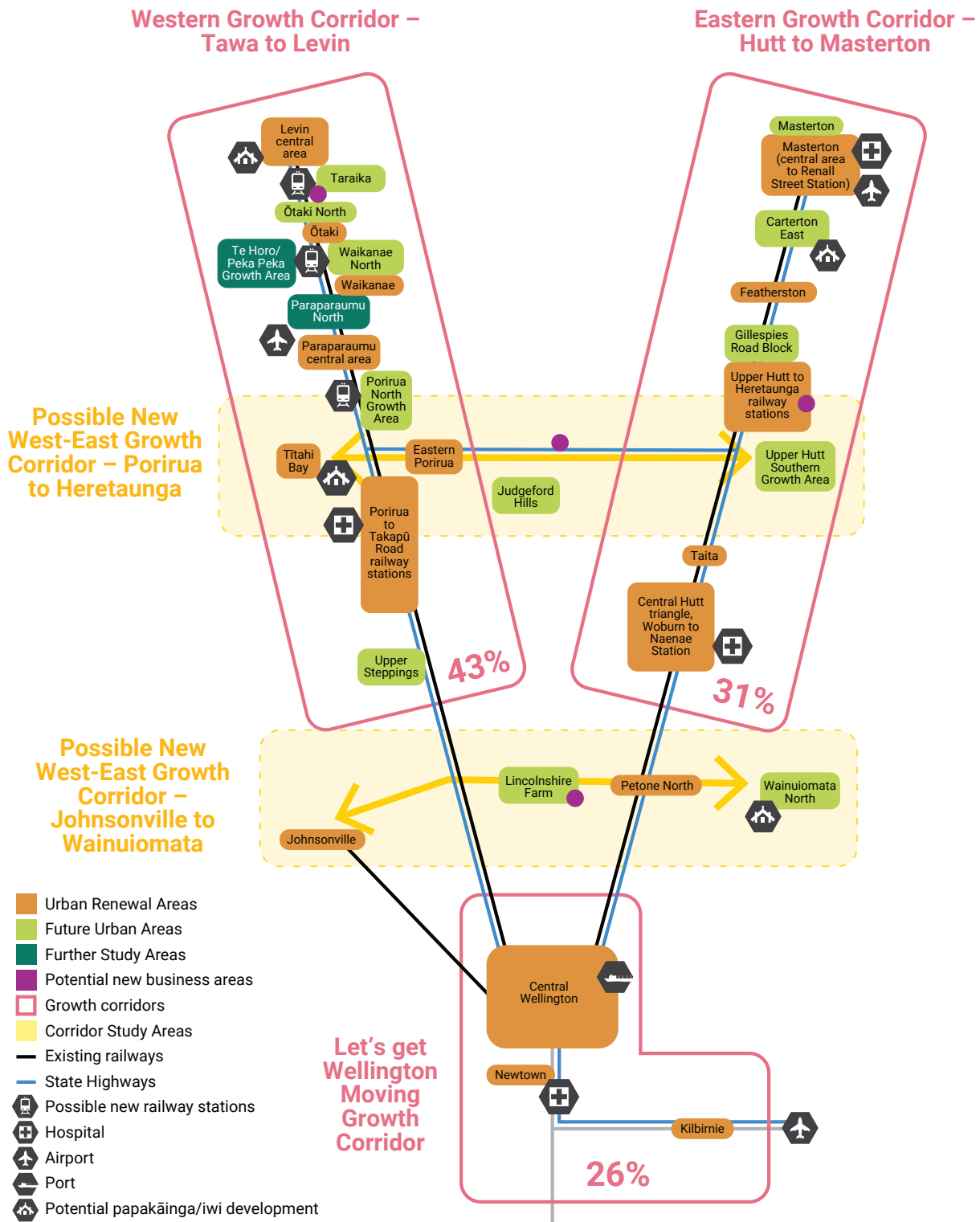
The WRGF was endorsed by Upper Hutt City Council in December 2020. It signals a number of potentially significant infrastructure issues for councils and central government over the 30 year period. The WRGF includes the following key initiatives that will impact on future infrastructure requirements:

- Develop a regional approach to climate change impacts—including coastal protection, longer term development areas, and areas to stop developing. This will include a programme to consider management of three waters, rail, and road assets at risk, and how to protect taonga.
- Increase rapid transit rail/bus network accessibility, capacity and frequency including interregional connectivity to address overcrowding, provide for future growth, and enable higher service frequencies including interregional connectivity.
- Develop a 50 – 100 year regional three waters strategy to support anticipated growth, including upgrades to infrastructure (including bulk infrastructure) that supports growth in key development areas and improves environmental outcomes. This is being taken into account in Upper Hutt City’s water infrastructure management and projects.
- Significantly improve multi-modal connections to rapid transit stops as part of master planning and delivery of higher density urban development in major centres and at nodes.
- Establish a connected regional cycling network by eliminating pinch points on the network and delivering transformational projects to improve access.

Proposed regional spatial changes are outlined below.

#### Spatial representation of growth (WRGF)





## CHANGING CLIMATE

In New Zealand, changes in climate, such as temperature and rainfall, are already occurring. These changes will occur to different extents in different places.

Upper Hutt lies within a floodplain with much of the city exposed to flood risk. Climate change is likely to exacerbate this risk through increased frequency and intensity of flooding events. It is uncertain to what extent the effects of climate change will materialise during the lifetime of this strategy, however there is the potential to see increasing rainfall variability.

Locally, climate change challenges for Upper Hutt include:

- Increased likelihood of flood events affecting economy, lifestyle and transport.
- Population increase as people move away from coastal areas subject to rising sea levels.
- Increased likelihood of droughts as temperatures increase affecting how we manage the effects on our indigenous biodiversity and parks and reserves.

Climate change is considered as part of Council's long term asset management process. Current models predict storms of greater frequency and intensity in the future for Upper Hutt. Average annual rainfall has steadily increased over the past 10 years. This will particularly impact Council's water, wastewater, stormwater, and roading assets.

Greater Wellington Regional Council is updating Te Awa Kairangi/Hutt River flood modelling and this will include climate change influences. Council will respond to this and give effect to it (and other hazards) through a Natural Hazards plan change in late 2021.

Council staff, including Wellington Water staff, regularly review new studies and guidance as part of their ongoing planning for assets.

## SUSTAINABILITY

Council adopted its Sustainability Strategy in 2020, targeted towards ensuring the legacy of Upper Hutt's livability and environment will not only continue, but regenerate and improve for future generations.

By incorporating the Sustainability Strategy goals into asset management programmes, we can help ensure a more balanced focus across the entire lifecycle. Keeping a consistent sustainability focus throughout the entire asset's lifecycle can deliver even more impactful environmental benefits and outcomes. An implementation plan is being developed for the first three years of the Sustainability Strategy (2020 – 2022).

A significant body of planning work is required initially to understand the challenges, opportunities and risks facing Upper Hutt. This planning work will then drive influence through Council projects and deliverables going forward, and allow Council to respond to both the climate change demands, and the sustainability needs of the community. This will include inputs to the next LTP asset management planning round in 2023 – 2024.

## RESILIENCE

Resilient infrastructure is the ability to cope with extreme conditions and be available to quickly repair damage and restore 'normality.' The principal risks that Upper Hutt is likely to face over the next 30 years are to the three waters and roading networks—the former being at risk from flooding and a major earthquake, and the latter from increased rainfall resulting in landslips and a major earthquake.

Council has decided that resilience will be addressed concurrently within the renewals programme, where possible. Evidence suggests that an often marginal change in cost to a renewals programme can bring about significant resilience benefits. Therefore, although significant resilience costs and programmes may not be specifically identified, resilience benefits will nevertheless be delivered as part of the renewals programme. It is considered 'best practice' to not just replace 'like

with like' but to replace to present day standards—and this includes incorporating our current knowledge of resilience and hazard mitigation.

## CONNECTIVITY WITH THE REGION

State Highways 2 and 58 provide connections with neighbouring cities and districts, while the railway line provides regular commuter services and freight movements.

Historically, over 50% of Upper Hutt's working population leaves the city each day for work elsewhere in the region, putting pressure on movement systems such as local roads and State Highway 2. While this pattern is expected to continue into the future, it is unclear what the long term impact of remote working due to COVID-19 will be. Having efficient public transport is important,

In other words, resilience is incorporated in all that is done. Networks are renewed with more resilient materials. Renewals are prioritised with resilience being one of the key drivers alongside condition. Council takes a risk based approach to insurance.

as is having an efficient road system that can accommodate the choice to travel by car. Ensuring convenient and safe travel for work is important for Upper Hutt to remain viable as a 'commuter belt' location for other employment centres in the region.

Our three waters networks are part of an integrated system spanning neighbouring territories. Upper Hutt sits at the top of the catchment for the region's water supply and the Hutt Valley wastewater network, while the local stormwater network discharges into Te Awa Kairangi/Hutt River, flowing through the Hutt Valley to Wellington Harbour.

## NEW TECHNOLOGIES

Technology can have a large impact on the type and timing of infrastructure required. It can also be used to help deliver services differently and alter what infrastructure is required.

Managing infrastructure systems in a smarter way could reduce the need to construct new assets in the face of increasing demand, i.e. demand management options. Also, technology can increase the effective capacity of our infrastructure, reduce maintenance and operating costs, and improve reliability and safety.

New technology may increase the demand for certain infrastructure, redefine how we use infrastructure, or even lead to an entirely new infrastructure system. This would need to be supported by an accessible and sustainably changing infrastructure system.

Council's planning for technological change is driven through new technologies being incorporated into relevant Asset Management Plans as part of their three-yearly review.

## CHANGING LEGISLATION AND PRIORITIES

Policy changes can have a significant impact on what investments Council makes through incentivising services and types of infrastructure through funding mechanisms and targeted use of subsidies.

Council is working closely with relevant Government agencies and officials to understand changes in policy direction as quickly as possible in an effort to respond to any new opportunities. A deliberate focus is being put on strengthening relationships and looking for opportunities to be innovative in service and infrastructure delivery.



There are a number of significant legislative changes already on the horizon that will impact infrastructure management, operations and planning. Of significance are the National Policy Statement on Urban Development, and Three Waters Reform.

The National Policy Statement on Urban Development (NPS UD) will likely see urban intensification enablement of at least six storey residential infill buildings across approximately 240 hectares within the urban city environment. Parking requirements will be removed from the District Plan by early 2022, with the full changes incorporated into District Plan Change 50 (PC50). These changes will particularly impact on services supplying these new buildings, and in particular on water supply and pressure (for firefighting), as well as traffic, parking, public transport and open space demands.

Other policy changes cannot easily be anticipated and so current planning is generally undertaken based on the current and known policy priorities and legislation.

Central Government is setting up an independent, dedicated water regulator—*Taumata Arowai*—that will oversee drinking water regulation as well as deliver centralised wastewater and stormwater regulatory activities. While not yet fully understood, this regulation may take the form of national standards, greater compliance expectations, improved business processes, and an increase in performance data requirements.

Emerging from the COVID-19 pandemic, we anticipate changes to policy and priorities over the next few years. This will likely include changes to government expectations, requirements and priorities for the delivery of infrastructure. While we have anticipated some of these changes, we cannot predict all the requirements of Council in delivering their infrastructure asset networks.





# Community outcomes and infrastructure challenges

## Our vision

We have an outstanding natural environment, leisure and recreational opportunities, and we are a great place for families to live, work, and play.

### COMMUNITY OUTCOMES

Council's four community outcomes guide what we deliver for our city, and they all have implications for the provision and maintenance of infrastructure for the city.



#### TAIAO Environment

We're immersed in natural beauty. We care for and protect our river, our stunning parks, and our natural environment.



#### PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We're a caring, safe, and healthy community.



#### ŌHANGA Economy

We're a city of opportunity. We attract new investment and offer opportunities for people and businesses to prosper. Our city centre is alive, attractive, and vibrant.



#### TŪĀPAPA Infrastructure

We have reliable and efficient networks and infrastructure that support our city.

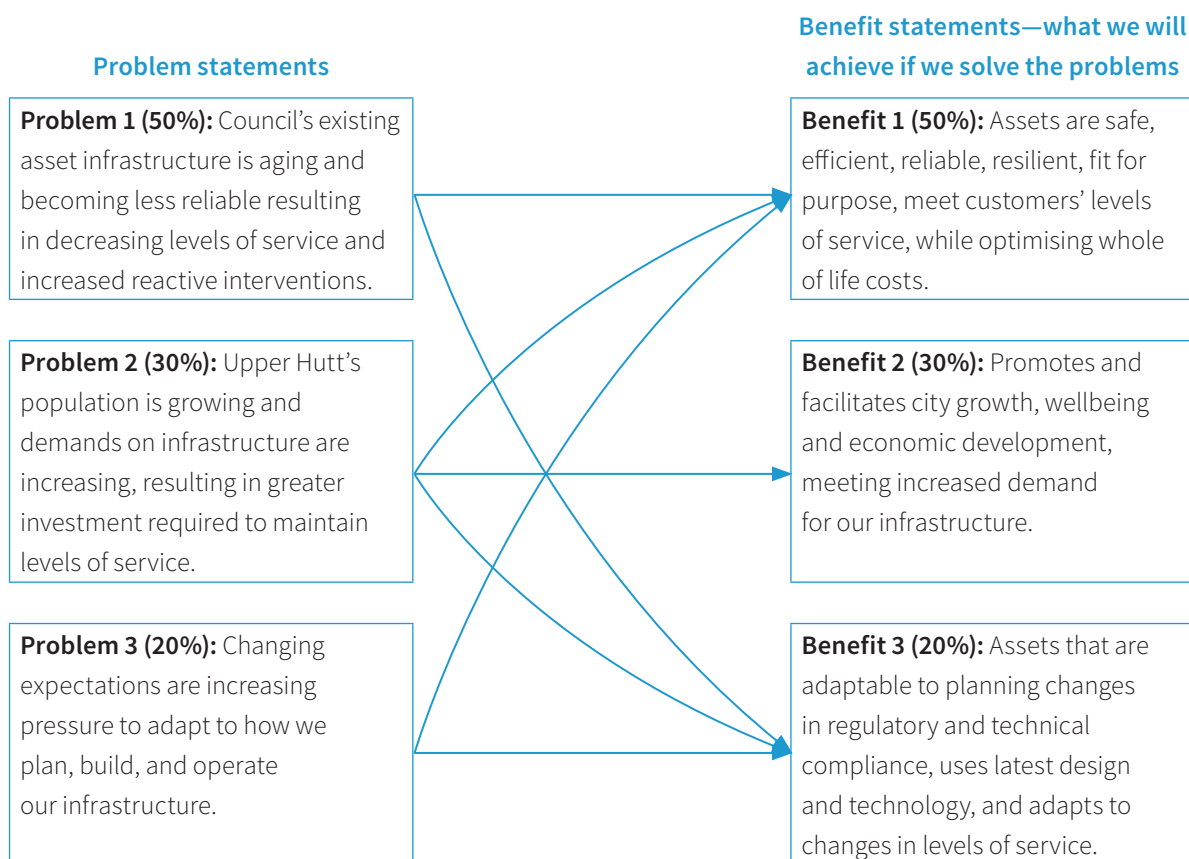
### IDENTIFYING OUR INFRASTRUCTURE CHALLENGES

Council has used the Better Business Case<sup>TM5</sup> framework as the basis for its asset management planning suite for the LTP 2021 – 2031. Using this framework provides objective analysis and consistent information to decision makers, enabling them to make smart investment decisions for public value.

The Infrastructure Strategy summarises the strategic investment case across all our assets. To set this strategic direction we have used an investment logic map approach to develop a set of common problem and benefit statements to justify our planned investment across our asset activities (see diagram on next page).

By defining the high level problems facing the city, we can target our asset investment across the entire portfolio, and make informed decisions irrespective of asset. A problem presents an opportunity to change from the current state to a desired state.

5. Refer to Treasury guidance (accessed 12 Jan 2021): [treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc](https://treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/better-business-cases-bbc)



## OUR RESPONSE










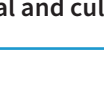
This problem definition framework is used in the Asset Management Strategy and Activity Management Plans. The problem statements have been distilled into three challenges for Upper Hutt's infrastructure assets:

- ① Maintaining our existing assets
- ② Supporting growth and demand
- ③ Meeting changing expectations

These challenges are a simple summary of the problems identified by the business case approach. The challenges have good alignment to the groupings required by the Local Government Act 2002 for capital expenditure specified in Schedule 10 for long term plans.

Within each challenge, themes have been identified to help focus our responses to the challenges. These themes are a summary of common components drawn from our asset activity focus areas and are based on our proposed plans for responding to each challenge at the activity level.

Council's community outcomes are mapped through to the challenges on the next page.

COMMUNITY OUTCOMES	CHALLENGES	THEMES	DEFINITION
 TŪĀPAPA <b>Infrastructure</b>	<b>Maintaining existing assets</b>	Develop an optimised renewals programme	Renewals are planned to maximise the service life without compromising the service provided.
 ŌHANGA <b>Economy</b>		Improving resilience	Improving the ability of the asset to withstand disruption, absorb disruption, act effectively in a crisis, adapt to changing conditions, including climate change, and grow over time.
 PAPŌRI ME TE AHUREA <b>Social and cultural</b>		Manage critical assets	Assets that are likely to result in a more significant financial, environmental, and social cost in terms of impact on the organisation.
 TŪĀPAPA <b>Infrastructure</b>	<b>Supporting growth and demand</b>	Improved asset data knowledge	Capture and validate asset data to accurately reflect the asset characteristics.
 ŌHANGA <b>Economy</b>		New population	Additional people coming to live in the city due to the creation of new residential lots.
 PAPŌRI ME TE AHUREA <b>Social and cultural</b>		Change in demographics	The change in the makeup of the existing population. e.g. age, ethnicity, or sex.
 ŌHANGA <b>Economy</b>	<b>Meeting changing expectations</b>	Modelling future growth	Predicting the extent of population change and timing of the change.
 TŪĀPAPA <b>Infrastructure</b>		Management of Demand	Actions taken to influence demand for services and assets.
 TAIAO <b>Environment</b>		Sustainability	Meeting the needs of the future by balancing social, economic, and environmental needs when making decisions
 PAPŌRI ME TE AHUREA <b>Social and cultural</b>	<b>Meeting changing expectations</b>	Managing the effects of Climate Change	The adaption of assets to meet the changes in the environment as a result of climate change
		Standards and Legislative Requirements	Legislation and industry standards that govern the provision of the service
		Changing Customer Expectations	Customers' service needs change over time

# Our infrastructure challenges, themes, and planned response

## Supporting growth and demand

Our city and population is growing, leading to increased demands on our infrastructure.

Our plan is to cater for growth—mostly in transport and water infrastructure—and preparing for land use intensification. We also considered not upgrading assets, and/or delaying upgrades to extend asset lifecycles, but this would not meet our community outcomes.

### THEMES

- New population
- Change in demographics
- Modelling future growth

## Meeting changing expectations

Changes in technology, law, regulation, and customer expectations mean we must adapt how we plan, build, and operate our infrastructure.

Our approach is to meet changing expectations by including several significant service improvements in this 10 year plan. We also considered providing only existing levels of service and/or removing some services, but this would not meet our community outcomes.

### THEMES

- Demand management
- Sustainability
- Managing the effects of climate change
- Standards and legislative requirements
- Changing customer expectations

## Maintaining existing assets

Existing assets are ageing and becoming less reliable, leading to declining levels of service and more reactive interventions.

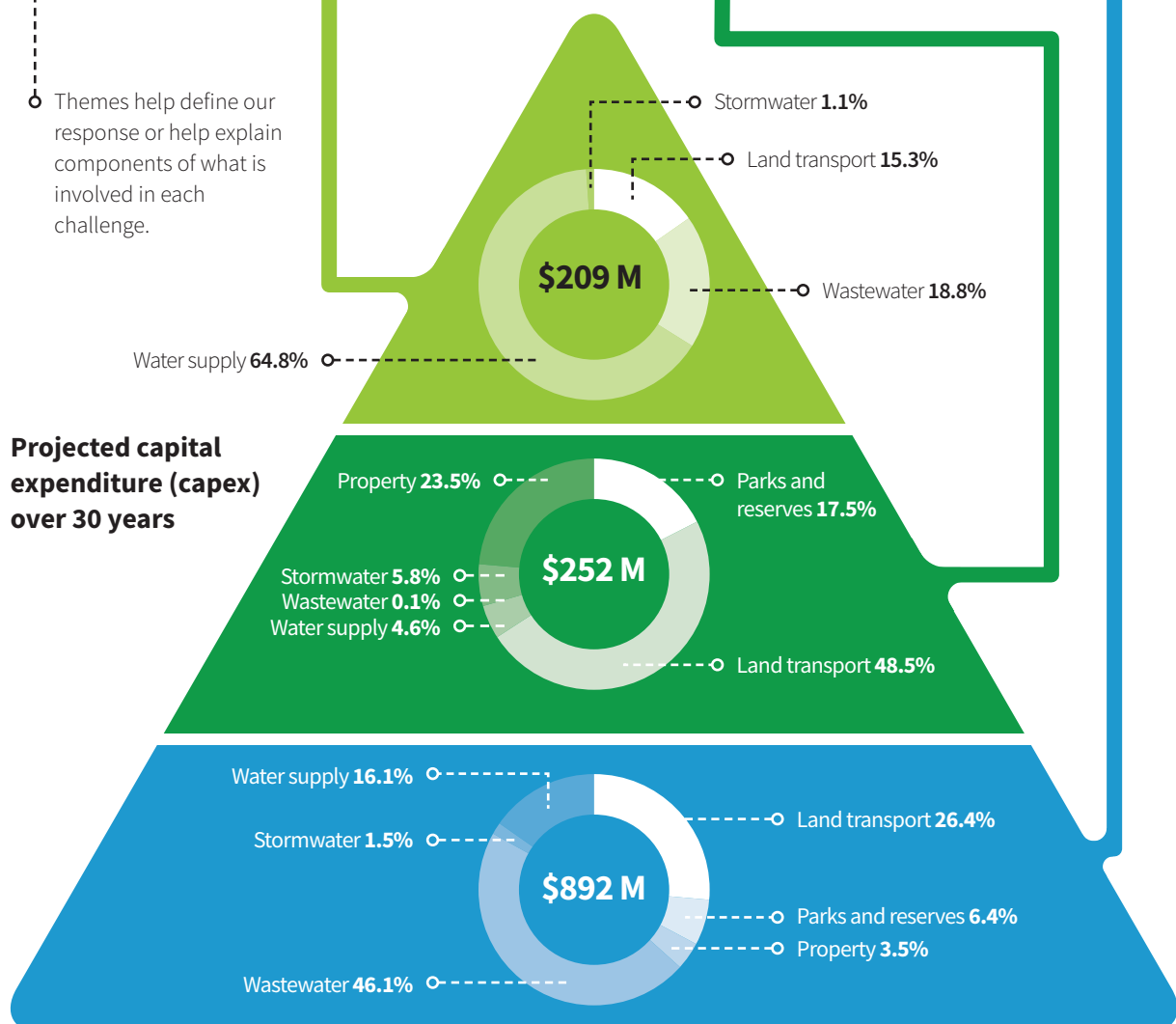
Our intent is to increase renewals to respond to infrastructure age and condition. We also considered not renewing and maintaining assets until failure, and/or delaying some renewals, but this would not meet our community outcomes.

### THEMES

- Develop an optimised renewals programme
- Improving resilience
- Managing critical assets
- Improving asset data knowledge

○ Themes help define our response or help explain components of what is involved in each challenge.

## Projected capital expenditure (capex) over 30 years



## CHALLENGE 1 Maintaining existing assets

Council maintains its assets through operations, maintenance, and renewals to ensure that they are able to provide the service that they are designed for. Council has identified four themes within this challenge:

- Develop an optimized renewals programme
- Manage critical assets
- Improve resilience
- Improve asset data knowledge

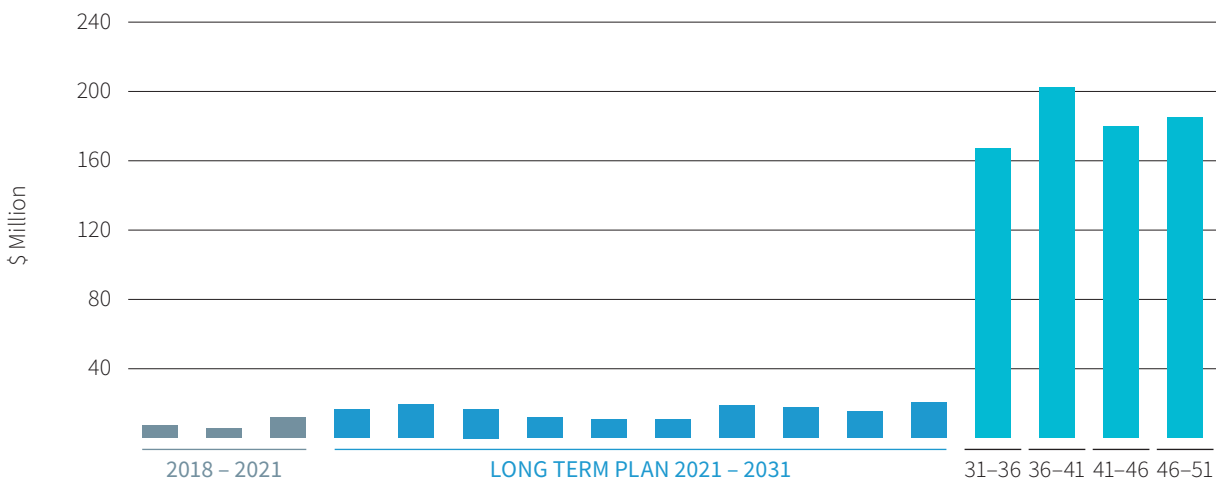
Within the period of this plan, Council will need to spend \$892.1 M to renew its assets to maintain agreed levels of service.

### DEVELOP AN OPTIMISED RENEWAL PROGRAMME

Upper Hutt is a relatively young city that has developed over the last 50 years. The lives of assets are varied and can be affected by a number of factors. Council actively monitors asset condition and develops forward renewal programs to ensure that the maximum service life is achieved without compromising the service provided by the asset.

Coordination between activities must also be considered, as renewal of one asset often has impacts on other assets with other activities. An example of this is three waters infrastructure under roading pavement.

FORECAST RENEWALS 2021 – 2051



### IMPROVING RESILIENCE

A resilient network ensures that infrastructure operates safely or quickly resumes operation when placed under stress by an adverse event. The principal risks to infrastructure over the next 30 years that are likely to threaten the resilience of the Upper Hutt transport and three waters networks include earthquake, significant weather events, and loss of network electricity or gas. The effects of climate change are likely to increase these risks to network assets with increased frequency

and intensity of severe weather events—both flooding (particularly impacting on the roading and stormwater networks) and drought (impacting on water supply).

Council’s approach will continue to be to manage risk by treating natural hazards as a source of risk and putting into place controls to manage the failure to deliver a service and any consequences of the natural hazard event (e.g. Pinehaven Stream

improvements). Renewals are prioritised with resilience being one of the key drivers alongside condition. Networks are renewed with more resilient materials or engineering solutions.

Council's water supply reticulation network is vulnerable to a major earthquake. Currently Upper Hutt has approximately 27 days storage at 20 litres per person per day based on 70% of water being held within seismic resilient reservoirs. Further to this Wellington Water has established a network of emergency community water supply facilities (three located in Upper Hutt).

Council checks the backbone of the three waters' networks for seismic resilience when determining the renewals programme and is currently a partner in developing a Regional Resilience Strategy with the other Wellington councils. There are also operational projects that are underway which are planned to improve preparedness and operational

response. This illustrates that not all resilience gain is through capital investment and worthwhile improvements can also result from improvements in processes, systems and planning.

Council includes additional design capacity to factor in climate change impacts when carrying out planned upgrades to the three waters networks.

The resilience of the roading network has been reviewed with the major concerns being the number of hilly rural roads that could be affected by major slips and some important access roads that could be affected by fallen overhead cables after a severe event whether it is seismic or weather related. A plan has been prepared to assist in the recovery of these roads to a condition that would permit access for emergency services and access to essential services such as water reservoirs and pump stations as quickly as possible.

There are also a number of bridges that require upgrading to varying degrees to give them a better chance of surviving a large seismic event. Some of these structures have been upgraded and others are programmed for upgrading. The upgrading would be to at least a state where there was a good chance that they could be quickly opened again to emergency services. Council owned buildings have been assessed for seismic compliance and required upgrades have been programmed for implementation.

A snapshot of current resilience focused projects planned includes (but not limited to):

- More resilient pipes being utilised as part of water network renewals.
- Seismic strengthening of the Tōtara Park Bridge and other bridges within the network.
- Seismic assessment and appropriate strengthening of council buildings, notably the Civic Centre.
- Seismic strengthening of two key water supply reservoirs (Cruickshank and Trentham).

Council has comprehensive insurance cover for asset replacement following a damaging event, and this is regularly reviewed.

## MANAGING CRITICAL ASSETS

Critical assets are assets that have a high consequence of failure. It is important after an unexpected event, critical assets remain, or are back up and running as soon as possible to ensure that public health and safety is maintained. Council has commenced identification of critical assets by activity, which are summarised in the Asset Management Plans.

## IMPROVING ASSET DATA KNOWLEDGE

Asset data knowledge underpins Council’s ability to plan for the future. Quality, timely data must be available, and held in systems that can transform it into useful business decision making information.

Council has reviewed its asset management capability and identified an improvement programme to provide a more consistent approach to operational management and delivery of asset activities. The programme forms part of the asset management plans and includes improving data

and systems to readily provide consistent data and information. Council has created an in-house asset management function to lead best practice and improvements.

Across the asset activities, data inventory is generally good, with areas for improvement identified in asset performance and condition data.

More detail is provided at the activity level later in this strategy.

## SIGNIFICANT CAPITAL EXPENDITURE (CAPEX) DECISIONS

The following tables show the significant capital decisions in the 30 year view of this Infrastructure Strategy. Significant decisions are those that involve a commitment of over \$1.5 M in any one year of the 30 years between 2021 – 2051.

The level of option development shown of each significant decision is dependent on the stage of development of the particular project or programme. The timing of each decision is a key factor, with those due in the near term generally being more advanced in planning (including option development) or some being largely committed to a clear preferred option.

For ongoing programmes such as routine renewals, decisions on specific individual options or work completed can be relatively minor in scale and these are undertaken as part of business as usual.

For these work programmes, further specific options for individual component projects may be developed and considered closer to the relevant decision points.

Where debt costs are shown in the project/ programme figures, these are the costs to service debt (principal repayment + interest) over the first 10 years of the loan.





## THE RENEWALS PROGRAMME

 Every three years

At each 10 year plan (LTP), Council needs to confirm the level of funding available to provide for the renewal of existing assets. A full programme is developed based on available condition information.

Council's preferred option that is budgeted for is based on an affordable level of annual renewals which maintains or improves levels of service over time, and to minimise the risk of asset failure or unacceptable deterioration.

### Key options for this decision

- ⦿ Do nothing—not renewing core infrastructure assets does not meet Council's statutory obligations.
- ⦿ Whether there are assets that Council chooses not to renew—this may be due to a change in demand or level of service which no longer requires the asset to be renewed.
- ⦿ Whether there are assets that Council chooses to defer the renewal of—this may be based on condition assessments indicating sufficient life remaining in an asset to maintain levels of service.
- ⦿ The degree to which the forecast renewal requirements are funded through each 10 year plan—there may be implications from the affordability of the renewal programme for the community.

As a programme of work, further specific options for individual component projects may be developed and considered closer to the relevant decision points.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Three waters	Renewal	9.5	20.2	150.6	164.0
Parks	Renewal	2.4	7.2	15.0	24.2
Property	Renewal	5.6	3.6	8.9	12.9
Roading	Renewal	14.0	37.9	68.4	111.5
<b>TOTAL <sup>6</sup></b>		<b>31.5</b>	<b>68.9</b>	<b>242.9</b>	<b>312.6</b>

6. These exclude operational expenditure related to the renewals. Operational expenditure is identified at the activity level. Also note these costs are also included in the renewals programme.



CITY CENTRE PAVING REVITALISATION

2021 – 2023

Parts of the city centre (around Upper Hutt Station, Main Street, King Street, and Princes Street) has new paved footpaths and street furniture. Starting out as an asset renewal works to replace the red brick paving, this project seeks to continue to expand this new look and feel further.

Council’s preferred option that is budgeted for is based on an affordable level of renewal which will also enhance the level of service.

Key options for this decision

- Do nothing—results in lower levels of service as existing paving requires additional maintenance, introducing safety risks and potential risk to increase overall cost.
- Delay the timing of the renewal option results in additional maintenance over the delay period as well as risks around safety and risk to increase overall cost i.e. renewal not occurring at optimal time.

Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	Renewal/LOS	4.2			
Debt Servicing		2.5			



ARTIFICIAL TURF REPLACEMENTS

2023

The existing artificial turfs have a life of 12 years (for multi-sport, 15 years for tennis) and are due for replacement in 2024 – 2025 and 2035 – 2036. These turfs continue to have very high utilisation and extend the opportunity for recreational activity through greater consistency of playing surface. The demand for artificial turfs continues to remain high. This project has a high strategic fit because it delivers upon community recreational outcomes.

Council’s preferred option that is budgeted for is to renew at the recommended age.

Key options for this decision

- Renew at recommended age—this is the preferred and budgeted option.
- Delay the renewal—this may be based on condition assessments indicating sufficient life remaining in an asset to maintain levels of service.
- Renew when asset condition risks deteriorating levels of service—this may be sooner than programmed.

Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	Renewal	0.6	1.4	2.7	3.1

SIGNIFICANT CAPEX DECISION



WASTEWATER TREATMENT RENEWALS PROGRAMME

Every three years

Council has a joint venture agreement with Hutt City Council to manage the wastewater from Upper Hutt to the treatment station in Seaview. The cost to Council for this is significant, however the options for managing wastewater are within the constraints of the joint venture agreement and are essentially outside of Council’s control.

The preferred programme is budgeted for as shown below.

Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Wastewater joint venture	Renewal	16.7	34.7	115.4	49.0





## DRINKING WATER RESERVOIR SEISMIC STRENGTHENING

2031 – 2035

The reservoirs requiring seismic strengthening in order to meet goals around providing 80% of normal supply to 80% of customers within 30 days have been identified and the works budgeted for in our plan. The regional priority for these works across the region was considered and the investment proposed below. These works are required to improve network resiliency. An increase in capacity to cater for future growth will be investigated during the renewal work.

Council's preferred option that is budgeted for is shown below.

### Key options for this decision include

- Do nothing—this heightens the risk of damage or service disruption if a significant seismic event were to occur.
- Undertake the upgrades in years 11 – 20 as shown in the table below (preferred option).
- Advance upgrades into the earlier 4 – 10 year time frame in line with wider regional prioritisation of these resilience upgrades.
- Deferring or staging the upgrades through each of the subsequent 10 year plans.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Cruickshank and Trentham	Renewal	0	0	8.1	0

## CHALLENGE 2 Supporting growth and demand

Our city will continue to grow with an expected additional 9,000 – 12,800 people living within the city in the next 30 years. The implementation of the National Policy Statement on Urban Development will see further intensification, particularly around rapid transport stations, resulting in the above predictions likely to be conservative in the medium to longer term.

Within the period of the Infrastructure Strategy, Council will require \$209.5 M to build assets to support growth and demand.

Council has identified three themes within this challenge:

- New population
- Modelling future growth
- Changing demographics

### NEW POPULATION

The resultant growth from the new population will have an impact on services that supply new dwellings and in particular to water supply and pressure (for firefighting), as well as traffic, parking, and public transport and open space demands.

In response, Council will build and vest assets from subdivisions that provide services to the new population. The timing of the development of these assets is critical to ensure community safety and maintenance of levels of service. Asset Management plans are reviewed every three years to inform the Infrastructure Strategy and this ensures that additional network capacity is available as growth occurs.

Changes signalled in the recent National Policy Statement on Urban Development enable significant opportunities for intensification within existing urban areas that are in a walkable proximity to rapid transit stops, as well as around and within the city centre and metropolitan zones. For Upper Hutt this change could result in development of at least six stories in the centre of the valley adjacent to the Hutt Valley Railway Line. This marks a significant change from present development controls.

Council has the ability to levy Development Contributions to fund these works when the need for new network capacity arises as a result of growth. In most cases, these projects also have benefits to the existing community. Therefore, a cost allocation model must be developed to appropriately and accurately allocate these costs.

### CHANGING DEMOGRAPHICS

Demand can further be influenced by change in the existing population demographics, notable with more aging residents or an increase in younger people having different needs for council services

and infrastructure. New demands can be placed on assets and services. Consequently, as a result demand of other services may reduce.

## MODELLING FUTURE GROWTH

Modelling of predicted growth is essential to ensure that the right assets are available in the right place, in the right time, and with the right capacity to meet the needs of future communities. These forecasts require regular review to ensure that they remain accurate and relevant throughout the life of the Infrastructure Strategy.

There is some uncertainty and a range of external factors influencing the exact locations, extent and timing of growth—such as the WRGF discussed earlier. For the next three years, we have a particular focus on modelling predicted growth and the impact on our network assets in particular, along with other aspects such as traffic modelling. This work will help inform better understanding of the specific impact of growth and accordingly shape future decision-making on the capital expenditure required to service this growth.

## SIGNIFICANT CAPITAL EXPENDITURE (CAPEX) DECISIONS

The following tables show the significant capital decisions in the 30 year view of this Infrastructure Strategy. Significant decisions are those that involve a commitment of over \$1.5 M in any one year of the 30 years between 2021 – 2051.

The level of option development shown of each significant decision is dependent on the stage of development of the particular project or programme. The timing of each decision is a key factor, with those due in the near term generally being more advanced in planning (including option development) or some being largely committed to a clear preferred option. For ongoing programmes

such as routine renewals, decisions on specific individual options or work completed can be relatively minor in scale and these are undertaken as part of business as usual.

For the work programmes, further specific options for individual component projects may be developed and considered closer to the relevant decision points.

Where debt costs are shown in the project/ programme figures, these are the costs to service debt (principal repayment + interest) over the first 10 years of the loan.





FERGUSSON/WARD/WHAKATIKI INTERSECTIONS

2021

Significant development is planned, and is underway, on Alexander Road and the previously owned AgResearch site on Ward Street. This is resulting in a substantial increase in traffic using the Fergusson/Ward/Whakatiki intersections. Each intersection is currently roundabout controlled. We need to upgrade these intersections to be able to safely manage increased demand.

Council’s preferred option that is budgeted for is based on upgrading the intersections to traffic signals, including investigation and design phases.

Key options for this decision

- Do nothing—results in not meeting the forecast growth expectations potentially limiting the extent and timing of growth.
- Improve intersections using traffic signals—this the preferred option and provides for the forecast growth.
- Improve intersections using a multi-lane roundabout option potentially provides for forecast growth but at higher cost, to be confirmed through further investigation and planning.

Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	Growth/LOS	4.7			
Debt servicing		1.2			



## SILVERSTREAM BRIDGE REPLACEMENT

2025

Council will decide whether to proceed with implementing improvements to the Silverstream Bridge. The bridge sits astride a major fault line and currently intrudes into Te Awa Kairangi/ Hutt River floodway. The bridge is a major connection to State Highway 2 (SH2). The bridge is nearing the end of its useful life and current operational issues include poor safety performance for general traffic and cyclists, increasing congestion and delays.

The project will encompass associated improvements required to the adjacent Eastern Hutt Road, Fergusson Drive, and Field Street intersections. Significant growth is anticipated in this part of the city and this project includes assisting to provide for this growth. In addition the bridge is a key, high value transport link from a resilience perspective.

The bridge is partly owned by Hutt City and also carries the water main to Porirua City. Any improvements to the bridge will need to be coordinated with SH2 improvements so the actual timing of implementation of this project is dependent upon a number of other parties as well as Upper Hutt City Council. Business case work to align stakeholders and define the project will occur through this LTP period. The Silverstream Bridge remains an essential connection to SH2.

This project has a high strategic fit because it contributes to the provision of a safe, resilient and efficient transport network.

Council's preferred option that is budgeted for is based on replacing the existing bridge with a higher capacity bridge.

### Key options for this decision

- Do nothing—this would result in not meeting the forecast growth expectations potentially limiting the extent and timing of growth, likely reduced levels of service for road users, and may make this key asset vulnerable to natural hazards.
- Replace with higher capacity bridge—the preferred option provides for forecast growth and meets level of service expectations, as well as improving a key asset that is vital for resilience.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	Growth/LOS/ renewal		27.5		
Debt servicing			1.8		



### THREE WATERS RESERVOIR AND STORAGE UPGRADE PROGRAMME

2031 – 2035

The budgeted works are proposed in Year 11 of this Strategy but may need to be advanced subject to a detailed growth study providing further inform on the timing of these investments.

The actual rate of growth observed during the plan period will have to be closely monitored verses the expected growth, as it is this that drives the need for additional storage to meet performance requirements. This may mean the investment is required earlier than proposed. As the need for investment draws closer, project and costing will be considered for updating.

Council's preferred option that is budgeted for is based on the timing of completion of the relevant growth studies and prioritising further asset condition assessment work in conjunction with this growth planning. As a programme of work, some further specific options for individual component projects may be developed and considered closer to the decision point.

#### Key options for this decision

- Do nothing—not investing in these upgrades could potentially result in reduction in levels of service and insufficient supply to service growth.
- Undertake the upgrades in years 11 – 20 as shown in the table—the preferred option budgeted for below.
- Advance upgrades into the earlier 4 – 10 year timeframe to meet any earlier growth demands—this could be based on updated information and costings becoming available and may impact on affordability in the shorter term.

#### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Maidstone Reservoir	Growth/LOS			17.2	
Mangaroa/Te Mārua Reservoir	Growth/LOS			31.8	
Akatārawa Reservoir	Growth/LOS			30.1	
Pinehaven Reservoir	Growth/LOS			51.8	
Pinehaven-Blue Mountains pipe upgrade and storage	Growth/LOS			21.4	
Akatārawa wastewater pump station and storage	Growth/LOS			14.7	
<b>TOTAL <sup>7</sup></b>				<b>167</b>	

7. Note these exclude operational expenditure related to the renewals. Operational expenditure is identified at the activity level. Also note these costs are also included in the renewals programme.

## CHALLENGE 3 Meeting changing expectations

The expectations for the provision of council services change over time for many reasons. Some are driven by changes to legislation and standards that govern our operations. Other changes are in response to the expectations of the citizens and stakeholders. These expectations can be as a result of increased awareness of issues or as a result of technological advances that enable additional options for services.

Within the period of the Infrastructure Strategy Council will require \$252 M to meet changing expectations of the Upper Hutt community. Council has identified five themes within this challenge:

- Changing customer expectations
- Managing demand
- Managing the effects of climate change
- Standards and legislative requirements
- Sustainability

### CHANGING CUSTOMER EXPECTATIONS

The expectations of customers evolves over time. Recently the growth of the Internet has changed how Council interacts with its customers. It is now possible for some services to be accessed online. Meaning that they are not restricted to normal business hours and no longer require a visit to a Council office.

The needs and expectations can further be driven by what is perceived to be a quality service, provided by other Local Authorities. Local services are constantly compared to neighboring councils.

### MANAGING DEMAND

Demand for Council's infrastructure will increase over the life of this strategy. Demand can be met by building additional capacity or by placing controls on existing capacity, to ensure an equitable delivery of service is delivered.

Demand is driven by population growth and changing trends. In some cases, options for additional capacity may not exist. Or the cost to deliver additional capacity may be beyond the

ability of Council to fund. Demand is then managed by incentivising the use of facilities in off-peak times, or by charging a premium for peak use.

Water meters is another example of how demand can be managed. It has been proven that when meters are introduced enabling volumetric charging, water usage decreases. Consideration and discussion of potential future water metering options are continuing.

## MANAGING THE EFFECTS OF CLIMATE CHANGE

The effects of climate change will create challenges for our assets during the life of this strategy. Changes in rainfall patterns and in particular the frequency of heavy rain events will continue to place strain on our assets. The opportunity however exists to build in resilience to cope with these events as our assets are initially built and subsequently renewed.

At the opposite end of the spectrum, increased droughts resulting from extreme weather will affect our water supply network. This may impact on the community in terms of requirements for demand

management, including water restrictions, use of new demand management technology and in future, may require consideration of new water sources, which will have resulting cost implications and potential environmental effects.

Flooding and landslides from extreme weather events can also threaten some of our roading infrastructure, and these vulnerabilities are considered when prioritising resilience improvements to the network.

## STANDARDS AND LEGISLATIVE REQUIREMENTS

Legislative minimum requirements and standards always evolve. These changes can place requirements on Council to comply immediately if requirements are retrospective. Or in the future when assets are replaced.

Major change has been signaled with changes to drinking water standards under development. These are likely to require Council to make significant changes during the lifetime of the strategy. Any change will be included in future reviews of this document.

Other legislative change that has impacted Council's infrastructure include:

- ① Requirements for seismic strengthening of earthquake prone buildings, and
- ② The handling of asbestos when undertaking construction work

The Building (Earthquake-prone Buildings) Amendment Act 2016 amended the Building Act 2004. It requires owners to assess potential earthquake prone buildings in high risk Seismic Risk

Areas by 1 July 2002. Then, if found to be earthquake prone (less than 34% of the New Building Standard), the building needs to be strengthened as specified by the amendment within 15 years.

Asbestos has become a major hazard due to its ability to cause major health issues for those that come in contact with its fibres. Asbestos was extensively used post-World War II in infrastructure pipework and in the building industry, as it was cost effective, long lasting, and had insulating and fire protection properties. It was further added to many products to provide strength. Asbestos was phased out in the late 1970's but still remained available for many years.

Many Council buildings contain asbestos containing materials due to their age of construction. Therefore Council must follow the Health and Safety Asbestos Regulations when dealing with asbestos and materials containing asbestos.

When Council undertakes any works it must have a management plan in place to ensure that asbestos is contained and safely removed off site. The cost of this is built into project estimates.

## SUSTAINABILITY

Our services must be sustainable to ensure that we can meet today's needs without compromising the ability of future generations to meet their own needs. All projects should ensure that sustainability is considered to protect the environment, and social and cultural values that underpin Upper Hutt's economy.

Council adopted a Sustainability Strategy in 2020, with one of the goals being that Council aims to be carbon neutral by 2035. An implementation plan is being developed for the first three years of the Sustainability Strategy (2020 – 2022) and this will drive inputs to the next Long Term Plan asset management planning round in 2023 – 2024.

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such as routine renewals, decisions on specific individual options or work completed can be relatively minor in scale and these are undertaken as part of business as usual.

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# RURAL LOW-COST LOW-RISK SAFETY PROGRAMME

Every year

Land use and service level demands continue in rural areas, affecting demands on the rural road network. This project has a high strategic fit because of the road safety benefits derived.

Council’s preferred option that is budgeted for is to complete a programme prioritised on safety benefits and aligned with other transport projects.

As a programme of work, some further specific options for individual component projects may be developed and considered closer to the relevant decision points.

## Key options for this decision

- Do nothing—the implications of not proceeding with the programme leading to some sunk cost from investigations and work undertaken, potentially increase road safety risks, and the assets not meeting level of service expectations.
- A low level of investment focussing on the highest priority roads which reduces some of the safety risk and does not meet customer expectations.
- A moderate level of investment targeting high priority roads across the network—the preferred option which will contribute to meeting expectations.
- A significant level of investment across the network which will provide safer travel for more people however with a significant additional cost that is not justified at this time.

## Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	LOS	4.6	14.6	27.1	34.0

## ACTIVE MODE TRANSPORT PROGRAMME

2021 – 2029

Council plans to continue developing our on-road and open space walking and cycling network. It supports the strong recreational focus of our city vision and is aligned to the goals and objectives of the Open Space Strategy, as well as promoting low carbon transport in line with our Sustainability Strategy. During Year 1 of the LTP, Council will develop a consolidated plan for walking and cycling across the road and parks networks.

The existing walking and cycling network project across the eastern hills has been delayed due to difficulties with securing legal access across private property for the Cruickshank tunnel stage of this project. Other planned stages also cross private land, and the funding has been reprogrammed over the coming five years, as this is a more realistic delivery timeframe.

Council’s preferred option that is budgeted for is to complete a programme prioritised on safety benefits and aligned with other projects.

### Key options for this decision

- Do nothing—would result in not meeting customer expectations and potentially increased risk around active mode user safety.
- Completing programme as planned—preferred option meeting customer expectations and helping to reduce safety risk.
- Delaying the programme resulting in some increased safety risk and not meeting customer expectations.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Footbridge to river	LOS		9.5		
Walking and cycling network project	LOS	1.2	3.4		
Railway corridor	LOS	4.6	0.9		
Debt servicing		5.0			

# TŌTARA PARK BRIDGE WIDENING

2021

Increased traffic on the state highway has created congestion exiting Tōtara Park, creating delays for both car and passenger transport. Future residential development will further increase those delays. The limited holding capacity for right turning vehicles, combined with the signal phasing, contributes to significant queues and delays for those exiting Tōtara Park.

This project will widen part of Tōtara Park Bridge to provide a longer length of two lanes at the traffic signals, which will increase the efficiency of traffic flow through the signals. The project will plan and construct a higher capacity bridge from Tōtara Park onto SH2. This project has a high strategic fit because of the transport efficiency benefits derived.

Council’s preferred option that is budgeted for is to widen the existing bridge as programmed.

## Key options for this decision

- Do nothing—accept increasing delays and worsening levels of service, therefore not meeting customer expectations.
- Construct a new bridge and intersection with SH2 at higher cost and meeting customer expectations.
- Widen the existing bridge at moderate cost and meeting customer expectations —the preferred option.
- Consideration of funding options including wholly funded by Waka Kotahi NZ Transport Agency—to be considered prior to investigation.

## Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capex	LOS	2.4			
Debt servicing		0.8			



## PINEHAVEN STREAM IMPROVEMENTS

2021

The Pinehaven Stream upgrade addresses a long history of flooding within the catchment. The current level of service is well below Council's minimum service level. The project is designed to reduce the frequency of flooding to a 1 in 25 year event in the Pinehaven Stream catchment.

The protection of property and people from the adverse effects of floodwaters provides a strong strategic fit with protecting the health and wellbeing of the community.

Council's preferred option that is budgeted for covers investment in a range of complimentary works which will provide maximum benefit to achieve the project objectives—including a combination of stream works through to managed retreat.

### Key options for this decision

- ⦿ Do nothing—does not meet community expectations and is not considered a viable long term solution.
- ⦿ Invest in the upgrades as proposed below—the preferred option.
- ⦿ Delay investment and accept existing levels of flooding protection, which do not meet levels of service.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	LOS	11.3			





## CIVIC CENTRE UPGRADE

2021

The Civic Centre requires earthquake strengthening to enable us to provide spaces, and services to the community, in a fit for purpose building. Due to the invasiveness of the seismic works, Council is taking the opportunity to refurbish and modernise the building for the first time to meet current standards and expectations. Two options were consulted on, with the expanded option including an extension being built to accommodate a new Council Chamber space.

Council buildings need to be safe in the event of a significant earthquake. This work has a high strategic fit because Council has a range of statutory obligations it must meet and services to provide pre and post a natural hazard event.

Council's preferred option that is budgeted for, is to undertake seismic strengthening and modernise the building to ensure operational resilience and enable ongoing provision of Council services.

### Key options for this decision

- Complete capital improvements—the preferred option: to enable the building to operate normally post a seismic event and maintain a safe working environment, as well as improving levels of service with enhanced community facilities and accessibility.
- Complete seismic strengthening only without other improvements—does not provide wider improvement to community facilities, and not considered cost effective due to invasive nature of the works and requirement to relocate staff while strengthening occurs.
- Continue to defer maintenance and renewals—resulting in high levels of risk and potential unplanned disruption to service.
- Capital improvements deferred—increased funding required to undertake required works at a later stage due to inflation, and potential that higher future standards add additional cost.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	LOS/renewal	20.7			
Debt servicing		8.3			

## H<sub>2</sub>O XTREAM UPGRADE

2021

H<sub>2</sub>O Xtream is almost 25 years old and in need of significant ongoing maintenance and a range of extensive asset renewal works. Council proposes to take the opportunity to significantly upgrade and expand the facility with the addition of new water space, improved slides and other attractions to enhance aquatic opportunities for the community. The proposed upgrade project was originally selected through public consultation on the LTP 2018 – 2028. Since 2018 it has advanced through the planning and design stages, with detailed proposed costs and two options were consulted on.

H<sub>2</sub>O Xtream continues to provide essential aquatic recreational opportunities and holds a niche position in the regional market. This project has a high strategic fit because it delivers upon the recreational needs of the community and fulfils Council's obligations to maintain ageing community assets.

Council's preferred option that is budgeted for, is to address extensive asset renewal works in conjunction with an upgrade to deliver more water space capacity and additional aquatic opportunities to meet the needs of the community and improve the level of service.

### Key options for this decision

- Do nothing—potential interruption to levels of service due to unexpected failure. Higher operational costs due to failures and longer periods for annual maintenance shutdowns. Potential inability to meet pool water quality standards, resulting in health and safety issues.
- Upgrade the current facility to meet changing expectations—the preferred option—will provide a facility that meets future demand and community expectations, and reducing the risk of service disruption.
- Undertake a limited facelift of the facility and continue reactive maintenance including consideration of further closures—does not meet customer expectations and not considered a cost effective long term solution.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	LOS/growth/ renewal	27.5			
Debt servicing		17.5			

# MAIDSTONE COMMUNITY SPORTS HUB

2021

The Maidstone Community Sports Hub was originally selected as a project through public consultation on the LTP 2018 – 2028. The proposal is to develop a sports hub for multi-sport utilisation consistent with a master plan for Maidstone Park. The hub would be one part of an integrated development, resulting in consolidated and more efficient utilisation of the area by various sporting codes to enhance the sustainability and effectiveness of their operations into the future. Its design will be finalised after consultation with potential user groups.

In 2020, the Government announced that the comprehensive redevelopment of our city’s sporting and recreation hub will be fast-tracked with a \$12 M funding boost from its shovel ready projects initiative. Work will begin in September 2021 and is scheduled for completion by February 2023.

Council’s preferred option that is budgeted for, provides improved consolidated recreational facilities in an integrated, efficient way that meets the objectives of the agreed master plan for Maidstone Park.

## Key options for this decision

- Do nothing—continue with current state with further deterioration of existing Council and sport club owned buildings that are not fit for purpose and limit the options for further recreational activities. Loss of secured external funding that is unlikely to be available again in the future.
- Consolidate facilities into a sports hub—the preferred option—takes an integrated approach that efficiently uses reserve land, meets the future needs of local sport and recreational groups and the community, improves existing facilities and provides new facilities.
- Develop or improve sporting facilities in other parks or locations—continuation of disparate and duplicated facilities and infrastructure.

## Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	LOS/growth/ renewal	30.1			
Debt Servicing		8.8			

## AKATĀRAWA CEMETERY REDEVELOPMENT

2021

Akatārawa Cemetery, jointly owned by Upper Hutt City Council and Hutt City Council, has an estimated capacity for a further five to six years, based on current interment trends. Further development of the cemetery, carried out in five stages, will provide interment options for a further 58 years.

Upper Hutt and Hutt City Councils have purchased a block of land adjacent to the Akatārawa Cemetery in order to meet future demands. Expanding the existing location was deemed to be more cost effective than development of a new facility at a new location.

The demand for land for burials will continue to rise as population increases and ages. This project has a high strategic fit because it delivers upon community cultural, compassionate and heritage outcomes.

Council's preferred option that is budgeted for, is to undertake development works to maintain interment options and ensure statutory compliance for sanitary services.

### Key options for this decision

- Do nothing—statutory compliance issues as Council must ensure that there is provision for adequate services for burials and interments.
- Complete the redevelopment as proposed—the preferred option: while details are subject to further planning and investigation, the timing of the works is important to ensure the cemetery capacity is sustained to cater for future interments.
- Develop an alternative site—suitable land must be available, additional funding for purchase would need to be secured, designation and consenting would be required to enable use.
- Encourage and provide alternatives to interment at the cemetery—many alternative options are at variance to current legislation. Development of a new site brings consenting issues from adjoining land owners and stakeholders.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital		2.6	1.0		
Debt servicing		0.5			

FERGUSSON/GIBBONS/MAIN INTERSECTIONS

2023

There are deteriorating levels of service for people driving using these intersections. This project is to upgrade the intersection by realigning the intersection to accommodate vehicle volumes, and to cater for efficient passenger transport and an anticipated increase in heavy vehicles using this route. This project has a high strategic fit because of the transport efficiency and safety benefits derived.

Council’s preferred option that is budgeted for is to programme the completion of planning and investigation phases during the next three years, with construction in Year 4 of the LTP.

Key options for this decision

- Do nothing—accept increasing delays leading to not meeting customer expectations.
- Complete investigations in 2021 – 2024 and look to construct 2024 – 2027—the preferred option—which aligns with our funding partner and will meet customer expectations.
- Delay investigations—risks commitment to project and results in not meeting customer expectations.

Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	LOS	0.1	6.5		
Debt servicing		1.5			



## COMMUNITY HUB

2024

This project aims to create additional capacity for community groups by providing office space, and shared spaces for meetings, programmes, and activities. It will increase opportunities for, and improve delivery of a wide range of community services and activities. Originally proposed in the LTP 2018 – 2028 to start in 2021 – 2022, the project is now scheduled to commence in 2024 – 2025 and has a projected budget of \$6 M. The creation of a Community Hub will strengthen the delivery of services to the community. This project has a high strategic fit because it provides improved facilities for services and activities that enhance community wellbeing.

Council's preferred option that is budgeted for is to develop the Community Hub in Year 4 of the LTP.

### Key options for this decision

- Do nothing—resulting in continued issues with lack of suitable accommodation for a range of community services activities.
- New community hub located in the civic precinct—the preferred option is based on a proposed 2018 concept which co-locates the new hub adjacent to the Central Library.
- Retain or replace the community houses—continuation of use of sub-optimal facilities which do not provide the benefits of a hub, and hampers the ability to easily provide wrap-around services.
- Build a hub at another location—would need to consider if land is available in a suitable location, with potentially additional cost implications.
- Locate services at other premises or facilities—potential incompatibility between services and would require capacity to be constructed so not to reduce library levels of service.

### Key relevant projects and programmes (\$M)

PROJECT/PROGRAMME	TYPE	Y1 – Y3	Y4 – Y10	Y11 – Y20	Y21 – Y30
Capital	LOS/growth/ renewal		6.0		
Debt servicing			2.2		

# Council's plan

Infrastructure asset management is an important core function in Council for a number of reasons:

- Many of the services delivered by Council rely on assets to support their delivery.
- Assets represent a significant investment by the community that needs to be protected.
- Asset failure can have social, cultural, environmental and economic effects on the community.

The objective of asset management is to meet the required level of service, in the most cost effective manner, through the management of assets for present and future ratepayers and residents. Good asset management is about achieving best value through the right balance between cost, risk and performance.

This Strategy reflects on what has already been done and considers the best way to move forward to ensure efficient and effective management of these assets to achieve the outcomes the community requires. It identifies significant infrastructure challenges and opportunities for Upper Hutt over the next 30 years. Decisions made in regard to the most likely scenario for responding to these issues are reflected in budgets incorporated into the LTP.

At a high level, there is broadly a good infrastructure base across our asset activities. Historically Council has taken a relatively austere approach to infrastructure spending, with works programmes

being primarily budget driven. In this round of asset management planning, we identified and have responded to resulting underinvestment in some areas. There are significant future challenges emerging, particularly pertaining to aging infrastructure networks built around the same time that will require renewing within a short period of time.

Beyond this Strategy, more detail about Council's approach to the management of its infrastructure assets is set out in the Asset Management Strategy and relevant activity Asset Management Plans.

## Asset management function and approach

Asset management is a framework used by Council to develop, direct, co-ordinate and control asset management activities, and align those activities with organisational and service objectives to achieve its statutory functions. The elements of the asset management system are viewed as a set of tools, including policies, plans, business processes, and information systems which are integrated to give assurance that the asset management activities will be delivered.

Council has been working together to identify which aspects of asset management require interventions, and priorities for work to be undertaken, namely:

- Documenting an Asset Management Strategy to guide infrastructure asset management in Council.
- Internally producing the Asset Management Plans to drive common financial decision making for the LTP and the 30 year Infrastructure Strategy.

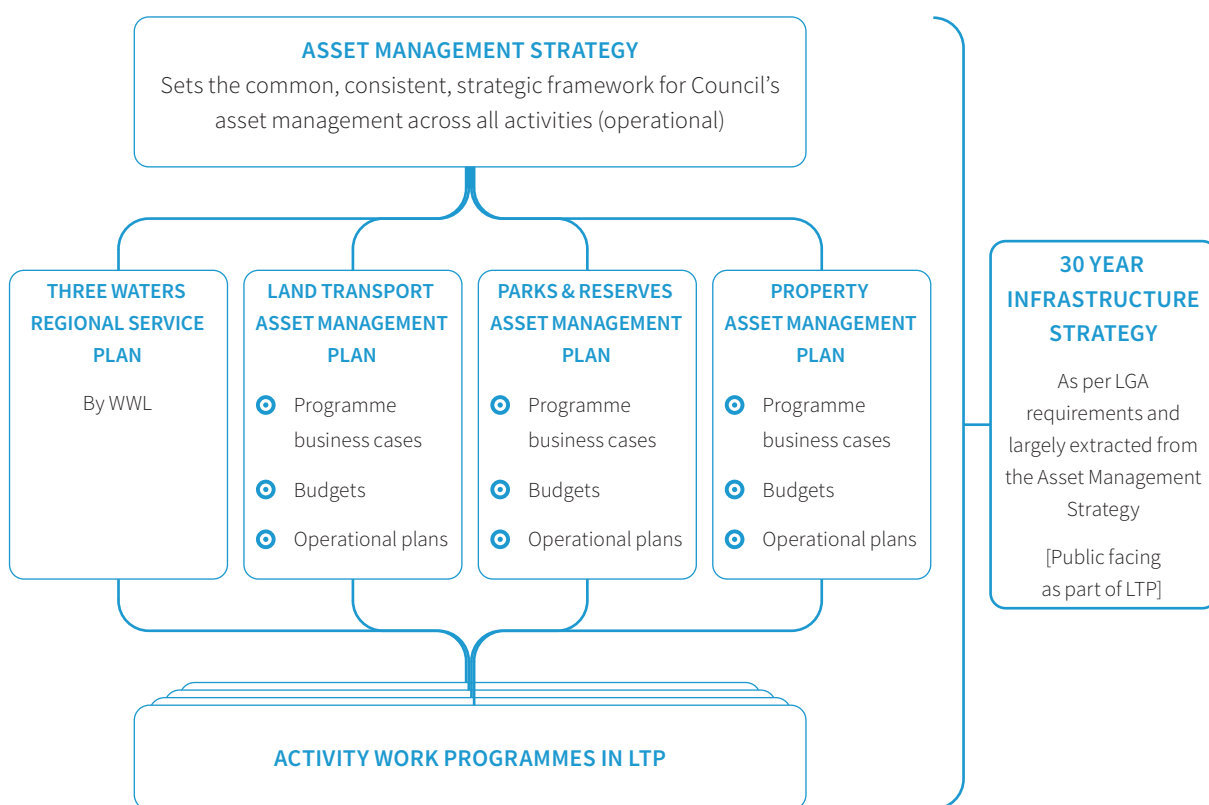


- Providing accessible and reliable asset data, which is devolved, repeatable, and timely.
- Providing in-house asset management expertise.
- Applying smart thinking to core infrastructure in line with industry best practice.

Asset Management Plans have been prepared for the land transport, property, and parks and reserves activities. These plans have been prepared based on standard industry practice and have been used to forecast the expenditure needed to operate, maintain and renew assets.

For three waters activities, Wellington Water Limited (WWL) undertakes asset management planning for its six client councils including Upper Hutt. For this, there is a regional focus and a different suite of asset management documents—namely the Regional

Service Plan. The Regional Service Plan includes investment plans (by Council)—this is the core component Council considered in this strategy, and to determine the work programmes and budgets for this LTP.



153

Council is committed to improving the Asset Management Plans and takes improving asset management processes and systems seriously. Further investment on improving asset management will be made in the future to make sure Council has the right information to make the best possible decisions on assets.

We collate and analyse information about infrastructure assets to ensure that we can meet the service expectations and current and future

needs of our residents. This information can come in many forms, from legislative requirements (what we must do), regulations and guidelines (ensuring best practice), and community informed strategies and desires.

The asset work programmes are based upon anticipated life-cycle renewals modified by real-time condition rating. By taking into account condition rating as a modifying influence, work programmes can be focused on areas of highest need in terms

of continuity of service level delivery. An example is a cluster of leakage complaints from customers, which may trigger a condition assessment in that location, and this may result in renewals being reprioritised to that location.

On occasions, Council also identifies assets that are no longer required. This is generally in conjunction with a decision to stop or reduce a level of service to the community. Council considers its service levels for the community as part of each LTP process.

## ASSET MANAGEMENT ROLES AND RESPONSIBILITIES

Effective asset management is critical to Council to enable the right decisions to be made in the most cost efficient manner. In 2018, Council decided to implement a more consistent approach across its infrastructure assets. The establishment of an in-house infrastructure assets management team has enabled the increase in the knowledge of assets and improved capability in asset management practice across the organisation.

Asset management leaders provide direction for asset management within Council, and communicate this through the Asset Management Strategy. Council's asset management leaders foster a whole of organisation approach to ensure that staff are working towards aligned outcomes.

Service delivery teams work together towards the aligned asset management outcomes set by the asset management leaders. The service delivery teams manage the future state of the assets, as well as managing the present operations and maintenance of the assets. Council's internal service delivery teams (roads, parks, and property) are supplemented by Wellington Water Ltd for the delivery of the three waters services (water supply, wastewater, and stormwater).

Wellington Water was established in September 2014 as a council-controlled organisation to take a regional, shared service approach to the delivery of the three waters services across the Wellington Region.

## Infrastructure funding and affordability

The capital investment needed for infrastructure assets often requires substantial expenditure when they need replacing or require significant maintenance. However, the long life of most infrastructure assets means that significant peaks in expenditure are typically followed by long periods where relatively low expenditure is required.

The LTP balances the forecast spending needs with ratepayer affordability. This affordability has been determined by projected levels of rates, other income and debt in the Financial Strategy.

The purpose of the Financial Strategy in a large part is to ensure that the plan in the Infrastructure Strategy can be carried out, by ensuring there is adequate financial resourcing through various funding mechanisms to ensure that the infrastructure goals can be achieved in an affordable manner.

This Strategy and the Financial Strategy need to work together to provide the desired outcomes to maintain levels of service and ensure adequate investment where required.

Council uses a Development Contributions Policy in parts of the city to invest in some new public infrastructure assets and increase capacity in existing downstream assets.

It is usual that not all the identified spending requirements in the Asset Management Plans can be afforded within the funding available. In these cases, the budgeting process prioritises expenditure on maintaining and renewing existing assets before creating new ones.

## THREE WATERS INVESTMENT DECISIONS AND POTENTIAL RISKS

Specifically for this LTP, Council has made the decision to allocate a lower level of capital expenditure funding than what Wellington Water Limited (WWL) requested for its work programmes, to maintain affordability.

In the absence of adequate asset condition rating data, the increased capital expenditure requests from WWL for three waters activities were difficult to justify, given that the forecast is age based. This

means there is a higher degree of uncertainty in the forecasting. As a consequence, Council has requested that WWL prioritise systems and processes that will improve the understanding of the condition of the networks over the first three years of this LTP. This will enable Council and WWL to be better informed during the next round of LTP development to prioritise capital investment decisions.

In taking this approach, WWL have outlined some potential risks resulting from the reduced funding allocation. Where necessary, Council will manage these potential risks during the intervening period through its annual plan process, and reconsider future investment decisions when additional information is available.

- Frequency of unplanned service disruptions increases and customer satisfaction decreases resulting in compounding reduction in levels of service.
- Planned maintenance is deferred resulting in more reactive maintenance requirements.
- Delayed long term step change for operating costs is inevitable in later years.
- Non-compliances may result in increased dissatisfaction from mana whenua and regulatory bodies, and potential fines.
- Increased public dissatisfaction.
- Renewal backlog increases over the 30 years.
- The time horizon for investing in a new water source may not be able to be pushed out (dependent on the other metropolitan councils) or even may need to be bought forward.
- Impacts on the net carbon zero target being met.
- Freshwater quality gets worse, E.coli and other contaminants increase, and wastewater overflows will increase. This would mean the 2040 target of swimmable water quality is not achievable (relating to wastewater and stormwater).

## Delivery of the capital plan

Council has a focus on improving overall delivery of our capital plan to ensure capital expenditure is undertaken in a timely manner. There is a range of factors creating challenges in this delivery, and these factors affect different components of the overall programme in different ways.

For example, a large component of recent years' underspends comprised a small number of major projects, most delayed due to dependence on third parties such as Waka Kotahi NZ Transport Agency

funding or other external factors beyond Council's control (i.e. consenting and Environment Court).

Two major property projects planned in the first two to three years of the LTP—the Civic Centre and H<sub>2</sub>O Xstream upgrades—make up a substantial component of the planned capital spend. These are being managed through a new in-house project delivery function and are not subject to external party involvement.

These projects will follow the new project delivery approach and methodology taken with the recent Whirinaki Whare Taonga and Maidstone Max projects—both of which were legacy projects that initially suffered from lack of scope definition and detailed cost estimates, and have since been delivered successfully for completion on time and largely within budget (in the first half of 2021).

Delivery of the three waters programme remains at medium risk due to dependence on WWL as the delivery agent, and in this area there has also been some historic underspend. Partly in response to this (along with a focus on improving asset condition

To mitigate financial implications of any delivery delays for ratepayers, Council has changed its budgeting process so that any programme delivery delays will not have an impact on rates collected for that financial year. Examples are:

- Rating for loan repayments and interest in the next financial year after the loans have been drawn down instead of the year the work is forecast to happen.
- All capital expenditure is now funded via loans (not rates as previously the case for renewal works) to ensure intergenerational equity, but this also means the previous point applies, and thus ratepayers will only be rated for loan repayments and interest once the works or project has commenced.

## Most likely scenario

This Strategy provides the overview of Council's most likely scenario for the management of its infrastructure.

The most likely scenario includes potential projects that may or may not proceed subject to funding decisions made through future long term and annual planning processes.

This scenario has been determined by:

- Including the funded capital and operating budget forecasts from the LTP 2021 – 2031. The timing of projects and budget provisions have been informed by the asset management plans.
- Identifying projects through the LTP that are unable to fit within the financial provision set by the Financial Strategy. These projects are assumed to be required in the future and this is reflected in the Financial Strategy.
- Using the assumptions for levels of service, demand and renewals as outlined in the Asset Management Strategy, asset management plans and the Wellington Regional Asset Management Plan for Water Services.
- The preferred options for the significant capital decisions discussed in this strategy are those that are included in the LTP budget.

The plans and forecasts for the first three years have the most detail and confidence as the greatest amount of planning has taken place. The investments identified between four and ten years are an outline and have a reasonable degree of confidence. The forecasts beyond Year 10 should be viewed as indicative estimates and will be developed further as time passes and more information is obtained.

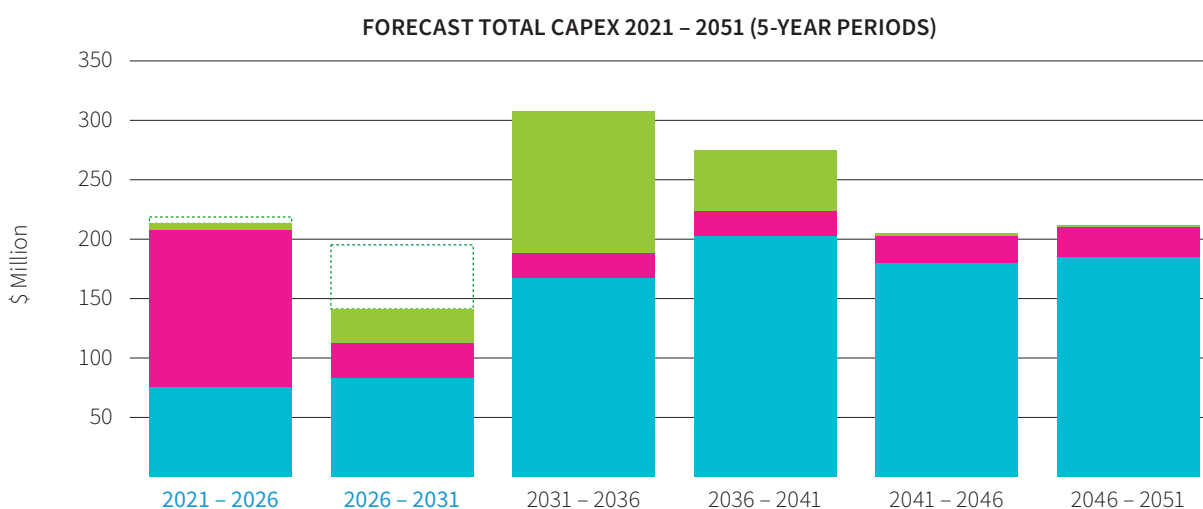
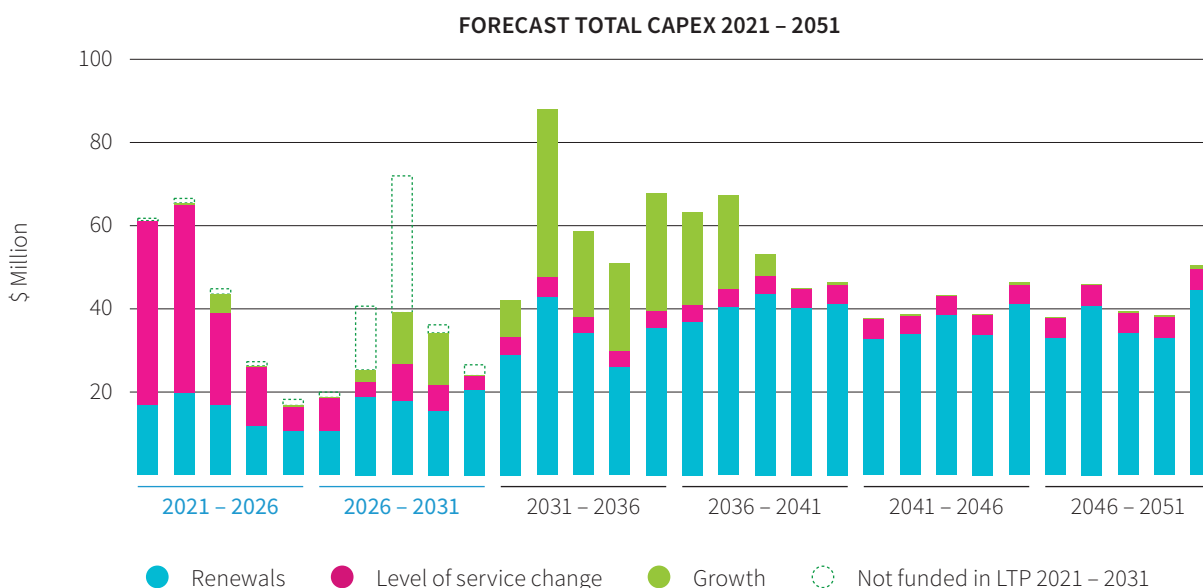
Changes to the requirements and management of infrastructure is expected to occur and Council will consider the appropriate approach as part of the future relevant LTP process.

Forecast expenditure required in the Local Government Act 2002 (LGA) is:

PERIOD OF FORECAST EXPENDITURE	DESCRIPTION OF REQUIRED FORECAST IN LGA
Years 1 – 3	In detail
Years 4 – 10	In outline
Years 11 +	An indicative estimate

This uncertainty and need for ongoing refinement is acknowledged in the tiered framework for forecast expenditure contained in the Local Government Act.

The forecast expenditure is significantly higher than historical expenditure.



● **Asset renewals** includes all investment necessary to renew the condition and life of an asset and maintain the integrity of the existing network taking into account seismic upgrades.

● **Growth (new)** includes all capital investment resulting from changes in demand for the services delivered by the assets.

● **Level of service change** includes those capital investments required to improve/upgrade parts of the asset systems currently below existing target service standards, or to achieve increasing service standards due to increasing customer expectations/changes in technical standards or legislative requirements.

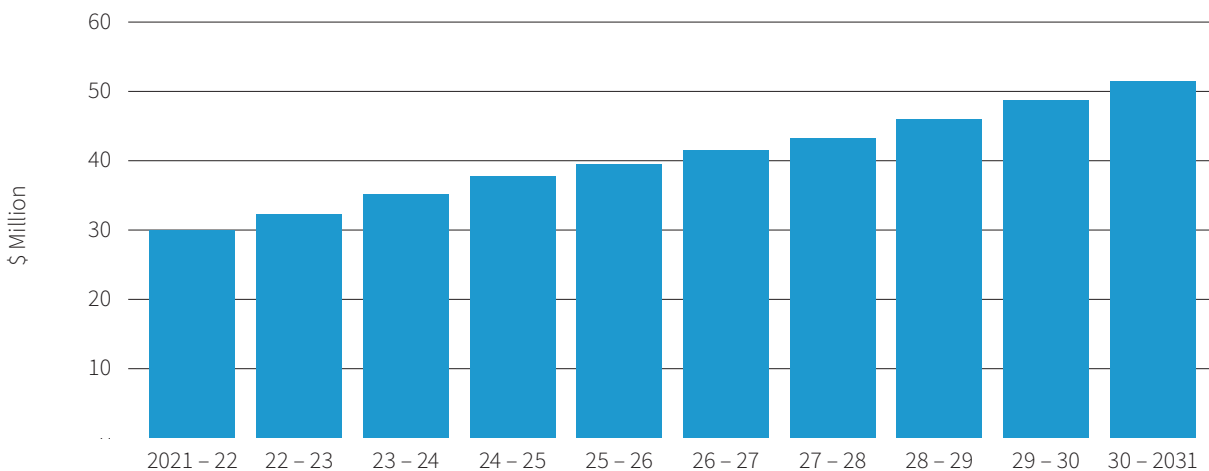
## Indicative estimates

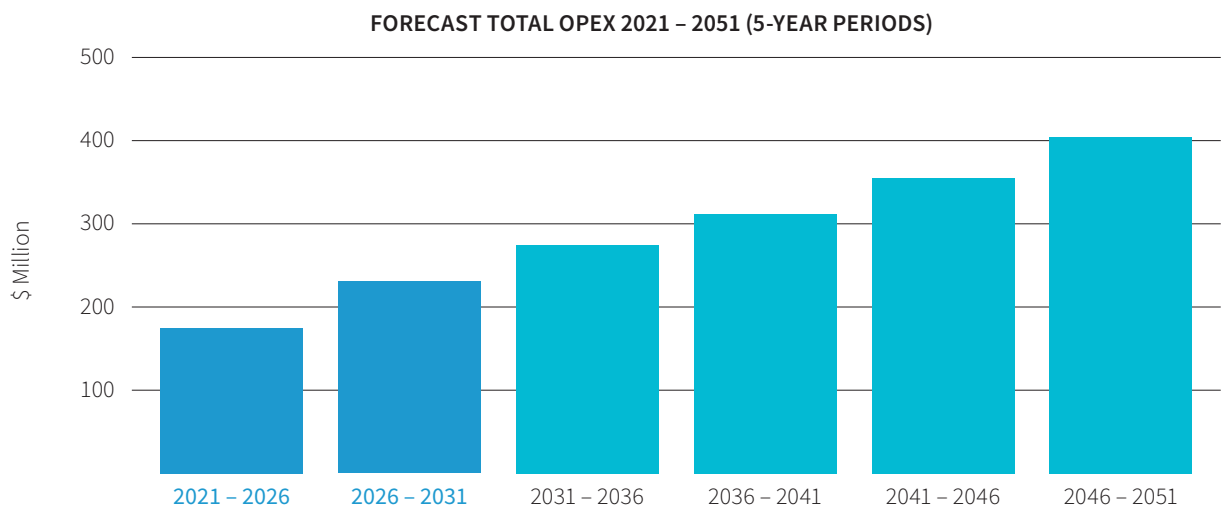
The total projected capital expenditure (capex) for Council's infrastructure assets over the next 30 years is approximately \$1,354 M. Over the same period Council expects to spend approximately \$1,752 M on operational expenditure (opex) for its infrastructure assets.

The allocation of capex and opex across the infrastructural activities is set out below (inflated figures):

INFRASTRUCTURE ACTIVITY	CAPEX	OPEX
Water supply	\$291,127,576	\$473,225,848
Wastewater (excluding UHCC's contribution to the Hutt Valley design, build, and operate [DBO] wastewater project)	\$451,100,515	\$405,360,524
Stormwater	\$29,808,784	\$138,152,741
Land transport	\$390,714,133	\$378,365,765
Property	\$90,357,636	\$101,154,541
Parks and reserves	\$100,978,477	\$255,257,062
<b>TOTAL</b>	<b>\$1,354,087,120</b>	<b>\$1,751,516,482</b>

FORECAST TOTAL OPEX 2021 – 2031





# Water supply

## Context

Wellington Water Ltd (WWL), on behalf of Council, is responsible for the treatment, storage, distribution and management of the region’s water supply including that for Upper Hutt City.

Raw water comes from three sources; Te Awa Kairangi/Hutt River, the Waiwhetu Aquifer, and the combined flow of the Ōrongorongo and Wainuiomata rivers. It is then treated to ensure that the region’s cities are provided a high standard of drinking water, fully complying with the New Zealand Drinking Water Standards for source and distribution.

The treated water is pumped to reservoirs where it is distributed through a network of pipes to meet the needs of residential and commercial/industrial properties. Council, along with the other councils in the Wellington region, purchase their water in bulk from the Greater Wellington Regional Council (GWRC). The cost of this water is close to \$3.8 M

per annum for Upper Hutt and is largely outside Council’s control or discretion.

In addition, the cost of pumping, distributing and maintaining the city infrastructure that transports water from Council’s water reservoirs to tap is about another \$5.3 M per annum.

In Upper Hutt, total water consumption is currently averaging 390 litres per person per day, following an upward regional trend. Whilst water conservation programmes are currently in place, a renewed focus on demand reduction is required if impending major investment in a new water source is to be deferred due to this growing regional demand.

Upper Hutt’s water supply network, valued at \$96 M (2020), includes 280 km of distribution pipes, 51 km of service laterals, nine pump stations, 16 water storage tanks (reservoirs) and approximately 22,500 network fittings including valves, hydrants and flow meters.



## Asset condition and performance

Improving and increasing information about the health and condition of the assets is a priority area. There is a particular focus on understanding the condition and risk associated with the most critical assets including all water storage reservoirs. Where these condition assessments identify significant risks the intention is that these assets will be prioritised within the renewal programme.

The water supply pipeline assets are aging and more than 40% of these assets will reach their nominal lifetime within the 30 year period of this strategy. There is an existing backlog of pipes that have reached the nominal lifetime. Understanding the condition of lower criticality assets, such as the majority of the city's wastewater supply pipes, relies on data collected from condition assessment

activities conducted across the region.

Council has prioritised the assessment of critical assets. Though there are potential risks to the general network Council is of the view that these are less than has been stated by WWL and additional assessment information is required to be gathered to make informed decisions on future investment priorities. Unless there are wide scale network failures, water lost during this assessment period can reasonably be expected to be fixed as part of normal network operations and maintenance.

The renewal of drinking water assets will be prioritised based on asset criticality and the best available understanding of asset condition.

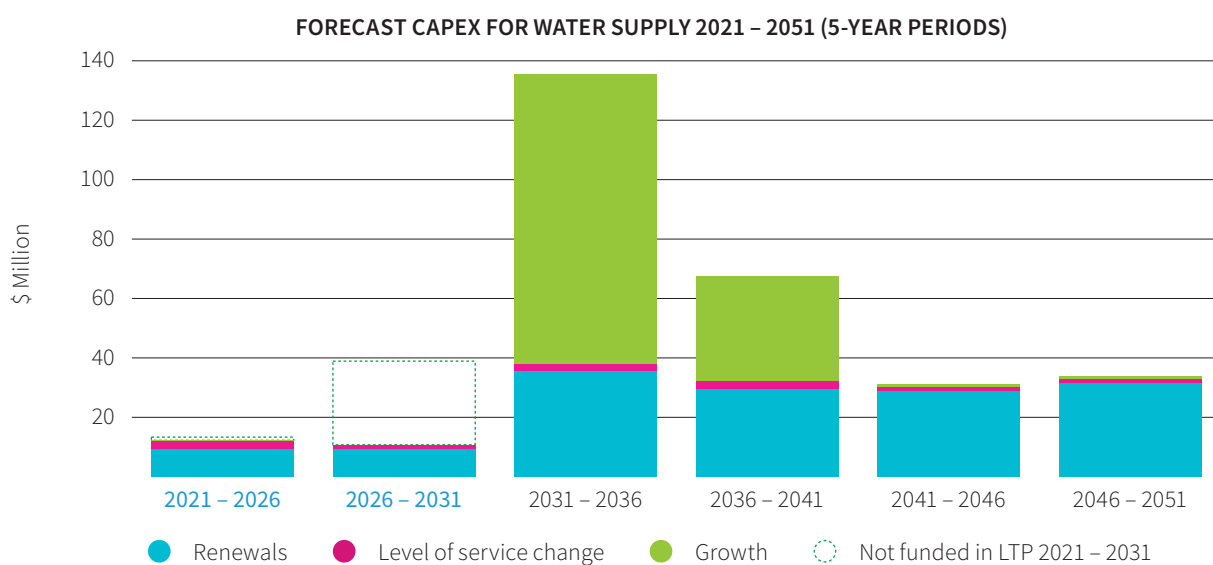
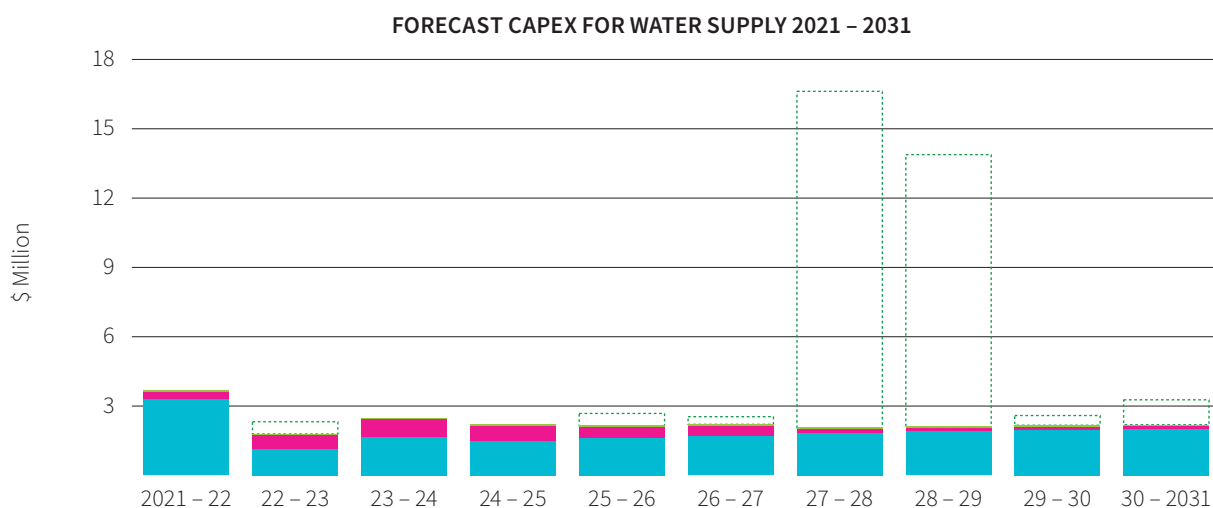
## Focus areas

- Ensuring the water supply is resilient, efficient, safe and assists in the delivery of Council's strategic goals.
- Looking after existing infrastructure (renewals, operations and maintenance).
- Gaining asset condition assessment knowledge to inform prioritisation of renewals programme.
- Ensuring critical services are maintained such as providing a safe drinking water supply.
- Completion of future growth study for region to ensure services align to growth.
- Reducing water demand to respond to climate change impacts and improve resilience, including community education and proactive leak detection and repairs.
- Reducing carbon emissions through alternative design and construction techniques.
- Improving network resilience to natural disasters by using more resilient materials.

## Indicative estimates

### CAPITAL EXPENDITURE (CAPEX)

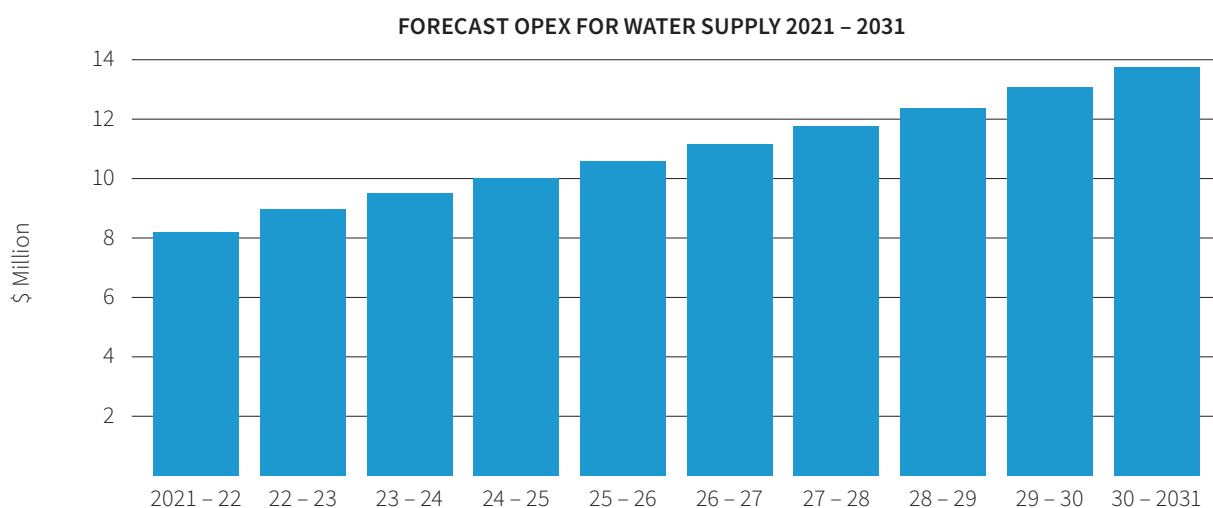
The estimated capital needs for the Water supply activity group have been prepared for the next 30 years. The forecast capital expenditure from year ending 30 June 2021 – 2031 has been included in this LTP.



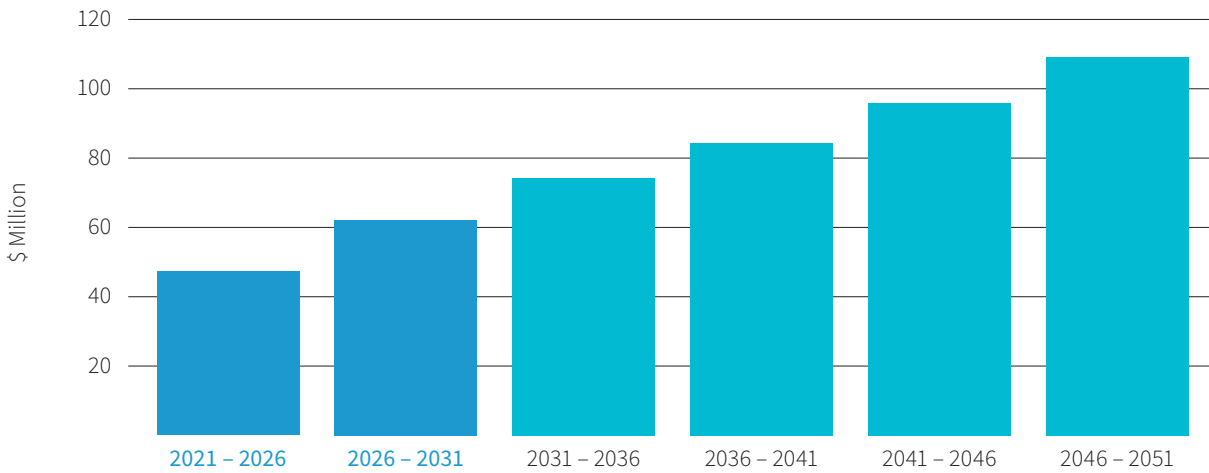
## OPERATIONAL EXPENDITURE (OPEX)

The forecast opex from year ending 30 June 2021–2031 has been included in this LTP. Estimated expenditure beyond 2031 is based on the Year 10 forecast and then adjusted for anticipated growth of the city.

Operational expenditure includes indirect costs to provide the service to the community such as loan repayments, interest costs and overheads. Forecast operational expenditure is shown as gross costs.



FORECAST OPEX FOR WATER SUPPLY 2021 – 2051 (5-YEAR PERIODS)



# Wastewater

## Context

Wellington Water Ltd (WWL) on behalf of Council, is responsible for collection, treatment and disposal of Upper Hutt’s wastewater and trade waste.

Wastewater and trade waste are discharged from properties into a network of gravity and pressure pipelines, which take the wastewater to the treatment plant in Seaview. At the treatment plant, wastewater is treated before being discharged into Cook Strait off Bluff Point. Solids, removed as part of the treatment process, are currently composted off site and reused.

The city’s wastewater system removes some 11 million litres of wastewater from Upper Hutt homes, shops and business premises each day through 226 km of wastewater mains, 5,100 manholes (access chambers), 17 pump stations, one overflow chamber and one pipe bridge. The total replacement value of the Wastewater assets is \$141 M (2020).

Hutt City Council is responsible for administration of the bulk wastewater system from Hutt City and Upper Hutt, conveying wastewater to the Seaview

Wastewater Treatment Plant and the operation of the Wastewater Treatment Plant. Upper Hutt City Council pays an annual operating levy and Upper Hutt’s share of capital works.

Some localised upgrades have been identified to meet growth projections. The main trunk pipelines are ageing, particularly the pressure pipelines. Some of these were constructed as early as the 1950s and currently cannot be taken off-line for inspection or maintenance. There is a major programme of capital works proposed over the period of this strategy to renew and provide some redundancy and resilience in these critical pipelines.

Parts of Upper Hutt’s wastewater network experience issues with inflow (stormwater getting into the wastewater network via cross connections between the networks) and infiltration (groundwater getting into the wastewater network). Council’s wastewater network is divided into 38 catchments for the purpose of sewer flow monitoring. This helps us to identify inflow and infiltration issues in the catchments and plan remedial works.

## Asset condition and performance

Improving and increasing information about the health and condition of the assets is a priority area. There is a particular focus on understanding the condition and risk associated with the most critical assets including wastewater trunk mains. Where these condition assessments identify significant risks the intention is that these assets will be prioritised within the renewal programme.

The wastewater pipeline assets are aging and more than 50% of these assets will reach their nominal lifetime within the 30 year period of this strategy. There is an existing backlog of pipes that have reached the nominal lifetime. Understanding the condition of lower criticality assets relies on data collected from condition assessment activities conducted across the region.

Council has prioritised the assessment of critical assets. Though there are potential risks to the general network Council is of the view that these are less than has been stated by WWL and additional assessment information is required to be gathered to make informed decisions on future investment priorities. Unless there are wide scale network failures, faults occurring during this assessment period can reasonably be expected to be fixed as part of normal network operations and maintenance.

The renewal of wastewater assets will be prioritised based on asset criticality and the best available understanding of asset condition.

## Focus areas

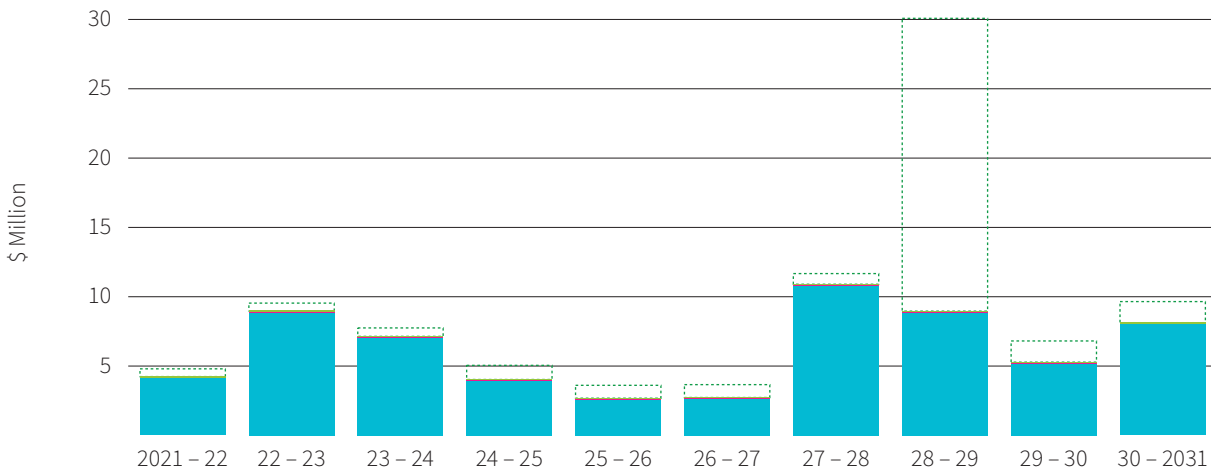
- Ensuring the wastewater network is resilient, efficient, effective, safe and assists in the delivery of Council's strategic goals.
- Looking after existing infrastructure (renewals, operations and maintenance).
- Gaining asset condition assessment knowledge to inform prioritisation of renewals programme.
- Ensuring critical services are maintained to prevent overflows, risk to public health and environment.
- Completion of future growth study for region to ensure services align to growth.
- Improving understanding of network capacity and performance through monitoring and modelling.
- Managing demand and improving capacity to reduce network overflows.
- Reducing carbon emissions through alternative design and construction techniques and improved management of sludge.
- Improving network resilience by using more resilient materials.

## Indicative estimates

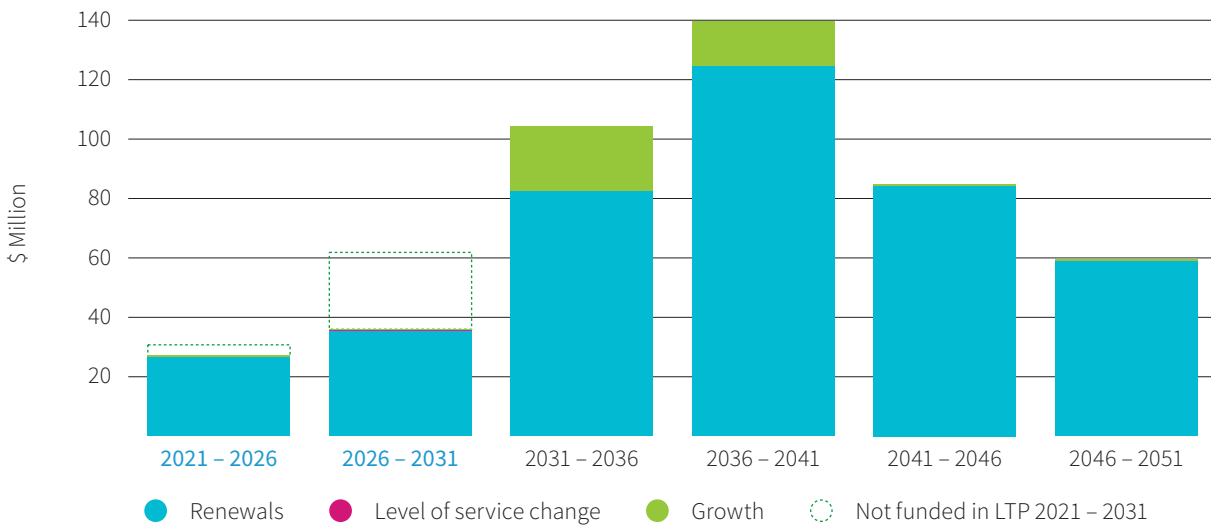
### CAPITAL EXPENDITURE (CAPEX)

The estimated capital needs for the wastewater activity group have been prepared for the next 30 years. The forecast capital expenditure from year ending 30 June 2021 – 2031 has been included in this LTP.

FORECAST CAPEX FOR WASTEWATER 2021 – 2031



FORECAST CAPEX FOR WASTEWATER 2021 – 2051 (5-YEAR PERIODS)



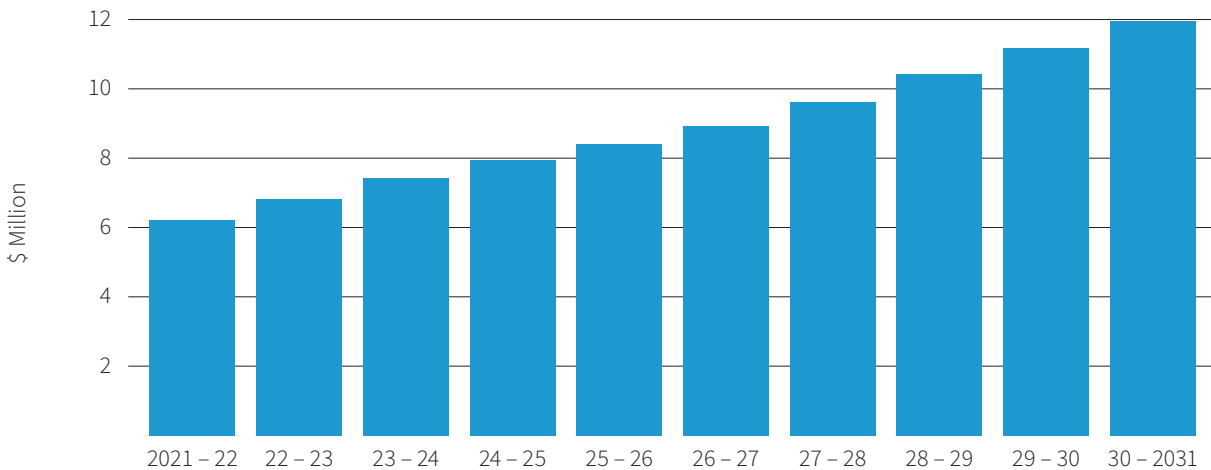
● Renewals ● Level of service change ● Growth ● Not funded in LTP 2021 – 2031

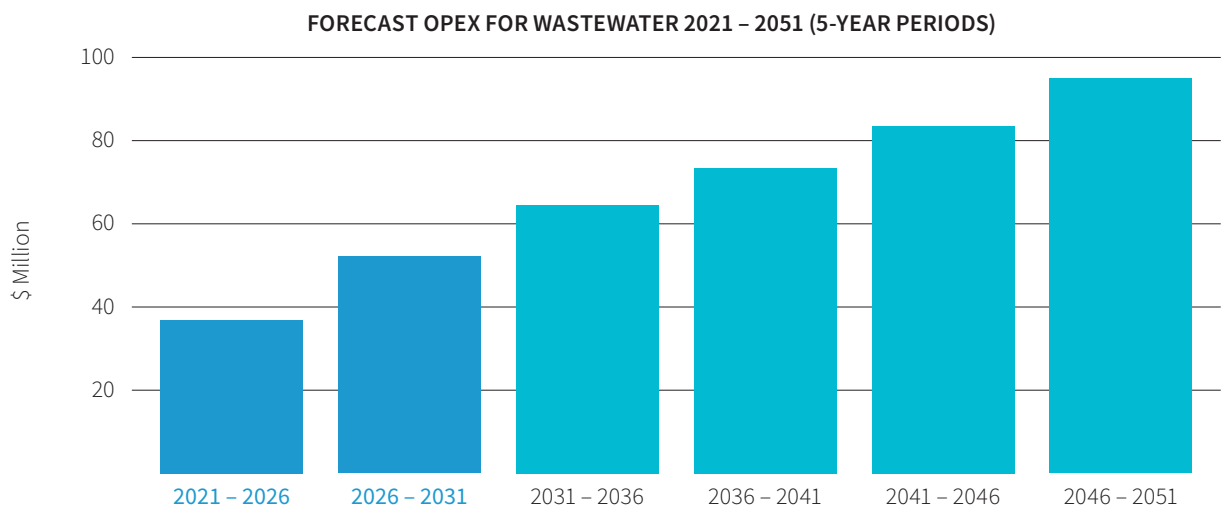
## OPERATIONAL EXPENDITURE (OPEX)

The forecast opex from year ending 30 June 2021 – 2031 has been included in this LTP. Estimated expenditure beyond 2031 is based on the Year 10 forecast and then adjusted for anticipated growth of the city.

Operational expenditure includes indirect costs to provide the service to the community such as loan repayments, interest costs and overheads. Forecast operational expenditure is shown as gross costs.

FORECAST OPEX FOR WASTEWATER 2021 – 2031





# Stormwater

## Context

The city's stormwater system is designed to manage the collection and disposal of stormwater within urban areas by a combination of reticulated pipes, pumps, open drains and onsite soakage pits. The stormwater system comprises 155 km of mains, approximately 3,800 fittings (including valves, manholes), seven stormwater pumping stations, the Heretaunga and Emerald Hill detention dams and open drains. The total replacement value of the stormwater assets is \$136 M (2020).

Council's current policy is to provide flood protection to a design standard of meeting a 1:25 year flood event if there is a secondary flow path, and for a 1:100 year event if there is no secondary flow path.

While Council has no immediate plans to change the level of service, it needs to determine the level of flooding that people are willing to accept and the cost implications to achieve its design standards. Areas susceptible to 1:25 and 1:100 year flood events have been mapped to assist in decision-making. The Pinehaven Flood Management project is an example of Council working towards meeting both a stormwater design standard and associated channel improvements.

Changes in the level of service may be required due to increased rainfall as a result of climate change which could increase stormwater flows thereby placing pressure on the network.

Additional design capacity is allowed for to factor in climate change impacts when carrying out planned upgrades to the stormwater network and for development.

The level of service debate also emerges through the yet to be determined finite capacity of onsite soakage pits to absorb stormwater run-off in both increasing frequent high intensity rainfall events and the demands that medium intensity development puts on reducing areas of permeability.

The Greater Wellington Regional Council (GWRC) has reviewed its five regional plans and has released a Natural Resources Plan which requires councils to hold consents for stormwater discharges. This is a new requirement and will be an additional cost to Council including any upgrades required to ensure that required environmental standards are met.

## Asset condition and performance

Improving and increasing information about the health and condition of the assets is a priority area. There is a particular focus on understanding the condition and risk associated with the most critical assets including some stormwater assets. Where these condition assessments identify significant risks the intention is that these assets will be prioritised within the renewal programme.

The majority of the stormwater pipeline assets have a nominal (i.e. age-based) life beyond the 30 year period of this strategy. Understanding the condition of lower criticality assets, such as the majority of the city's stormwater pipes, relies on data collected from condition assessment activities conducted across the region.

Council has chosen to prioritise the assessment of critical assets; though there are potential risks to the general network Council is of the view that these are less than has been stated by WWL and additional assessment information is required to be gathered to make informed decisions on future investment priorities. Unless there are wide scale network failures, faults during this assessment period can reasonably be expected to be fixed as part of normal network operations and maintenance.

The renewal of stormwater assets will be prioritised based on asset criticality and the best available understanding of asset condition.

## Focus areas

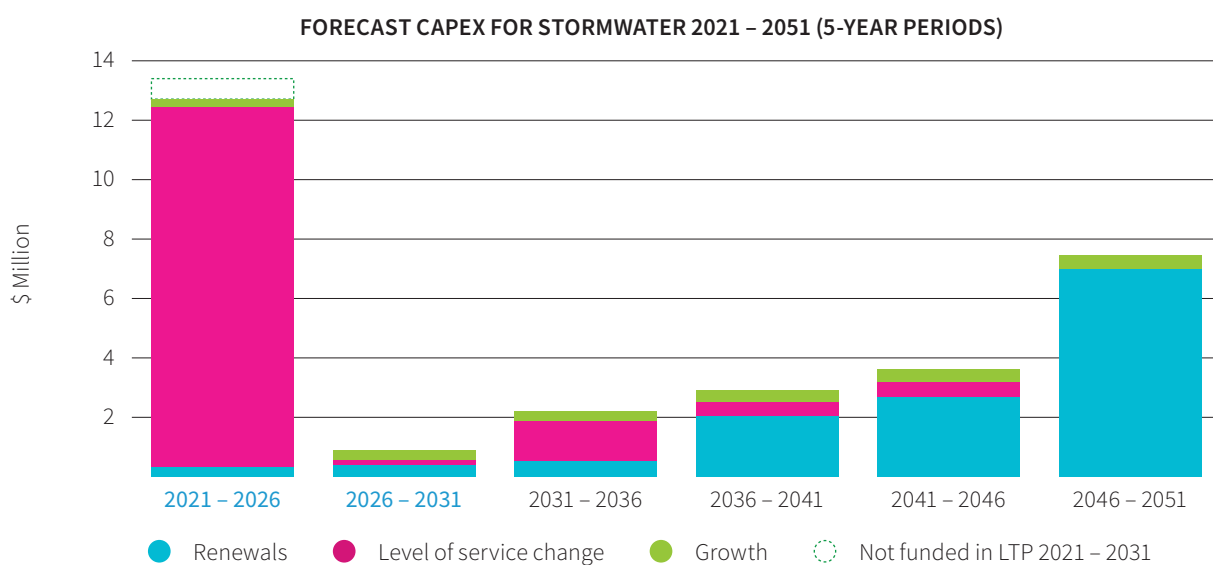
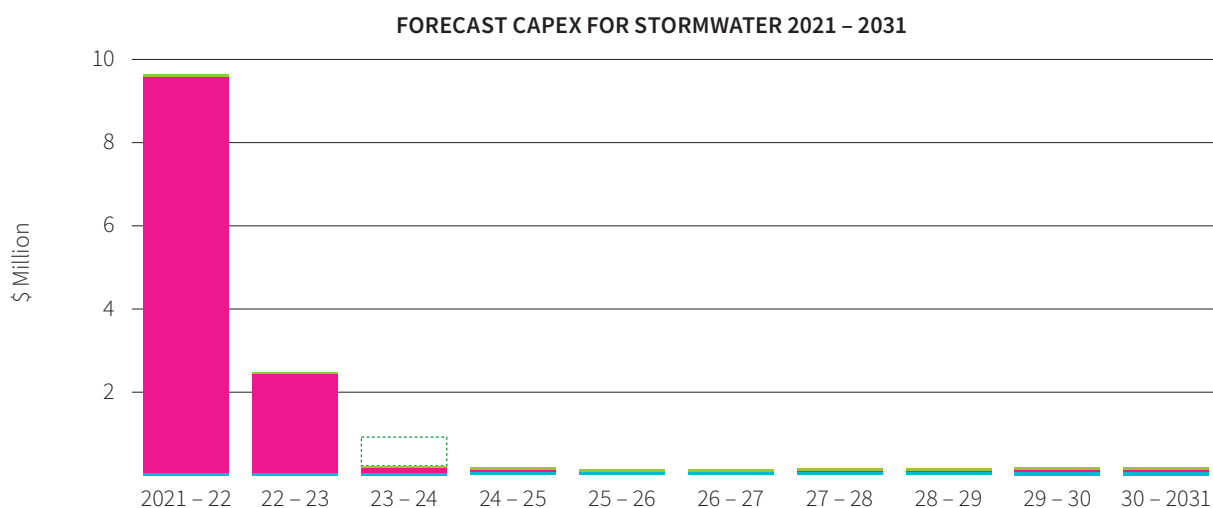
- Ensuring the stormwater network is resilient, efficient, effective, safe and assists in the delivery of Council's strategic goals.
- Looking after existing infrastructure (renewals, operations and maintenance).
- Gaining asset condition assessment knowledge to inform prioritisation of renewals programme.
- Ensuring critical services, such as control systems, are maintained.
- Completion of future growth study for region to ensure services align to growth.
- Improving environmental water quality through active monitoring of stormwater.
- Improving understanding of network capacity and performance through monitoring and modelling.
- Interventions in place to protect overland flow paths.
- Development controls such as hydraulic neutrality.
- Climate change factored in to planning and design of new works.

## Indicative estimates

### CAPITAL EXPENDITURE (CAPEX)

The estimated capital needs for the stormwater activity have been prepared for the next 30 years. The forecast capital expenditure from year ending 30 June 2021 – 2031 has been included in this LTP.

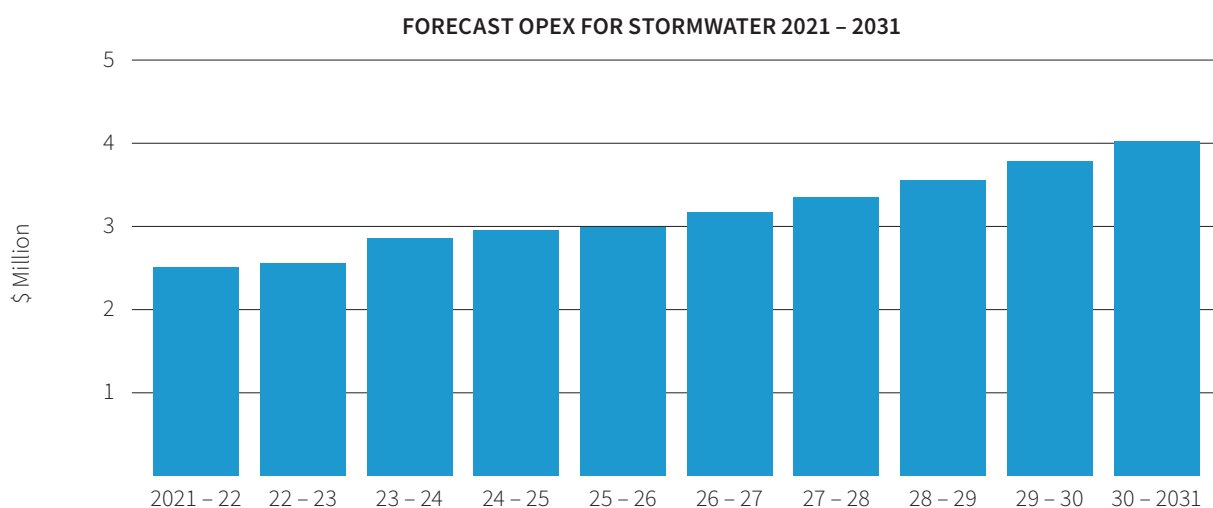




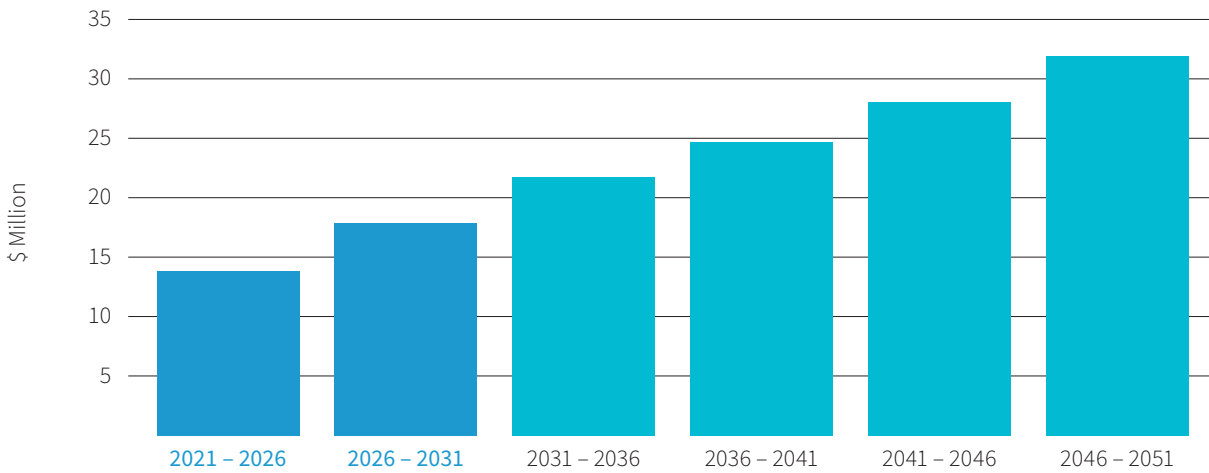
## OPERATIONAL EXPENDITURE (OPEX)

The forecast opex from year ending 30 June 2021 – 2031 has been included in this LTP. Estimated expenditure beyond 2031 is based on the Year 10 forecast and then adjusted for anticipated growth of the city.

Operational expenditure includes indirect costs to provide the service to the community such as loan repayments, interest costs and overheads. Forecast operational expenditure is shown as gross costs.



FORECAST OPEX FOR STORMWATER 2021 – 2051 (5-YEAR PERIODS)



# Land transport

## Context

The ability to move is fundamental to the quality of life in Upper Hutt. Council's land transport assets provide people with access to employment, services, education, tourism sites and recreation, as well as providing parking for residents and businesses, and the movement of goods to support a thriving economy – they enable residents and visitors to move freely, efficiently and safely throughout the city.

Land transport covers the assets and infrastructure required to operate and manage the free movement of motor vehicles, public transport, commercial traffic, cyclists and pedestrians within Upper Hutt and across city boundaries. The land transport

network contributes to an annual 159 million vehicle kilometres of journeys travelled on the network.

Upper Hutt's transport network, valued at \$312 M (2020), includes 249 km of roading (81 km rural and 168 km urban), 258 km of footpaths and cycleways, 346 km of kerb and channels, 56 bridges (including 7 pedestrian foot bridges), three sets of traffic signals and numerous sumps, streetlights and street signs.

The Government, through Waka Kotahi NZ Transport Agency, partners with Council by operating State Highway 2 that runs through Upper Hutt, and co-investing with Council in transport infrastructure and services. The bus and train services are provided and funded through GWRC.

## Asset condition and performance

Information on asset condition for road items is updated annually or two-yearly depending upon road use. These updates occur through physical inspection of the assets. The historical trends in this information provide a comprehensive picture of the state of the assets.

The performance of the assets is identified in the Land Transport asset management plan, including:

- Average smooth travel exposure is declining. Current level is 83% which is on par with similar networks.
- No rise in pavement surface defects.

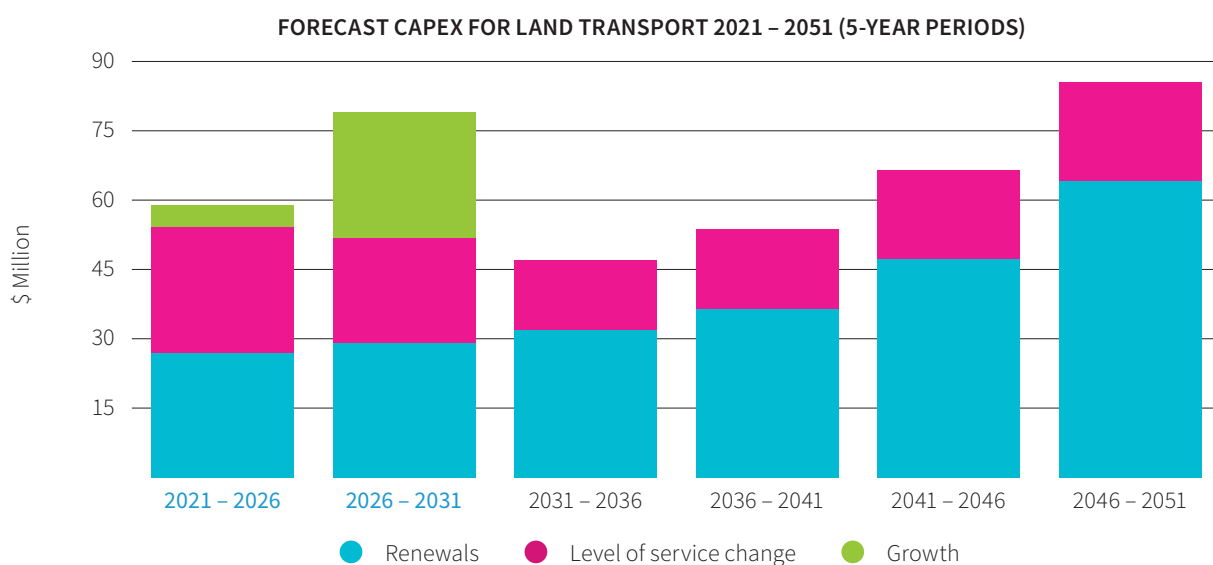
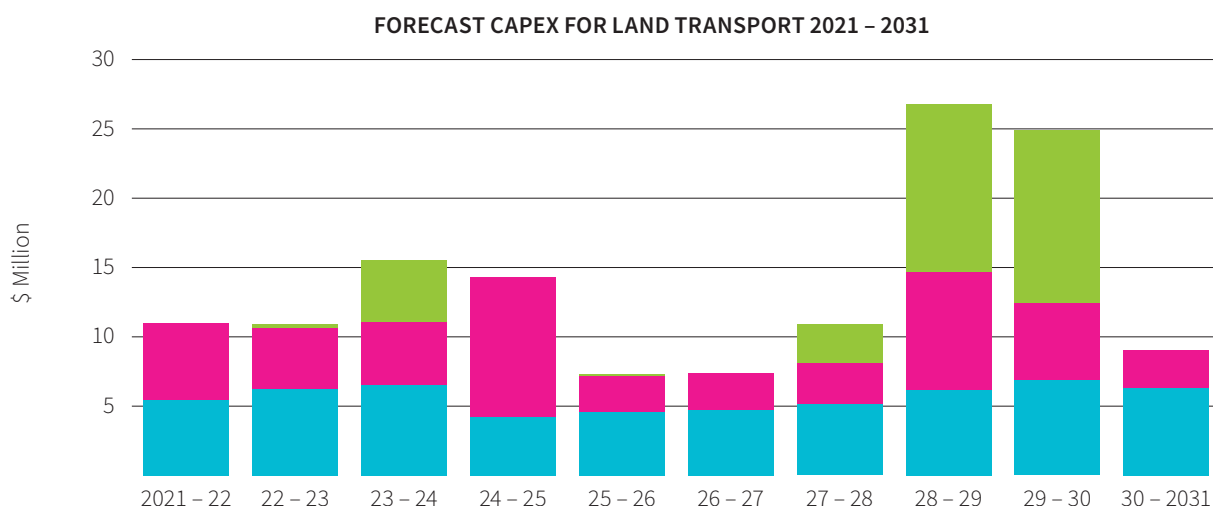
## Focus areas

- Ensuring the road network is resilient, efficient, effective, and safe and assists in the delivery of Council's strategic goals.
- Reducing the vulnerability of the rural roading network to natural hazard events.
- Addressing substandard rural carriageway widths—impact on safety of motorists, cyclists, horse riders and pedestrians on rural roads.
- Delivering agreed levels of service as the city enters a period of growth.
- Providing cycling and walking facilities to meet the agreed levels of service for all ages.
- Continue advocating with Greater Wellington Regional Council and Waka Kotahi NZ Transport Agency for capacity and safety upgrades of State Highway 2 and State Highway 58.

## Indicative Estimates

### CAPITAL EXPENDITURE (CAPEX)

The estimated capital needs for the transport activity group have been prepared for the next 30 years. The forecast capex from year ending 30 June 2021 to 2031 has been included in this LTP.

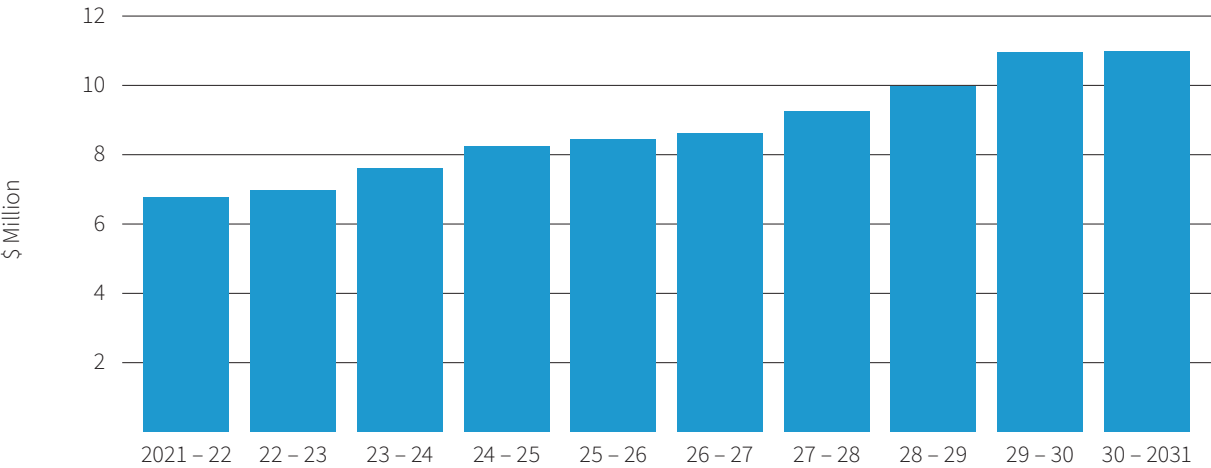


### OPERATIONAL EXPENDITURE (OPEX)

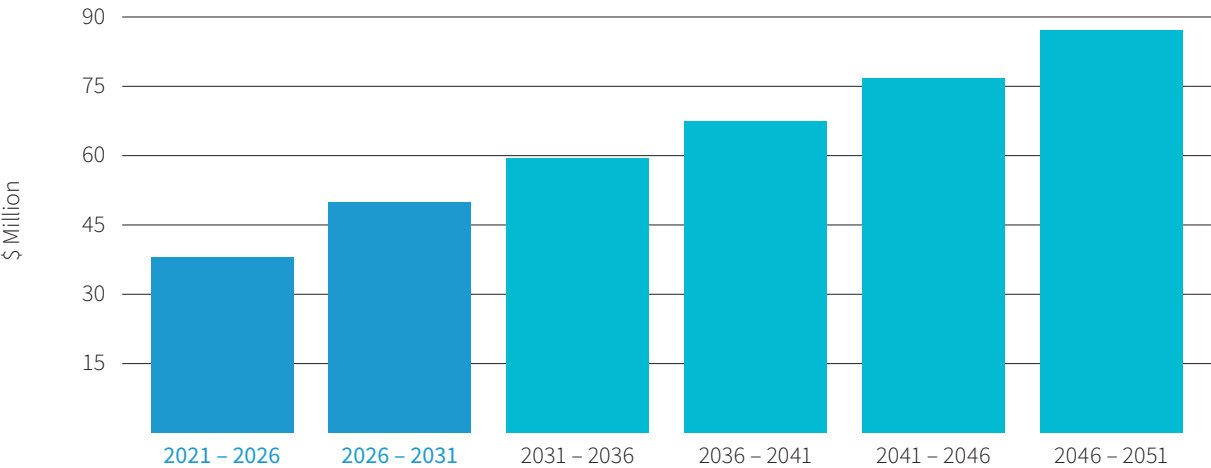
The forecast opex from year ending 30 June 2021 to 2031 has been included in this LTP. Estimated expenditure beyond 2031 is based on the Year 10 forecast and then adjusted for anticipated growth of the city.

Operational expenditure includes indirect costs to provide the service to the community such as loan repayments, interest costs and overheads. Forecast operational expenditure is shown as gross costs.

FORECAST OPEX FOR LAND TRANSPORT 2021 – 2031



FORECAST OPEX FOR LAND TRANSPORT 2021 – 2051 (5-YEAR PERIODS)



## Property

### Context

Council owns property so that we can deliver services as defined in the Local Government Act, meaning Council is obligated to “*meet the current and future needs of communities for good quality local infrastructure, local public services, and performance of regulatory functions in a way that is the most cost effective for households and businesses.*”

The range of services Council delivers is varied, and so the property assets we hold is also diverse. The majority of services Council provides require a land-based asset infrastructure base. Consequently, Council must by reason of their function, hold and maintain assets whether as owners, lessees, or in some other form e.g. as stakeholders in trusts, partnerships etc.

Council's property, valued at \$56 M (2020) comprises of 15 building complexes made up of administrative buildings where day to day Council business is undertaken, leisure and recreation facilities, an arts and entertainment facility, community houses, a holiday park, and a works depot. These buildings range in age and use. Both asset condition and performance information is used to determine when a renewal is required for the facilities.

Council also holds approximately 1,076 ha of land split between the three waters activities (5.6 ha), roading activities (426 ha), parks and reserves (748 ha), and civic activities (2.4 ha).

## Asset condition

Asset information is improving. Assets are generally well described; however, the categorisation, linkages and hierarchy of assets needs to be better established. The Improvement Plan within the Property Asset Management Plan focusses on this and other improvements that will better inform and enable future decision-making in the next LTP (2024 – 2034).

## Focus areas

- Ensuring community facilities are maintained so that they are safe, fit for purpose, welcoming and assist in the delivery of Council's strategic goals.
- Investigating the needs for and the provision of a new community hub.
- Implementing the upgrade and expansion of H<sub>2</sub>O Xstream aquatic centre.
- Complete required seismic strengthening works on Council buildings.

171

## Indicative estimates

### CAPITAL EXPENDITURE (CAPEX)

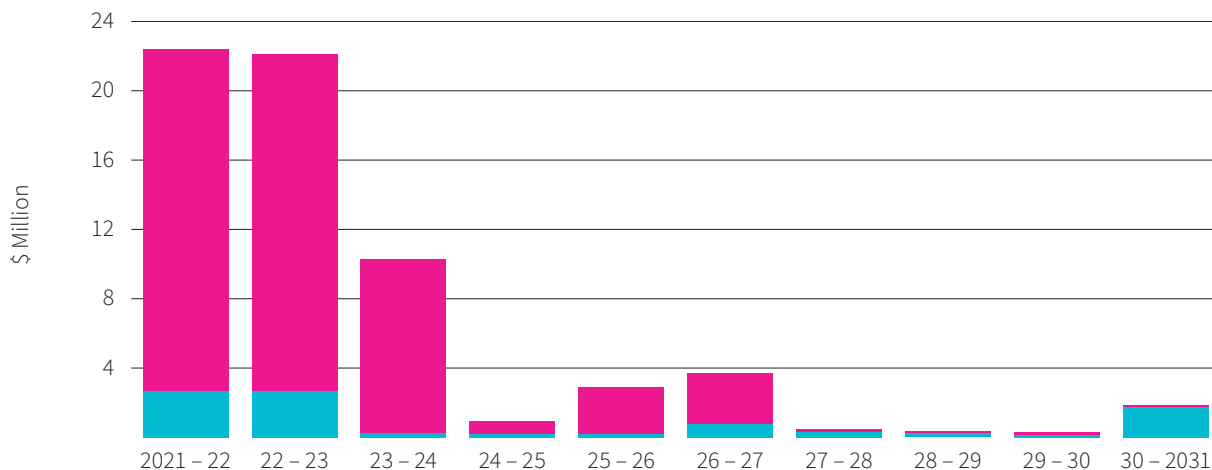
The estimated capital needs for the land and property activity have been prepared for the next 30 years. The forecast capex from year ending 30 June 2021 – 2031 has been included in this LTP.

There is a significant component of levels of service improvements planned for the first three years of the LTP. These largely comprise the proposed upgrades to the Civic Centre (\$20.7 M) and H<sub>2</sub>O Xstream (\$27.5 M), both having been consulted on with the community to confirm Council's preferred options. For both these projects, there

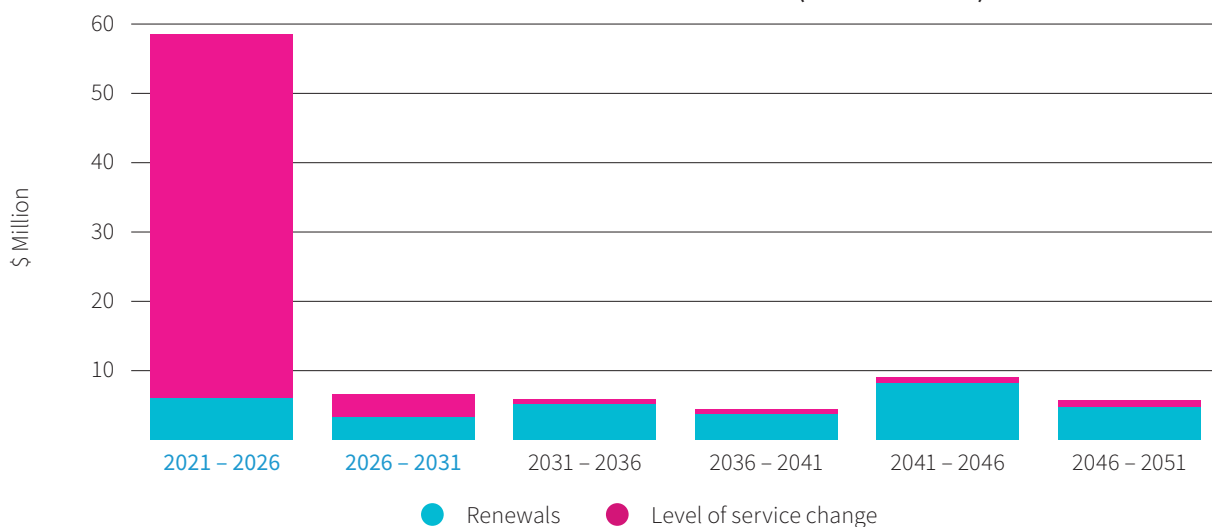
are important asset renewal or improvement works required—notably the seismic strengthening of the Civic Centre, and major plant and other core asset replacements at H<sub>2</sub>O Xstream.

Council's preferred (and budgeted) options for these projects include extensions which will add new facilities for the community and which maximise the cost efficiency, and minimise long term disruption, by completing the proposed upgrades at the same time as other core infrastructure works (i.e. the seismic and asset renewal works).

FORECAST CAPEX FOR PROPERTY 2021 – 2031



FORECAST CAPEX FOR PROPERTY 2021 – 2051 (5-YEAR PERIODS)



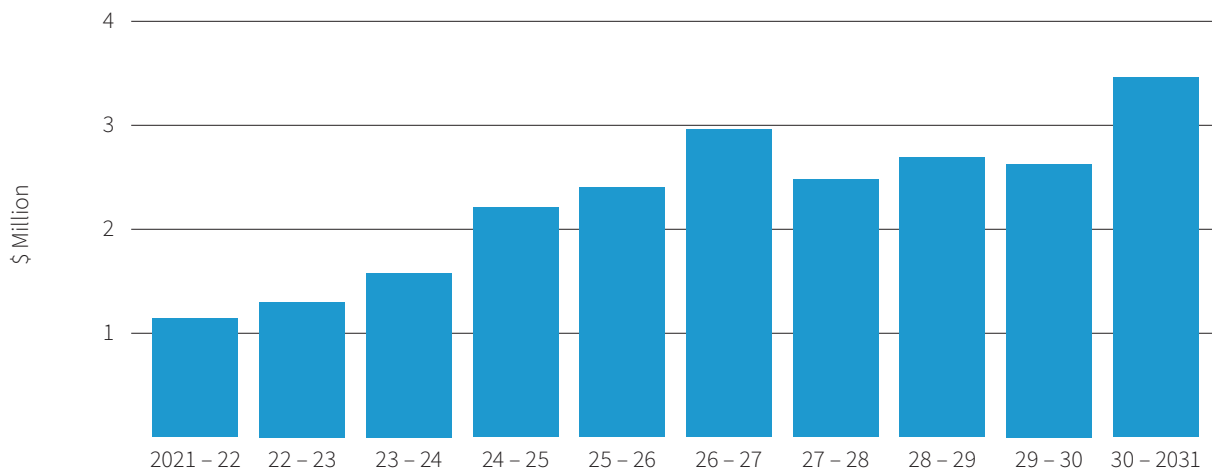
Renewals Level of service change

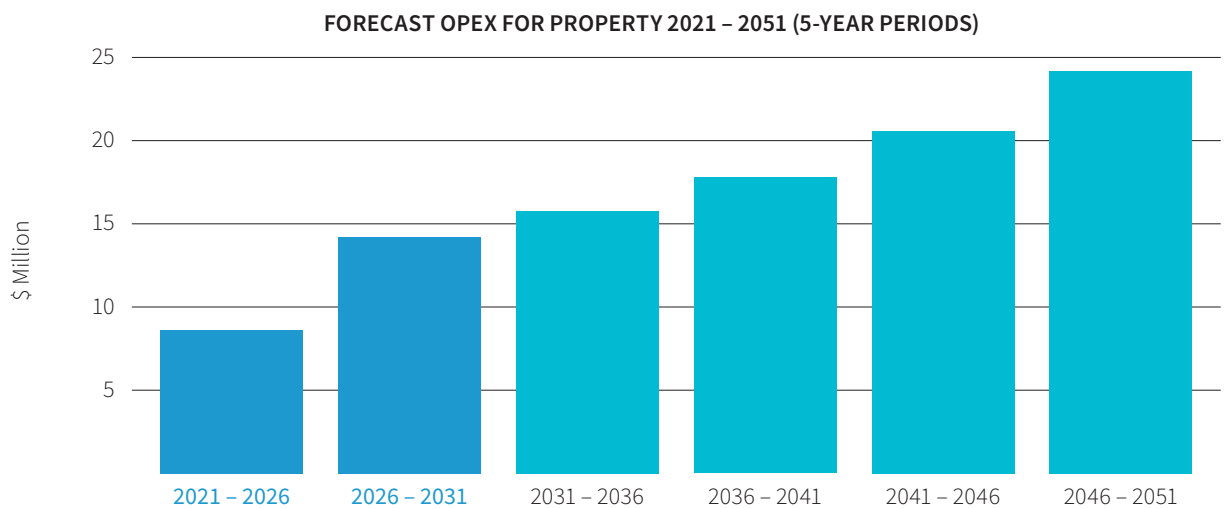
## OPERATIONAL EXPENDITURE (OPEX)

The forecast opex from year ending 30 June 2021 – 2031 has been included in this LTP. Estimated expenditure beyond 2031 is based on the Year 10 forecast and then adjusted for anticipated growth of the city.

Operational expenditure includes indirect costs to provide the service to the community such as loan repayments, interest costs and overheads. Forecast operational expenditure is shown as gross costs.

FORECAST OPEX FOR PROPERTY 2021 – 2031





# Parks and reserves

## Context

Council owns and manages over 748 ha of parks and reserves. This includes destination parks, neighbourhood parks, sports parks, Akatārawa cemetery, and natural areas. Upper Hutt has 70% of Wellington region's parks and reserves. Council has an Open Space Strategy which sets the long term direction for open space in Upper Hutt.

Our parks and reserves provide passive and active recreation areas to meet the needs and expectations of the growing city. Parks and reserves infrastructure assets, valued at \$57 M (2020), includes 33 ha of sports grounds, 51 regional and neighbourhood playgrounds, 19 park buildings, 30 toilet blocks and 67 km of walking and cycling tracks. Akatārawa Cemetery is also included in this portfolio, and is jointly owned by Council (UHCC) and Hutt City Council (HCC) providing burial services for the Hutt Valley.

Leveraging off the Open Space Strategy, significant investment is proposed in refreshing facilities such as Maidstone Max to take into account both the

age of facility and the changing demand of users. Similarly there will be significant investment in cycleways and ancillary infrastructure particularly where these routes add to or enhance the connection of regional and national cycleways. Levels of service will be consistent with the Strategy taking into account affordability. Nevertheless, it is expected that the demand for increases in levels of service for walking and cycling will occur.

While currently able to meet demand, Upper Hutt has an aging population which is expected to have an impact on the requirements for burials in the next 10 to 15 years. The extension of Akatārawa Cemetery was investigated and budgeted for in 2018, with provision to extend it in 2023 – 2025. The extension will be the development of a block of land adjacent to the Akatārawa Cemetery which has been purchased for cemetery purposes. The costs of development will be shared between the two councils on a ratio of one quarter Upper Hutt and three quarters Hutt City.

## Asset condition

Asset information is improving. Assets are generally well described, and most are located in detail spatially so that condition rating can be completed easily. The Improvement Plan within the Parks and Reserves Asset



Management Plan has identified the need to continue the condition assessment programme to better inform future renewal programs.

## Focus areas

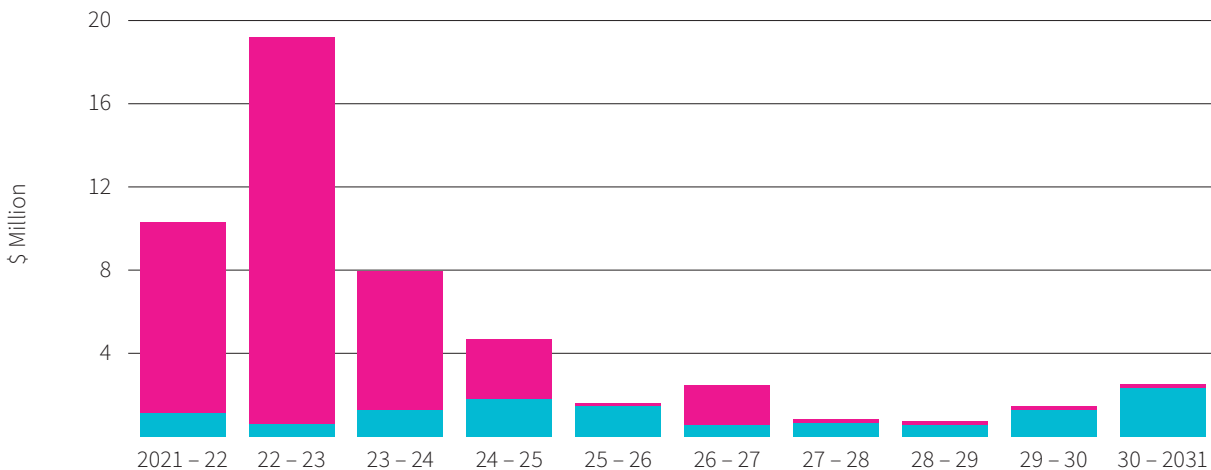
- Ensuring parks and reserves assets are resilient, effective, safe, meet the requirements of the community, and assists in the delivery of Council's strategic goals.
- Providing cycling and walking facilities to meet the agreed levels of service for all ages.
- Catering for anticipated future growth in burial requirements.
- Continuing to align work programmes and levels of service with the Open Space Strategy.

## Indicative estimates

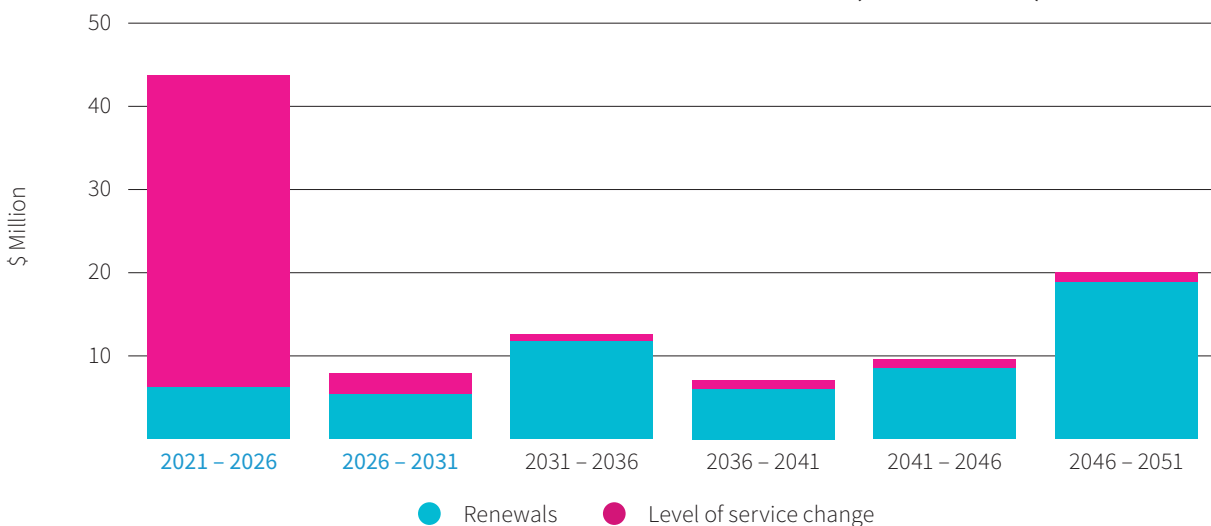
### CAPITAL EXPENDITURE (CAPEX)

The estimated capital needs for the parks and reserves activity have been prepared for the next 30 years. The forecast capex from year ending 30 June 2021 – 2031 has been included in this LTP.

FORECAST CAPEX FOR PARKS AND RESERVES 2021 – 2031



FORECAST CAPEX FOR PARKS AND RESERVES 2021 – 2051 (5-YEAR PERIODS)

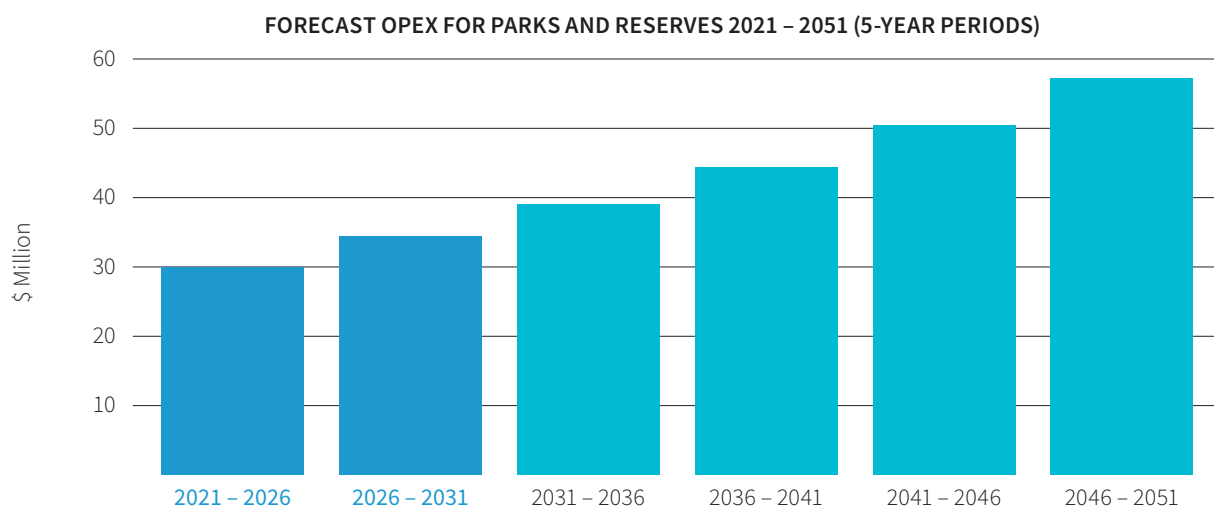
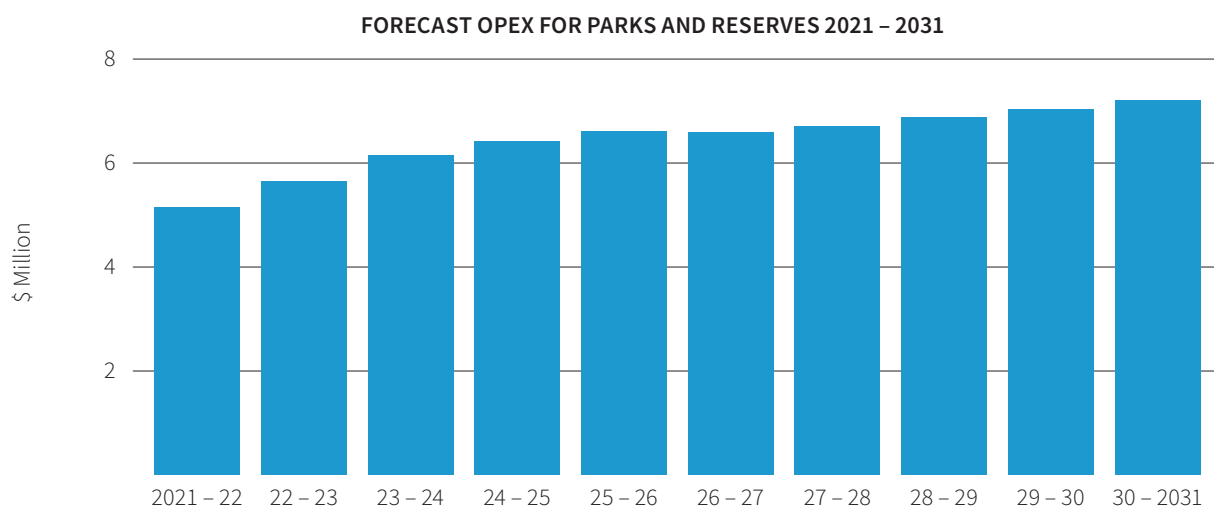


Renewals Level of service change

## OPERATIONAL EXPENDITURE (OPEX)

The forecast opex from year ending 30 June 2021 – 2031 has been included in this LTP. Estimated expenditure beyond 2031 is based on the Year 10 forecast and then adjusted for anticipated growth of the city.

Operational expenditure includes indirect costs to provide the service to the community such as loan repayments, interest costs and overheads. Forecast operational expenditure is shown as gross costs.



# General assumptions

The assumptions in the table below are specific to the Infrastructure Strategy.

The LTP includes other forecasting assumptions related to the overall development of the LTP, and which also apply to this strategy, notably the following:

- Governance
- Three waters reform
- Population growth
- Capex ‘do-ability’

ASSUMPTION	LEVEL OF UNCERTAINTY AND POTENTIAL IMPACT
Inflation included	All financial information in this strategy includes inflation unless stated otherwise. High degree of uncertainty as based on long-term inflation forecasts that are likely to change and errors would have a compounding effect over time. Changes in inflation rates would result in the need to change the available funding to continue to deliver the same service levels and programme of works.
No significant changes in levels of service	Service levels are generally assumed to remain the same for the period covered by this Strategy. Levels of service for the three waters may continue to be standardised across the Wellington Region, which in turn may affect the cost and programming of renewals and upgrades. There is medium uncertainty on future level of service changes.
Waka Kotahi NZ Transport Agency subsidy constant	High degree of certainty that Waka Kotahi NZ Transport Agency subsidies will continue as currently provided at a rate of 51% subsidy for eligible works. Changes to rates or project eligibility criteria would have a large impact on the net cost of transport work for Council.
Water supply remains A1-a1	Council’s water supply is currently rated A1-a1 and it is assumed with a high degree of certainty that any future changes to drinking water standards or legislation is not expected to alter this grading.
No significant changes to legislation	<p>It is assumed that there would be no significant changes to legislation that would impact on the need for and nature of infrastructure.</p> <p>There is a high level of uncertainty as some legislative change is probable over the 30 years of the Strategy. The potential impact of future changes could result in additional required expenditure to comply with new standards, new funding opportunities / mechanisms or deliver higher service levels than planned at this point.</p>
Minimal compliance cost changes	<p>There are minimal costs associated with compliance with changes to legislation.</p> <p>High level of uncertainty on budgets for compliance costs for future legislative changes. Changes to legislation, regulations or rules that affect how we operate (usually through requiring compliance with new and higher standards) cannot be fully anticipated at this point. As a result, this Strategy has been developed based on current legislation, regulations, rules and policy.</p>
Natural Resources Plan changes	<p>The Greater Wellington Regional Council Natural Resources Plan will require Council to hold stormwater discharge consents.</p> <p>There is a high degree of uncertainty around this as the effect of this requirement is unknown.</p>

ASSUMPTION	LEVEL OF UNCERTAINTY AND POTENTIAL IMPACT
No significant changes to technology	<p>There will be no significant changes to technology that would alter how services are delivered or what infrastructure is required.</p> <p>High level of uncertainty as technological advancement is highly likely over the next 30 years. This could have a major impact on the scope, timing and costs of anticipated projects as new technologies may deliver services in different ways through different types of infrastructure.</p>
Increasing resilience demands	<p>The impacts of increasing resilience, climate change and environmental awareness, as well as growth have been factored into this Strategy based on current best knowledge. Successive iterations of this document will address how those assumptions align with future changes.</p> <p>Medium degree of uncertainty as we increase our knowledge and standards continue to evolve.</p>
Natural disasters	<p>We assume that there will not be any natural disasters resulting in widespread damage or remedial work to Council's infrastructure.</p> <p>Medium level of uncertainty as natural disasters cannot be foreseen and can have a significant impact on infrastructure and financial requirements for remedial works. While Council is insured for natural hazards, this would not fully cover the costs of a highly-damaging event.</p>
Full project costs identified	<p>The costs shown in this document are full project costs irrespective of funding sources. The costs are present day values. Where studies or other funding are known to be available, these sources have been identified.</p> <p>There is medium uncertainty over current projected project costs, with uncertainty increasing with increased time horizons.</p>
Capacity and market resources available to undertake works	<p>We assume that there will continue to be sufficient capacity within the professional services and contractor market to undertake the capital programme.</p> <p>There is medium uncertainty regarding the wider market as there are high levels of forecast capital expenditure from other government agencies as well as ongoing strong demand for large private developments. Impact could be high as budgets may not be sufficient to undertake the works as planned.</p> <p>COVID-19 brings with it for the foreseeable future the combined impact of disruption to materials supply chains along with government economic stimulus measures putting pressure on contractor/skills resources. These factors are already inducing cost pressures as alluded to above.</p> <p>In addition COVID-19 has been the catalyst for some major business realignment. An example of this is that Marsden Point have stopped producing bitumen in New Zealand. This brings high uncertainty over supply chain and quality requirements and will impact upon every road controlling authority in the country.</p>
Asset economic lives	<p>Assumptions have been made regarding the average useful lives and remaining lives of the asset groups, based on the current local knowledge and experience and historical trends.</p> <p>These need to be reviewed and the accuracy improved based on real time assessments of deterioration, to improve the level of uncertainty. See <i>Useful life assumptions</i> on the next page.</p>

# Useful life assumptions

INFRASTRUCTURE ASSETS	LIFE CYCLE (YEARS)
<b>Water supply</b>	
Civil works	80 – 100
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipe work, appurtenances and associated structures	50 – 100
Reservoirs, intake structure	100
<b>Wastewater</b>	
Civil works	80 – 100
Electronic equipment	10 – 20
Mechanical and electrical plant, outlets, pumps	15 – 50
Pipe work, wastewater mains	50 – 100
<b>Stormwater</b>	
Civil works	80 – 100
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipe work, appurtenances and associated structures	50 – 100
<b>Telemetry</b>	
Civil works	80 – 100
Electronic equipment	10 – 20
Mechanical and electrical plant, outlets, pumps	20 – 50
Pipe work, appurtenances and associated structures	50 – 100
<b>Roading</b>	
Bridges	20 – 100
Car parks	50
Culverts	50 – 80
Roundabouts	50
Footpaths/access ways	30 – 60
Roads (except land and formation)	4 – 30
Stormwater channels	15 – 60
Street and traffic lights	5 – 50
Street furniture and other features	12 – 25
Subways	80
Sumps	60

## OPERATIONAL ASSETS

## LIFE CYCLE (YEARS)

### Asset

Buildings	10 – 100
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Buildings fit-out and services	10 – 40
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Parks and reserves services	10 – 100
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Motor vehicles	5 – 10
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Plant and equipment	4 – 50
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Furniture and office equipment	5 – 15
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Library books	3 – 5
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### Diminishing value depreciation

Vehicles and plant	5 – 105
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Plant and equipment	4 – 50
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Furniture and office equipment	5
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# Financial statements

## Reporting entity

Upper Hutt City Council (Council) is a territorial local authority established by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations include the LGA and the Local Government (Rating) Act 2002 (LGRA).

Council 'Group' consists of Council and Expressions Whirinaki Arts and Entertainment Trust<sup>8</sup> (the Trust). For the purposes of the Long Term Plan, 'Council' is Upper Hutt City Council only. The Trust does not materially impact the prospective financial statements, therefore it is not included.

Council has an interest in the Hutt Valley Wastewater Scheme. Council is a 12.24% shareholder in Wellington Water Limited (WWL). As this is a minority

shareholding, the financial results of WWL are not consolidated into the Group's accounts. Instead, the shareholding is held as an investment. Council contracts WWL to carry out the maintenance and development of the Three Waters infrastructure on its behalf.

The primary objective of Council is to provide local infrastructure, local public services, and perform regulatory functions for the community. Council does not operate to make a financial return.

Accordingly, Council has designated itself a public benefit entity (PBE) in Tier 1 entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

180

## Basis of preparation

The prospective financial statements are for Council as a separate legal entity. Consolidated prospective financial statements comprising Council and its controlled entities and associates have not been prepared.

## Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP) R) which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements comply with IPSAS, and other applicable financial reporting standards, as appropriate for public benefit entities, in accordance with Tier 1 PBE accounting standards.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

8. Expressions Whirinaki Arts and Entertainment Trust will be renamed to Whirinaki Whare Taonga Trust (some time in 2021 – 2022).

# Presentation currency and rounding

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

## Changes in accounting policies

There have been no changes in accounting policies since the previous year.

## Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

### Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.

A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of the new standard.

### Cash flow statements

In the 2018 Omnibus amendments to PBE standards, the XRB amended PBE IPSAS 2 Cash Flow Statements to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The changes are effective for annual periods beginning on or after 1 January 2021.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and Group has not yet assessed the effects of the new standard.



## Service performance reporting

In 2017 the XRB issued PBE FRS 48 Service performance Reporting. There has previously been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information. The standard is effective for periods beginning on or after 1 January 2022.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and Group has not yet assessed the effects of the new standard.

## Measurement basis

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments, and investment property. The accrual basis of accounting has been used unless otherwise stated.

## Forecast figures

The forecast figures are those approved by Council after a period of consultation with the public as part of the LTP process. The forecast figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of financial statements and in accordance with Financial Reporting Standard No. 42 (FRS 42) which applies to Prospective Financial Statements.

The financial statements, associated notes and accounting policies have been prepared under NZ IPSAS standards, as applying for a Public Benefit Entity ('PBE'). This is an entity whose primary objective is to provide goods or services for community or social benefit and where equity has been provided with a view to supporting that primary objective rather than for a financial return.

A 'forecast' means prospective financial information prepared on the basis of assumptions as to future events which Council reasonably expects to occur at the date the information is prepared. A forecast differs from a 'projection'. A projection contains financial information prepared on the basis of more hypothetical assumptions (or 'what if' scenarios).

# Significant risks

It should be noted that:

- ① Actual results achieved during the 2020 – 2021 year are likely to vary from the forecasts presented in this document and the variations may prove to be material.
- ② The information in this document may not be appropriate for purposes other than as described herein.
- ③ The rate of inflation and interest rates may differ significantly from the assumptions used in preparing these forecast financial statements. The actual results are likely to vary materially depending upon other circumstances that arise during the period.

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, and financial instruments (including derivative instruments).

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$'000). The functional currency of Upper Hutt City Council is New Zealand dollars.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Prospective Statement of Financial Performance.

## Judgements and estimations

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Statement of Accounting Policies. Significant judgements and estimations include asset revaluations, impairments, certain fair value calculations and provisions.

**RATE FUNDING REQUIREMENT FOR EACH ACTIVITY GROUP (FORECAST \$000)**

<b>2020 – 21</b>		<b>2021 – 22</b>	<b>2022 – 23</b>	<b>2023 – 24</b>	<b>2024 – 25</b>	<b>2025 – 26</b>	<b>2026 – 27</b>	<b>2027 – 28</b>	<b>2028 – 29</b>	<b>2029 – 30</b>	<b>2030 – 31</b>
<b>ANNUAL PLAN</b>	<b>GROUPS OF ACTIVITIES</b>	<b>LTPY1</b>	<b>LTPY2</b>	<b>LTPY3</b>	<b>LTPY4</b>	<b>LTPY5</b>	<b>LTPY6</b>	<b>LTPY7</b>	<b>LTPY8</b>	<b>LTPY9</b>	<b>LTPY10</b>
4,115	Leadership	3,853	3,992	4,131	4,034	4,393	4,370	4,372	4,716	5,046	5,130
5,372	Land Transport	5,460	6,473	6,882	7,551	7,295	8,710	9,145	7,611	9,949	13,480
8,094	Water supply	6,568	7,497	8,076	8,642	9,282	9,943	10,610	11,278	12,039	12,762
6,575	Wastewater	7,540	6,506	6,949	7,914	8,482	9,491	10,278	11,194	12,237	13,076
2,366	Stormwater	2,111	2,799	3,206	3,251	3,221	3,403	3,589	3,799	4,032	4,272
308	Sustainability	492	449	476	382	446	462	474	489	511	523
	Planning and regulatory services										
2,081	City Planning	2,318	2,585	2,783	2,695	2,811	2,850	2,910	2,809	2,697	2,765
1,082	Building and Compliance Services	1,212	1,306	1,313	1,319	1,310	1,357	1,351	1,411	1,438	1,515
	Community and recreation										
771	Community services	794	837	869	880	901	920	943	971	1,001	1,027
387	Activation	518	546	573	562	577	591	604	620	645	658
371	Emergency management	443	475	495	511	530	549	567	589	605	625
2,933	Parks and Reserves	4,465	4,057	4,832	5,138	7,415	7,961	7,904	7,079	5,975	4,213
2,211	H2O Xstream	2,803	3,472	3,160	3,407	3,332	3,787	5,227	8,708	8,194	7,474
3,160	Library	3,142	3,365	3,461	3,663	3,884	3,907	4,036	4,162	4,421	4,573
907	Expressions Whirinaki	1,511	1,600	1,687	1,717	1,841	1,859	1,911	2,032	2,082	2,234
368	Property	545	724	1,149	2,074	2,082	2,240	2,392	2,386	2,391	2,417
66	Akatārawa Cemetery	25	37	70	100	84	139	139	149	103	163
400	Support Services	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
1,784	Economic Development	2,525	2,569	2,815	2,951	3,074	2,745	2,552	2,638	2,732	2,747
<b>43,354</b>	<b>Total rate funding requirement</b>	<b>46,325</b>	<b>49,291</b>	<b>52,926</b>	<b>56,791</b>	<b>60,959</b>	<b>65,284</b>	<b>69,005</b>	<b>72,639</b>	<b>76,097</b>	<b>79,654</b>

2020 – 21		2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
ANNUAL PLAN	FUNDED BY	LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
195	Accumulated general fund	400	0	0	0	0	0	0	0	0	0
43,158	Rates	45,925	49,291	52,926	56,791	60,959	65,284	69,005	72,639	76,097	79,654
43,353	Total	46,325	49,291	52,926	56,791	60,959	65,284	69,005	72,639	76,097	79,654
CHANGE IN RATING REQUIREMENT											
1.50%	Change in rating requirement	6.41%	7.33%	7.38%	7.30%	7.34%	7.09%	5.70%	5.27%	4.76%	4.67%
0.00%	Forecast growth in the rating database	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
1.50%	Forecast net change in rate funding requirement	4.91%	5.83%	5.88%	5.80%	5.84%	5.59%	4.20%	3.77%	3.26%	3.17%
0.00%	Less forecast inflation LGCI <sup>9</sup>	0.00%	3.70%	2.90%	2.50%	2.50%	2.60%	2.50%	2.70%	2.70%	2.60%
1.50%	FORECAST REAL CHANGE IN RATES FUNDING REQUIREMENT	4.91%	2.13%	2.98%	3.30%	3.34%	2.99%	1.70%	1.07%	0.56%	0.57%

9. LGCI: Local Government Cost Index.

## PROSPECTIVE STATEMENT OF FINANCIAL POSITION (FORECAST \$'000)

2020 – 21		2021 – 22		2022 – 23		2023 – 24		2024 – 25		2025 – 26		2026 – 27		2027 – 28		2028 – 29		2029 – 30		2030 – 31		
ANNUAL PLAN	EQUITY	NOTES	LTP Y1	LTP Y2	LTP Y3	LTP Y4	LTP Y5	LTP Y6	LTP Y7	LTP Y8	LTP Y9	LTP Y10										
246,337	Accumulated Funds		249,403	249,053	246,322	246,787	238,115	231,864	229,164	234,378	239,394	235,468										
15,253	Restricted Reserves	5	16,925	16,247	15,031	13,288	12,469	11,010	10,245	9,419	9,009	7,551										
495,176	Revaluation Reserves		524,590	534,671	545,178	545,178	555,905	567,893	567,893	578,758	591,402	591,402										
756,766	Total equity		790,917	799,972	806,531	805,253	806,490	810,767	807,303	822,555	839,805	834,421										
ASSETS																						
Current assets																						
4,868	Cash and cash equivalents		1,699	1,351	2,848	3,241	3,141	3,051	2,958	2,882	3,309	2,735										
8,402	Other financial assets		21,296	14,118	12,902	11,159	10,840	9,881	9,616	9,290	8,880	8,422										
3,197	Trade and other receivables		3,199	3,322	3,420	3,504	3,589	3,677	3,762	3,851	3,938	4,022										
333	Assets held for sale		0	0	0	0	0	0	0	0	0	0										
16,800	Total current assets		26,193	18,792	19,170	17,904	17,570	16,608	16,336	16,022	16,127	15,179										
Non-current assets																						
1,129	Non-current financial assets		1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129	1,129										
28	Receivables		26	22	18	14	10	6	2	0	0	0										
74,567	Operational property, plant, & equipment		79,636	105,016	122,359	125,976	126,922	133,825	132,973	132,002	134,908	135,632										
15,580	Aquatic property, plant, & equipment		32,019	44,511	43,458	41,396	39,499	39,247	37,478	35,865	35,163	35,230										
48,321	Restricted property, plant, & equipment		50,386	49,812	51,844	51,328	52,384	53,084	52,645	52,231	53,117	52,738										
707,942	Infrastructural assets		738,295	770,240	789,862	798,852	806,670	810,312	818,580	851,043	873,689	875,806										
0	Intangible assets		5	3	2	1	1	1	0	0	0	0										
847,567	Total non-current assets		901,495	970,734	1,008,672	1,018,696	1,026,615	1,037,604	1,042,808	1,072,270	1,098,007	1,100,536										
864,367	TOTAL ASSETS		927,689	989,526	1,027,841	1,036,601	1,044,186	1,054,213	1,059,145	1,088,292	1,114,134	1,115,714										

2020 – 21	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
ANNUAL PLAN	LTPY1	LTPY2	LTPY3	LTPY4	LTPY5	LTPY6	LTPY7	LTPY8	LTPY9	LTPY10
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
9,353	9,353	9,635	9,856	10,047	10,237	10,435	10,626	10,832	11,037	11,236
0	0	0	0	0	0	0	0	0	0	0
684	684	709	729	746	763	781	798	817	835	853
5,189	4,341	4,284	6,645	8,021	10,489	12,816	15,816	15,680	13,584	17,871
<b>15,226</b>	<b>14,378</b>	<b>14,628</b>	<b>17,230</b>	<b>18,814</b>	<b>21,490</b>	<b>24,032</b>	<b>27,240</b>	<b>27,328</b>	<b>25,457</b>	<b>29,959</b>
<b>Non-current liabilities</b>										
1,812	4,613	4,613	4,613	4,613	4,613	4,613	4,613	4,613	4,613	4,613
314	314	326	335	343	350	359	366	375	383	392
90,249	117,467	169,987	199,132	207,579	211,243	214,442	219,622	233,421	243,875	246,329
<b>92,375</b>	<b>122,394</b>	<b>174,925</b>	<b>204,080</b>	<b>212,534</b>	<b>216,206</b>	<b>219,413</b>	<b>224,602</b>	<b>238,409</b>	<b>248,872</b>	<b>251,334</b>
<b>107,601</b>	<b>136,772</b>	<b>189,554</b>	<b>221,310</b>	<b>231,348</b>	<b>237,696</b>	<b>243,446</b>	<b>251,842</b>	<b>265,737</b>	<b>274,329</b>	<b>281,293</b>
<b>756,766</b>	<b>790,917</b>	<b>799,972</b>	<b>806,531</b>	<b>805,253</b>	<b>806,490</b>	<b>810,767</b>	<b>807,303</b>	<b>822,555</b>	<b>839,805</b>	<b>834,421</b>
<b>NET ASSETS</b>										

## PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (FORECAST \$'000)

2020 – 21		2021 – 22										2022 – 23		2023 – 24		2024 – 25		2025 – 26		2026 – 27		2027 – 28		2028 – 29		2029 – 30		2030 – 31	
ANNUAL PLAN	REVENUE	NOTES	LTP Y1	LTP Y2	LTP Y3	LTP Y4	LTP Y5	LTP Y6	LTP Y7	LTP Y8	LTP Y9	LTP Y10																	
43,377	Rates		46,145	49,519	53,161	57,031	61,205	65,535	69,262	72,901	76,366	79,929																	
6,644	Fees and charges		7,223	7,491	7,916	7,967	8,144	8,115	8,532	8,741	8,953	8,903																	
1,518	Development and financial contributions		2,018	1,872	1,700	1,730	1,761	1,792	1,823	1,857	1,890	1,923																	
8,483	Subsidies and grants		14,693	10,792	7,251	8,450	5,483	5,464	7,915	15,569	16,338	6,629																	
217	Interest and dividends		201	204	201	192	185	180	175	173	173	170																	
7,741	Other revenue	2	7,981	7,069	9,208	9,784	2,490	2,498	2,505	2,514	2,522	2,530																	
67,980	Total revenue		78,260	76,948	79,437	85,154	79,267	83,584	90,212	101,755	106,243	100,084																	
EXPENDITURE																													
14,583	Personnel costs		15,985	16,734	17,244	17,804	18,231	18,675	19,104	19,567	20,032	20,481																	
15,632	Depreciation and amortisation expense	3	17,431	19,018	20,720	21,757	21,810	21,871	22,083	22,290	22,999	23,507																	
2,571	Finance costs		2,515	3,824	5,393	6,266	6,458	6,590	6,706	6,972	7,427	7,726																	
2,671	Bulk drainage levy		2,894	3,156	3,296	3,542	3,804	4,088	4,386	4,712	5,059	5,425																	
3,934	Bulk water levy		4,181	4,558	4,836	5,083	5,348	5,567	5,776	5,966	6,209	6,396																	
26,454	Other expenses	4	28,261	30,685	31,896	31,982	33,107	34,503	35,622	37,861	39,910	41,932																	
65,845	Total operating expenditure		71,268	77,975	83,385	86,433	88,757	91,294	93,676	97,368	101,636	105,467																	
2,135	Surplus/(deficit) before tax		6,992	(1,027)	(3,948)	(1,278)	(9,490)	(7,711)	(3,464)	4,387	4,606	(5,384)																	
0	Income tax expense		0	0	0	0	0	0	0	0	0	0																	
2,135	Surplus/(deficit) after tax		6,992	(1,027)	(3,948)	(1,278)	(9,490)	(7,711)	(3,464)	4,387	4,606	(5,384)																	

2020 - 21		2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30	2030 - 31
ANNUAL PLAN	OTHER COMPREHENSIVE REVENUE	LTP Y1	LTP Y2	LTP Y3	LTP Y4	LTP Y5	LTP Y6	LTP Y7	LTP Y8	LTP Y9	LTP Y10
15,666	Gains/(loss) on infrastructure assets revaluation	0	10,082	5,933	0	10,727	6,545	0	10,865	7,335	0
0	Financial assets at fair value through equity	0	0	0	0	0	0	0	0	0	0
2,319	Gains on operational, aquatic and restricted assets revaluation	0	0	4,574	0	0	5,443	0	0	5,309	0
17,985	Total other comprehensive revenue for the Year, net of tax	0	10,082	10,507	0	10,727	11,988	0	10,865	12,644	0
20,120	TOTAL COMPREHENSIVE REVENUE FOR THE YEAR	6,992	9,055	6,559	(1,278)	1,237	4,277	(3,464)	15,252	17,250	(5,384)



**PROSPECTIVE CASHFLOW STATEMENT (FORECAST \$'000)**

	2020 – 21 ANNUAL PLAN	CASH FLOW FROM OPERATING ACTIVITIES	2021 – 22 LTPY1	2022 – 23 LTPY2	2023 – 24 LTPY3	2024 – 25 LTPY4	2025 – 26 LTPY5	2026 – 27 LTPY6	2027 – 28 LTPY7	2028 – 29 LTPY8	2029 – 30 LTPY9	2030 – 31 LTPY10
<b>Cash will be provided from</b>												
62,010		Rates and other receipts	72,270	70,835	73,354	79,400	76,945	81,264	87,901	99,439	103,927	97,775
217		Interest received	201	204	201	192	185	180	175	173	173	170
<b>62,227</b>			<b>72,471</b>	<b>71,039</b>	<b>73,555</b>	<b>79,592</b>	<b>77,131</b>	<b>81,444</b>	<b>88,076</b>	<b>99,612</b>	<b>104,100</b>	<b>97,944</b>
<b>Cash will be applied to</b>												
(46,906)		Payments to suppliers and employees	(50,166)	(53,970)	(56,403)	(57,570)	(59,997)	(62,309)	(64,175)	(67,098)	(70,300)	(73,569)
(2,571)		Interest paid	(2,515)	(3,824)	(5,393)	(6,266)	(6,458)	(6,590)	(6,706)	(6,972)	(7,427)	(7,726)
<b>(49,477)</b>			<b>(52,681)</b>	<b>(57,793)</b>	<b>(61,796)</b>	<b>(63,835)</b>	<b>(66,454)</b>	<b>(68,899)</b>	<b>(70,881)</b>	<b>(74,070)</b>	<b>(77,727)</b>	<b>(81,295)</b>
<b>12,750</b>		<b>Net cash inflow (outflow) from operating activities<sup>10</sup></b>	<b>19,790</b>	<b>13,246</b>	<b>11,758</b>	<b>15,757</b>	<b>10,676</b>	<b>12,545</b>	<b>17,195</b>	<b>25,542</b>	<b>26,373</b>	<b>16,649</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>												
<b>Cash will be provided from</b>												
1,713		Proceeds from sale of fixed assets	(0)	(0)	(0)	0	0	0	0	0	0	0
897		Decrease in Investments	0	7,301	1,338	1,846	413	1,047	2,135	379	462	507
<b>2,610</b>			<b>(0)</b>	<b>7,301</b>	<b>1,338</b>	<b>1,846</b>	<b>413</b>	<b>1,047</b>	<b>2,135</b>	<b>379</b>	<b>462</b>	<b>507</b>
<b>Cash will be applied to</b>												
0		Increase in investments	(6,924)	0	0	0	0	0	0	0	0	0
(39,685)		Purchase of fixed assets	(84,962)	(73,357)	(43,106)	(27,032)	(17,321)	(19,209)	(27,602)	(39,660)	(34,766)	(24,471)
<b>(39,685)</b>			<b>(91,885)</b>	<b>(73,357)</b>	<b>(43,106)</b>	<b>(27,032)</b>	<b>(17,321)</b>	<b>(19,209)</b>	<b>(27,602)</b>	<b>(39,660)</b>	<b>(34,766)</b>	<b>(24,471)</b>
<b>(37,075)</b>		<b>Net cash inflow (outflow) from investing activities</b>	<b>(91,886)</b>	<b>(66,056)</b>	<b>(41,768)</b>	<b>(25,186)</b>	<b>(16,909)</b>	<b>(18,162)</b>	<b>(25,467)</b>	<b>(39,282)</b>	<b>(34,304)</b>	<b>(23,964)</b>

10. Prospective cash flow from operating activities excludes rates received for and payable to the Greater Wellington Regional Council. The net effect of these transactions is \$nil.

2020 – 21 ANNUAL PLAN	CASH FLOW FROM FINANCING ACTIVITIES	2021 – 22 LTPY1	2022 – 23 LTPY2	2023 – 24 LTPY3	2024 – 25 LTPY4	2025 – 26 LTPY5	2026 – 27 LTPY6	2027 – 28 LTPY7	2028 – 29 LTPY8	2029 – 30 LTPY9	2030 – 31 LTPY10
25,478	Cash will be provided from Loan Raised	47,197	56,804	35,791	16,467	14,153	16,015	20,996	29,478	24,038	20,325
0	Cash will be applied to Loan repayments	(5,390)	(4,341)	(4,284)	(6,645)	(8,021)	(10,489)	(12,816)	(15,816)	(15,680)	(13,584)
<b>25,478</b>	<b>Net cash inflow (outflow) from financing activities</b>	<b>41,808</b>	<b>52,463</b>	<b>31,507</b>	<b>9,822</b>	<b>6,132</b>	<b>5,526</b>	<b>8,180</b>	<b>13,663</b>	<b>8,359</b>	<b>6,740</b>
3,715	Cash, cash equivalents and bank overdrafts as at 01 July	31,986	1,699	1,352	2,849	3,242	3,142	3,051	2,959	2,882	3,309
1,153	Net increase (decrease) in cash, cash equivalents and bank overdrafts	(30,288)	(347)	1,497	393	(100)	(91)	(92)	(77)	427	(574)
<b>4,868</b>	<b>Cash, cash equivalents and bank overdrafts as at 30 June</b>	<b>1,699</b>	<b>1,352</b>	<b>2,849</b>	<b>3,242</b>	<b>3,142</b>	<b>3,051</b>	<b>2,959</b>	<b>2,882</b>	<b>3,309</b>	<b>2,735</b>

The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying accounting policies and 'notes' form part of these financial statements.

COMPOSITION OF CASH (\$000)											
4,568	Cash and bank balances	699	351	1,848	2,241	2,141	2,051	1,958	1,882	2,309	1,735
300	Call account	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
<b>4,868</b>	<b>CLOSING CASH BALANCE</b>	<b>1,699</b>	<b>1,351</b>	<b>2,848</b>	<b>3,241</b>	<b>3,141</b>	<b>3,051</b>	<b>2,958</b>	<b>2,882</b>	<b>3,309</b>	<b>2,735</b>

**PROSPECTIVE STATEMENT OF CHANGES IN EQUITY (FORECAST \$'000)**

	2020 – 21 ANNUAL PLAN	2021 – 22 LTPY1	2022 – 23 LTPY2	2023 – 24 LTPY3	2024 – 25 LTPY4	2025 – 26 LTPY5	2026 – 27 LTPY6	2027 – 28 LTPY7	2028 – 29 LTPY8	2029 – 30 LTPY9	2030 – 31 LTPY10
736,646	Equity at the start of the year	783,925	790,917	799,972	806,531	805,253	806,490	810,767	807,303	822,555	839,805
20,120	Total comprehensive revenue	6,992	9,055	6,559	(1,278)	1,237	4,277	(3,464)	15,252	17,250	(5,384)
0	Total transfer to trust accounts	0	0	0	0	0	0	0	0	0	0
<b>756,766</b>	<b>Prospective equity at end of year</b>	<b>790,917</b>	<b>799,972</b>	<b>806,531</b>	<b>805,253</b>	<b>806,490</b>	<b>810,767</b>	<b>807,303</b>	<b>822,555</b>	<b>839,805</b>	<b>834,421</b>
246,337	Accumulated funds	249,403	249,053	246,322	246,787	238,115	231,864	229,164	234,378	239,394	235,468
495,176	Revaluation reserves	524,590	534,671	545,178	545,178	555,905	567,893	567,893	578,758	591,402	591,402
15,253	Restricted reserves	16,925	16,247	15,031	13,288	12,469	11,010	10,245	9,419	9,009	7,551
<b>756,766</b>	<b>Total recognised revenues and expenses for the period</b>	<b>790,917</b>	<b>799,972</b>	<b>806,531</b>	<b>805,253</b>	<b>806,490</b>	<b>810,767</b>	<b>807,303</b>	<b>822,555</b>	<b>839,805</b>	<b>834,421</b>

The accompanying accounting policies and 'notes' form part of these financial statements.

The opening balance of year one (2021 – 2022) may not agree to closing balance year zero (2020 – 2021) due to Council taking into account the actual transactions for the 2020 – 2021 year, and presenting a more accurate forecast of the opening balance.

# **NOTE 1** General accounting policies (forecast)

## Revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains, finance and other revenue and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

### EXCHANGE TRANSACTIONS

Exchange transactions are transactions where Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives

approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

### NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

revenue, except to the extent that a liability is also recognised in respect of the same inflow.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as

As Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Specific accounting policies for major categories of revenue are outlined below:

### RATES

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which rates have been set. Rates revenue is recognised when payable.

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

Rates collected on behalf of Greater Wellington Regional Council (GWRC) are not recognised in the financial statements as Council is acting as an agent for GWRC.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

## SUBSIDIES AND GRANTS

### Waka Kotahi New Zealand Transport Agency roading subsidies

Council receives government grants from Waka Kotahi which subsidise part of Council's costs in maintaining the local roading infrastructure and capital expenditure on the roading infrastructure.

The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

### Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation,

the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

## FEES AND CHARGES

### Infringements and fines

Revenue from fines and penalties (e.g. traffic and parking infringements) are recognised when tickets/infringement notice payment are paid.

### Metered water charges

Revenue from water charges by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

### Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

### Provision of services

Revenue from the rendering of services by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

### Sale of goods

Revenue from sale of goods is recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale including credit card fees payable for the transaction. Such fees are included in other expenses.

### Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-life assets that must be used for a specific use (e.g. land must be used as a recreation reserve), Council immediately recognises that fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

### Reserve fund and development contributions

The revenue is recognised when Council provides, or is able to provide the service for which the contribution was charged or when the subdivision is substantially complete. Contributions in advance are collected and transferred into their respective special funds. These funds can only be used when the capital works in their respective areas can be fully funded.

**Commission**

Where revenue is derived by acting for another party, the revenue that is recognised is the commission or fees on the transactions.

**Interest and dividends**

Interest income is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

## Expenses

Expenditure is recognised when Council has been supplied with the service or has control of the goods supplied.

**FINANCE COSTS**

All borrowing costs are recognised as an expense in the period in which they are incurred. Council does not capitalise its interest on borrowings.

**GRANT EXPENDITURE**

Non-discretionary grants are those grants that are awarded if the grant applications meet the specified criteria and are approved. They are recognised as expenditure when an application that meets those criteria is received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

195

**ALLOCATION OF OVERHEADS TO SIGNIFICANT ACTIVITIES**

The gross costs of Support Services have been allocated to individual significant activities. These overheads have been allocated at the most appropriate pre-determined basis e.g. actual usage, staff numbers, rates contribution, floor area etc. applicable to the service provided to each significant activity.

**INTERNAL TRANSACTIONS**

Each cost centre is stated with the inclusion of internal costs and revenues. In order to present a true and fair view in the financial statements these transactions have not been eliminated. This method has no effect on the operating result for the year.

**INCOME TAXATION**

Council has a tax exemption in relation to the surplus or deficit for the period.

## DEPRECIATION AND AMORTISATION

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

## Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with bank, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowing in current liabilities in the Prospective Statement of Financial Position.

## Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through surplus and deficit (FVTSD).
- fair value through other comprehensive revenue and expense (FVTOCRE); or

Transaction costs are included in the carrying value of the financial asset at initial recognition, unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding, and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

## SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT AMORTISED COST

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added

to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

## SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit. The Council does not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designates into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term. The Council does not hold any equity instruments in this category.

## SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Instruments in this category include the Council's LGFA borrower notes.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

## EXPECTED CREDIT LOSS ALLOWANCE (ECL)

The Council recognises an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

The Council considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.



## SHORT TERM DEPOSITS

The carrying amount of short term deposits approximates their fair value.

## UNLISTED SHARES

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares and listed bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised

in other comprehensive revenue and expense is transferred to the surplus or deficit.

Estimated carry value of short term equates to estimated fair value.

Valuation of unlisted shares is based on the carrying value which approximates their fair value.

There were no impairment provisions for other financial assets.

## Trade and other receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council applies the simplified ECL model of recognising lifetime ECL for receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Council does not provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Rates are 'written-off':

- ⦿ when remitted in accordance with the Council's rates remission policy; and
- ⦿ in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Loans, including loans to community organisations made by Council at nil, or below market value interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method.

The difference between face value and present value of expected future cash flow of the loan is recognised in the Prospective Statement of Comprehensive Revenue and Expense as a grant.

The estimated carrying value of receivables (excluding community loans) approximates their fair value.

## COMMUNITY LOANS

Council's community loan scheme is designed to help not-for-profit organisations in the Upper Hutt community to develop or improve new or existing facilities and other major projects. Only organisations with the ability to repay are granted loans. Council may, at its discretion, require a

qualifying body to provide security for a loan. Interest in the first year is 0%, year 2 is 1%, year 3 is 2%, and year 4 and subsequent years is 3%. The fair value of loans at initial recognition has been determined using cashflows at a rate based on the loans recipient's assessed financial risk factors.

## Non-current assets classified as held for sale

Non-current assets held for resale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost of sales.

Any impairment losses for write down of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less cost to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Council has identified two parcels of land as being made available for sale, one at Duncraig Street and the other in Larchmont Grove.

# Intangible assets

## SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software license are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by Council, are recognised as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of Council's website are recognised as an expense when incurred.

## AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use, and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Prospective Statement of Comprehensive Revenue and Expense.

The useful life and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software—3 years (33% per year)

# Property, plant, and equipment

Property, plant, and equipment consists of operational assets, restricted assets and infrastructure assets.

Council has Asset Management Plans for all major assets. These plans have provided the basis for development of the forecast financial statements.

Property, plant, and equipment includes:

- A Operational property, plant, and equipment:** this includes land, buildings, street trees, improvements, library books, plant and equipment, and motor vehicles.
- B Restricted property, plant, and equipment:** restricted assets are parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- C Aquatic assets:** building, plant, and equipment relating to H<sub>2</sub>O Xstream aquatic centre.
- D Infrastructure assets:** infrastructure assets are the fixed utility network systems owned by Council and include roading, water, stormwater and wastewater piping. Each asset class includes all items that are required for the network to function.

Infrastructure assets (except land under roads) are measured at fair value less accumulated depreciation and impairment losses. Land under roads is held at cost.

All property, plant, and equipment is shown at cost or valuation less accumulated depreciation and impairment losses.

## REVALUATION

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset in other comprehensive revenue and expenses. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase or revaluation that offset a previous decrease in value is recognised in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset under other comprehensive revenue and expenses.

Those asset classes that are revalued are valued on a set revaluation cycle and all other asset classes are carried at depreciated historical costs. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

## ADDITIONS

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential of the item will flow to Council and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

## DISPOSALS

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Prospective Statement of

Comprehensive Revenue and Expense. Where revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

## SUBSEQUENT COSTS

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

## IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT, AND INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment, and intangible assets subsequently measured at cost that have an infinite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

If an asset’s carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit in the Prospective Statement of Comprehensive Revenue and Expense.

## VALUE IN USE FOR NON-CASH GENERATING ASSETS

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

## VALUE IN USE FOR CASH GENERATING ASSETS

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

## DEPRECIATION

All assets, except for land and road formations, have been depreciated on either a straight line or diminishing value basis at rates estimated to write off the cost of the assets over their estimated useful life.

Hutt Valley Wastewater Scheme assets are controlled by Hutt City Council. Council is entitled to a share in any sale proceeds of these assets. The Seaview wastewater treatment plant is depreciated over 20 years and sewerage pipelines over 40 – 80 years.

The specific rates of depreciation applied to major classes of property, plant, and equipment are detailed in the following table.

<b>STRAIGHT LINE DEPRECIATION</b>	<b>YEARS</b>	<b>RATE</b>
Buildings	10 – 100	1% – 10%
Buildings fit-out and services	10 – 40	2.5% – 10%
Computer equipment	3 – 5	20% – 33.3%
Furniture and office equipment	5 – 15	6.67% – 20%
Library books	2 – 5	20% – 50%
Parks and reserves services	10 – 100	1% – 10%
Plant and equipment	4 – 50	2% – 25%
<b>Infrastructure assets—Roading</b>		
Bridges	20 – 100	1% – 5%
Carparks	50	2%
Culverts	50 – 80	1.25% – 2%
Footpaths/access ways	30 – 60	1.67% – 3.33%
Roads (except land and formation)	4 – 30	3.33% – 25%
Road signs	10	10%
Roundabouts	50	2%
Stormwater channels	15 – 60	1.66% – 6.66%
Street and traffic lights	5 – 50	2% – 20%
Street furniture and other features	12 – 25	4% – 8.33%
Subways	80	1.25%
Sumps	60	1.66%
<b>Infrastructure assets—Water supply</b>		
Civil Works	80 – 100	1% – 1.25%
Mechanical and electrical plant, outlets, pumps	20 – 50	1% – 5%
Pipe work, appurtenances and associated structures	50 – 100	1% – 2%
Reservoirs, intake structure	100	1%
<b>Infrastructure assets—Stormwater</b>		
Civil works	80 – 100	1% – 1.25%
Mechanical and electrical plant, outlets, pumps	20 – 50	1% – 5%
Pipe work, appurtenances and associated structures	50 – 100	1% – 2%
<b>Infrastructure assets—Wastewater</b>		
Civil works	80 – 100	1% – 1.25%
Electronic equipment	10 – 20	5% – 10%
Mechanical and electrical plant, outlets, pumps	15 – 50	1% – 7%
Pipe work, wastewater mains	50 – 100	1% – 2%
<b>Infrastructure assets—Telemetry</b>		
Civil works	80 – 100	1% – 1.25%
Electronic equipment	10 – 20	5% – 10%
Mechanical and electrical plant, outlets, pumps	20 – 50	1% – 5%
Pipe work, appurtenances and associated structures	50 – 100	1% – 2%

**DIMINISHING VALUE DEPRECIATION**

Furniture and office equipment	5	20%
Plant and equipment	4 – 50	2% – 25%
Vehicles and plant	5 – 105	10% – 20%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

**CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including

expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**INFRASTRUCTURE ASSETS**

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructure assets. These include:

- The physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If the useful lives do not reflect the actual consumption

of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Prospective Statement of Comprehensive Revenue and Expense under surplus or deficit. To minimise this risk, Council infrastructure asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council’s asset management planning activities, which gives Council further assurance over its useful life estimates.

- Experienced independent valuers perform Council’s infrastructural asset revaluations.

Council has no flood protection or control works to disclose as this is covered by GWRC. Water has no treatment plants and facilities. Council Wastewater treatment plant and facilities is shared under a joint arrangement with Hutt City called the Hutt Valley Wastewater Scheme.

# Payables and deferred revenue

Short term creditors and other payables are recorded at the amount payable.

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their value.

## PROVISIONS

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

# Employee entitlements

## SHORT TERM EMPLOYEE ENTITLEMENTS

Wages and salaries, annual leave and other entitlements that are expected to be settled within twelve months of reporting date are measured at nominal values on an actual entitlement basis at

current rates of pay. Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year.

205

## LONG TERM ENTITLEMENTS

Entitlements that are payable beyond 12 months, such as long service leave and retirement gratuity, have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information.
- The present value of the estimated future cash flows.

The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

## PRESENTATION OF EMPLOYEE ENTITLEMENTS

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities

expected to be settled within 12 months of balance date are classified as a non-current liability.



## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using

forward discount rates derived from the 90 day call rate from the Reserve Bank of New Zealand. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows. The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

## Derivative financial instruments

Council uses derivative financial instruments to manage exposure to interest rate risks arising from financial activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the

derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Council has elected to not adopt the new hedge accounting requirements of PBE IPSAS 41 as permitted under the transitional provisions of PBE IPSAS 41. This means the Council continues to apply the hedge accounting requirements of PBE IPSAS 29 Financial Instruments: Recognition and Measurement.

## INTEREST RATE SWAPS—FAIR VALUE

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present values. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

## Borrowings and other financial liabilities

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the council or group has an unconditional right to defer settlement of the liability for at least twelve months after balance

date or if the borrowings are expected to be settled within twelve months of balance date.

Council manages its borrowing in accordance with its funding and financial policies, which include a Liability Management Policy.

## GOODS AND SERVICES TAX (GST)

The Financial Statements have been prepared exclusive of GST, with the exception of trade payable and trade receivable, which are stated as GST inclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount for GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments are disclosed exclusive of GST. Contingencies are exclusive of GST.

## INTEREST EXPENSE RATES

The loans are secured by a rate pursuant to Section 115 of the LGA upon the rateable property of the City of Upper Hutt.

The carrying amounts of borrowing repayable approximate their fair value as the loans are re-priced every 90 days.

## Financial instruments

The financial instruments which expose Council to credit risk are principally bank balances, investments, accounts receivable, creditors and term loans. Council's main bank accounts are held with the ANZ Bank New Zealand Limited. The credit risk is reduced by ensuring that the balances in the accounts are at sufficient levels to fund day to day operations of Council. Surplus funds are invested with trading banks and organisations with credit ratings of not less than AA-.

The level and spread of accounts receivable minimises Council's exposure to credit risk. Council does not engage in any material transactions in

foreign currencies and therefore is not exposed to any material foreign currency risk. Council's term loans are borrowed at fixed and floating interest rates. The main interest rate risk Council is exposed to is that market interest rates will fluctuate during the currency of the loans. In addition, many of Council's term loans are refinanced before ultimate repayment. Council is exposed to a risk that interest rates will have increased at the time loans are refinanced. To minimise this risk, loans are structured to avoid a concentration of refinancing at one time, and a portion of the current loans are covered by interest rate swaps to the value of \$30 M in 2020 (2019: \$43 M).

## Equity

Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The LGA] requires Council to manage its revenues, expenses, assets, liabilities, investment, and general financial dealings prudently and in a manner that promotes the current and future interests of the

community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council.

Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets today and not expecting them to meet the full costs of long term assets that will benefit ratepayers in future generations.

The LGA requires Council to make adequate and effective provision in its LTP and in its Annual

Components of equity are:

- Accumulated funds
- Asset revaluation reserves
- Restricted reserves (other accounts restricted by law and special funds)

Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

## RESTRICTED RESERVES

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by council.

Council has the following Council reserves:

- Other accounts restricted by law
- Special funds reserves

Other accounts restricted by law are used where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves. Conditions applying to these reserves may not be revised by Council without reference to the Courts or third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Special funds are set up where Council has defined a specific purpose. Interest is added to these reserves where applicable and deductions are made where funds have been used for the purpose they were created. Special funds are reserves established by Council decision. Council is legally allowed to alter them without reference to any third party. Transfers to and from these reserves are at the discretion of Council.

## ASSET REVALUATION RESERVES

This reserve relates to the revaluation of property, plant and equipment to fair value.

## NOTE 2

# Other revenue (\$'000)

The Annual Plan 2020 – 2021 figures for fees and charges, and for subsidies and grants have been restated to more accurately align with the revenue definitions in the *Statement of accounting policies*. The 'other revenue' category has been created as a result of this reclassification.

An example of the restatement is *Vested assets*, which were classified as fees and charges in prior years, but have now been more accurately classified as other revenue in these prospective financial statements.

2020 – 21	2021 – 22	2022 – 23	2023 – 24	2024 – 25	2025 – 26	2026 – 27	2027 – 28	2028 – 29	2029 – 30	2030 – 31
ANNUAL PLAN	LTP Y1	LTP Y2	LTP Y3	LTP Y4	LTP Y5	LTP Y6	LTP Y7	LTP Y8	LTP Y9	LTP Y10
3,167	1,795	871	3,005	3,880	4	5	5	5	5	5
4,202	5,789	5,789	5,789	5,482	2,056	2,056	2,056	2,056	2,056	2,056
120	149	152	154	156	157	159	160	162	164	165
252	248	257	260	266	272	279	285	291	298	304
<b>7,741</b>	<b>7,981</b>	<b>7,069</b>	<b>9,208</b>	<b>9,784</b>	<b>2,490</b>	<b>2,498</b>	<b>2,505</b>	<b>2,514</b>	<b>2,522</b>	<b>2,530</b>

### TOTAL OTHER REVENUE

### NOTE 3

## Depreciation and amortisation expense by activity group

2020 - 21	2021 - 22	2022 - 23	2023 - 24	2024 - 25	2025 - 26	2026 - 27	2027 - 28	2028 - 29	2029 - 30	2030 - 31
ANNUAL PLAN	LTP Y1	LTP Y2	LTP Y3	LTP Y4	LTP Y5	LTP Y6	LTP Y7	LTP Y8	LTP Y9	LTP Y10
0	Leadership	0	0	0	0	0	0	0	0	0
5,198	Land Transport	5,755	5,914	6,153	6,833	6,889	6,900	6,904	7,241	7,694
1,887	Water Supply	2,037	2,130	2,229	2,289	2,340	2,474	2,510	2,601	2,637
3,593	Wastewater	4,070	4,202	4,667	4,861	4,939	5,091	5,440	5,813	5,862
1,824	Stormwater	2,166	2,665	2,802	2,813	2,816	2,878	2,871	2,943	2,935
5	Sustainability	20	21	27	33	38	50	60	59	69
1	Planning & Regulatory	0	0	0	0	0	0	0	0	0
3,116	Community and Recreation	3,382	4,083	4,837	4,923	4,781	4,683	4,499	4,338	4,306
9	Economic Development	0	2	4	6	6	5	5	5	4
15,632	TOTAL	17,431	19,018	20,720	21,757	21,810	21,871	22,290	22,999	23,507

## NOTE 4

## Other expenses (\$000)

2020 – 21 ANNUAL PLAN	2021 – 22 LTPY1	2022 – 23 LTPY2	2023 – 24 LTPY3	2024 – 25 LTPY4	2025 – 26 LTPY5	2026 – 27 LTPY6	2027 – 28 LTPY7	2028 – 29 LTPY8	2029 – 30 LTPY9	2030 – 31 LTPY10
802 Insurance	799	923	1,063	1,224	1,409	1,620	1,863	2,140	2,458	2,821
333 Disaster Fund insurance	581	671	773	890	1,024	1,178	1,354	1,556	1,786	2,051
138 Audit fees	139	148	155	163	171	179	188	197	206	216
89 Audit fees—Long Term Plan	0	0	91	0	0	94	0	0	96	0
262 Rental	279	292	301	308	315	322	329	337	344	352
1,168 Loss on sale of assets	1,156	844	619	487	278	300	497	775	678	441
103 Rates remissions—sports clubs and other non-profit bodies	215	223	229	235	240	246	251	257	263	268
50 Penalty remissions	40	41	43	44	45	46	47	48	49	50
1,013 Consultants	1,441	1,279	1,392	1,182	1,285	1,357	1,264	1,317	1,451	1,413
239 Printing, photocopying, and stationery	237	211	218	222	227	233	237	243	249	254
79 Telephone rental, mobile, and tolls	34	35	36	37	38	38	39	40	41	42
303 Motor vehicle expenses	336	350	367	390	398	418	422	441	468	488
1,065 Electricity/gas energy costs (includes street lighting and maintenance)	913	953	1,059	1,090	1,121	1,153	1,185	1,218	1,252	1,230
2,319 Rates on Council properties	2,095	2,230	2,361	2,486	2,617	2,755	2,897	3,050	3,210	3,374
2,474 Land transport general maintenance	2,485	2,605	2,706	602	622	642	662	683	703	723
1,059 Water reticulation maintenance	2,051	2,216	2,272	2,342	2,515	2,703	2,900	3,115	3,345	3,587
734 Sewer maintenance	640	646	736	824	885	950	1,020	1,096	1,176	1,262
125 Drain maintenance	352	481	639	717	770	827	888	954	1,024	1,098
14,098 Other costs	14,470	16,537	16,835	18,741	19,150	19,443	19,580	20,395	21,111	22,262
<b>26,454<sup>11</sup></b>	<b>28,261</b>	<b>30,685</b>	<b>31,896</b>	<b>31,982</b>	<b>33,107</b>	<b>34,503</b>	<b>35,622</b>	<b>37,861</b>	<b>39,910</b>	<b>41,932</b>

11. This total agrees with the Annual Plan total, however it was not broken down further as a note in the Annual Plan. This note has been added to the Long term plan to provide more detail on what is included in other expenses.

## NOTE 5 Restricted reserves

### Special funds (\$000)

SPECIAL FUND	TYPE	OPENING	DEPOSITS	WITHDRAWALS	CLOSING
		1 JULY 2021			30 JUNE 2031
General reserve	1	2,010	92	(2,100)	2
Amenities fund	2	553	58	0	611
Civic amenities fund	2	1	0	0	1
Plant renewal	3	319	658	(144)	833
Reserve fund contribution	4	4,054	16,619	(20,742)	(69)
Cash in lieu parking	5	3	0	0	3
Property sales	6	140	15	0	155
Sierra Way subdivision	7	144	15	0	160
Harcourt Park maintenance fund	8	12	44	0	56
Akatārawa roading levy	7	234	224	0	458
Kaitoke roading levy	7	122	535	0	656
Mangaroa roading levy	7	305	206	0	511
Katherine Mansfield levy	7	199	615	0	814
Blue Mountains levy	7	144	421	0	565
Moonshine Hill levy	7	5	1	0	6
Alexander Road levy	7	10	1	0	11
Swamp Road levy	7	34	179	0	213
Library development	9	0	0	0	0
Cemetery development	9	0	0	0	0
Trench resealing levy	10	12	1	0	13
Kurth Crescent Development levy	11	49	5	0	55
H <sub>2</sub> O Xstream plant renewal fund	12	421	2,111	(1,572)	959
Maidstone Park artificial turf renewal fund	13	1,020	1,563	(2,038)	544
<b>TOTAL SPECIAL FUNDS</b>		<b>9,792</b>	<b>23,361</b>	<b>(26,597)</b>	<b>6,557</b>

### SPECIAL FUND PURPOSES

Council has Special Funds to cover the following situations and hold funds in investments to cover these funds:

- ① **GENERAL RESERVE:** available for any appropriate purpose. Funds come from various different sources.
- ② **AMENITY FUND(S):** available for lending at concessional rates to community groups for the development/construction of assets that will generate a benefit for the overall community. Funds are from interest earned from the various loans over time.

- ③ **PLANT RENEWAL:** funds allocated from rates to replace/upgrade plant assets in the activity charged with the original allocation.
- ④ **RESERVE FUND CONTRIBUTIONS:** contributions levied on the developers of sub-divisions which are used to maintain and increase council provided community assets or fund interest costs and loan repayments in relation to providing such assets.
- ⑤ **CASH IN LIEU OF PARKING:** funds collected instead of requiring the provision of parking by developers and used for parking purposes.
- ⑥ **PROPERTY SALES:** profits generated by the sale of property and available to assist in the funding of council work programme.
- ⑦ **ROADING LEVIES:** funds raised from sub-divisions in specific catchments and available for roading projects only in the catchment that provide the funds.
- ⑧ **HARCOURT PARK MAINTENANCE:** funds collected from fees and charges for this activity and only available for approved maintenance purposes in that park.
- ⑨ **LIBRARY AND CEMETERY DEVELOPMENT:** funds collected for or generated by the specific activity and only available for projects in that activity.
- ⑩ **TRENCH RESEALING LEVY:** funds collected to ensure the correct re-instatement of trenching work by third parties.
- ⑪ **KURTH CRESCENT DEVELOPMENT LEVY:** funds to be collected from developers to provide stormwater upgrade in Kurth Crescent.
- ⑫ **H<sub>2</sub>O XTREAM PLANT RENEWAL RESERVE:** funds allocated from rates to replace/upgrade H<sub>2</sub>O Xstream plant and equipment.
- ⑬ **MAIDSTONE TURF RENEWAL:** funds allocated from rates to renew the Maidstone artificial turf.

### Purpose of each fund

The income from fees or rates for each of these activities can only be expended on each specific activity. Any surpluses are transferred into these accounts and applied in future periods to mitigate income requirements.

## Other accounts restricted by law (\$000)

RESTRICTED ACCOUNT	OPENING 1 JULY 2021	DEPOSITS	WITHDRAWALS	CLOSING 30 JUNE 2031
Dog Control Account	0	0	0	0
Water Supply Rate Account	290	0	0	290
Wastewater Rate Account	5,427	0	(5,000)	427
Stormwater Rate Account	1,278	0	(1,000)	278
<b>TOTAL SPECIAL FUNDS</b>	<b>6,995</b>	<b>0</b>	<b>(6,000)</b>	<b>995</b>



# Funding impact statements

All the Funding Impact Statements (FIS) are in a format prescribed by regulation and are not GAAP compliant. The intention is to show how the operational and capital expenditure of Council is funded. Some items included in the *Statement of comprehensive revenue and expense* are excluded and some items not in the *Statement of comprehensive revenue and expense* are included. Specifically, capital expenditure is included in the FIS, as is transfers to and from special funds and loan receipts and repayments. Depreciation, loss on disposal of fixed assets, and other (minor) non-cash items are excluded from the FIS as they are not funded.

The funding impact statement for all of Council follows in the next page. Funding impact statements for each group of activities are included in Section B: Groups of activities (beginning on page 28).



# Funding impact statement—all of Council (\$000)

2020 – 21 ANNUAL PLAN	2021 – 22 LTPY1	2022 – 23 LTPY2	2023 – 24 LTPY3	2024 – 25 LTPY4	2025 – 26 LTPY5	2026 – 27 LTPY6	2027 – 28 LTPY7	2028 – 29 LTPY8	2029 – 30 LTPY9	2030 – 31 LTPY10
<b>SOURCES OF OPERATING FUNDING</b>										
26,343 General rates, uniform annual general charges, rates penalties	29,705	32,490	34,695	36,985	39,975	42,445	44,527	46,369	47,790	49,544
17,035 Targeted rates	16,219	16,802	18,229	19,807	20,987	22,840	24,478	26,270	28,308	30,107
1,826 Subsidies and grants for operating purposes	1,324	783	166	1,255	1,909	1,857	2,679	4,938	5,163	2,031
9,769 Fees, charges	7,231	7,498	7,922	7,975	8,152	8,123	8,542	8,750	8,962	8,913
219 Interest and dividends from investments	201	204	201	192	185	180	175	173	173	170
379 Local authority fuel tax, fines, infringement fees, and other receipts	1,218	1,518	1,578	1,451	694	709	721	736	751	765
<b>55,571 Total operating funding (A)</b>	<b>55,898</b>	<b>59,295</b>	<b>62,791</b>	<b>67,665</b>	<b>71,902</b>	<b>76,154</b>	<b>81,122</b>	<b>87,236</b>	<b>91,147</b>	<b>91,530</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>										
45,952 Payments to staff and suppliers	50,529	54,661	57,026	58,300	60,590	62,908	64,765	67,708	70,916	74,177
2,572 Finance costs	2,512	3,821	5,389	6,262	6,455	6,587	6,704	6,970	7,424	7,723
41 Other operating funding applications	48	48	48	48	48	48	48	48	48	48
48,565 <b>Total applications of operating funding (B)</b>	<b>53,089</b>	<b>58,530</b>	<b>62,463</b>	<b>64,610</b>	<b>67,093</b>	<b>69,543</b>	<b>71,517</b>	<b>74,726</b>	<b>78,388</b>	<b>81,948</b>
<b>7,006 Surplus (deficit) of operating funding (A – B)</b>	<b>2,809</b>	<b>765</b>	<b>328</b>	<b>3,055</b>	<b>4,809</b>	<b>6,611</b>	<b>9,605</b>	<b>12,510</b>	<b>12,759</b>	<b>9,582</b>

216

# Funding impact statement—differential and targeted rating schedule

This schedule defines the detail that will apply for the 2021 – 2022 rating year and is to be read in conjunction with Council's Revenue and Financing Policy and the rest of the Funding Impact Statement.

## GENERAL RATES

General rates are calculated on the capital value of all rateable properties in the city and assessed on a differential basis. Under differential rating, all property is allocated to one of the following differential rating groups based on zoning or usage and a differential, based on a factor of 100 for the standard differential group, is used for the calculation of general rates as follows.

For 2021 – 2022 Council will apply the following differential factors:

Differential rating group <sup>12</sup>	Factor
Residential or Standard	100
Residential high value <sup>13</sup>	90
Rural <sup>14</sup>	75
Business <sup>15</sup>	290
Utilities and three waters utilities <sup>15</sup>	290
Corrections facility <sup>16</sup>	290

The revenue sought for 2021 – 2022 from the general rate is \$29,706,068. The purposes to which this revenue will be applied are to meet the costs of land transport, parks and reserves, environmental services, community services and amenities, libraries, economic development, democratic participation, and management support of Council activities.

12. The categories are as defined in this document.

13. Council reviewed the *Residential High Value* category in October 2020 and will retain the category, however will standardise the differential factor to 90 for the 2021 – 2022 year.

14. Council reviewed the *Rural* differential rating category in October 2020 and will change the differential factor for general rates levied from this category in 2021 – 2022 to 75 from 73. Council will no longer apply the concessional arrangements to high value rural rating units that are applied to high value residential rating units.

15. Council reviewed the *Business* and *Utilities* differential rating categories in October 2020 and will maintain the individual relativity of general rates levied from those categories.

16. During the review of the *Business* and *Utilities* differential rating categories in October 2020, it was identified that the Remutaka Prison is categorised for the purposes of the rating database as a business. Council felt that the prison did not have the same characteristics as a business and therefore have created its own category '*Corrections facility*.' The differential factor for the prison for the 2021 – 2022 year will be 290 which is in line with the *Business* and *Utilities* differential category.

## TARGETED RATES

### Water supply

For 2021 – 2022 Council has resolved to collect the revenue needed for the water supply service on the following basis.

Of the total revenue, required for the water supply service, 20% has been identified as required for fire protection purposes. This will be raised by way of a set rate per dollar, on a capital value basis, for each property, differentiated by whether the property is serviced or serviceable. If the rating unit can be but is not supplied with water and is situated within 100 metres of any part of the water works ('a serviceable property') a 'serviceable' rate of 50% of the full 'serviced' rate will be made.

The revenue sought from this rate is \$1,652,086 (and is to contribute 20% of the total requirement needed for the costs of water supply).

Of the total revenue, required for the water supply service, 60% has been identified as required for general water supply, by way of uniform annual charges on each serviced or serviceable property. If the rating unit can be but is not supplied with water and is situated within 100 metres of any part of the water works ('a serviceable property') 50% of the full 'serviced' uniform annual charge will apply.

The revenue sought from this rate is \$4,915,419 and is to contribute approximately 60% of the total requirement needed for the costs of water supply.

Note for completeness: The remaining 20% of the revenue required to provide the general water supply, is raised by way of a user charge, based on the quantity of water used, as calculated by water meters installed on the properties concerned and authorised by the Water Supply Bylaw, and specified in the Schedule of Fees and Charges.

### Stormwater

For 2021 – 2022 Council has resolved to collect the revenue needed for stormwater purposes by way of a set rate per dollar on capital value, on a differential basis, with businesses having a differential factor of 140 and other properties a factor of 100. This rate will apply to all rating units contained within the Upper Hutt Urban Drainage District (shown as the

shaded area on the attached map labelled Upper Hutt Urban Drainage District).

The revenue sought from this rate is \$2,111,356 and is to contribute to the costs of stormwater drainage and flood protection of the city.

### Wastewater

The targeted rate for wastewater disposal will be a uniform annual charge, which will apply to all water-closets (pans) or urinals connected to a public sewage drain. All residential properties separately used or inhabited parts are deemed to have not

more than one pan or urinal under the Local Government (Rating) Act 2002 Schedule 3 Note 4. (A separately used or inhabited part is defined in below).

For 2021 – 2022 with regard to schools in the city, Council has resolved to calculate the number of whole charges based on a formula which calculates the number of applicable charges as being the *lesser* of:

- (A) the assessed number as above for non-residential rating units, and



- (B) the number of charges based on the following formula:

*Volume of water used per annum ÷ 228 (228 being the number of cubic metres assessed as being a standard residential unit annual usage).*

10% of the Wastewater activity is funded through fees and charges (trade waste charges, levied at businesses).

The revenue sought from this charge is \$7,539,623 and is to be applied towards the cost of the sewerage reticulation and disposal of bulk sewage schemes.

### Rates on Defence land

The rates described in general rates, water fire protection rates, and stormwater take into account the requirement to ensure that Defence Department land is not paying a higher amount of rates than

would be payable under a land value rating system. This is in accordance with section 22 of the Local Government (Rating) Act 2002.

### Other targeted rates

There are currently no other targeted rates.

### Lump sum contributions

Council will not invite lump sum contributions to targeted rates in 2021 – 2022.

## Funding Impact Statement—differential definitions

For 2021 – 2022 Council has resolved to define its differential rating categories, to which all rateable property in the district of Upper Hutt shall be allocated, as follows:

### RURAL

A rating unit or part rating unit will be allocated to the *Rural* category for rating purposes to the extent that:

- (A) it is situated in a rural zone; and
- (B) has an area of 30 ha or more.

If the Council is satisfied that:

- (A) the same ratepayer is recorded as owner of more than one rating unit; and
- (B) all the rating units are situated in a rural zone; and
- (C) are being used as one property principally for a farming activity; and
- (D) the rating units have a combined total area of 30 ha or more,

then the rating units will all be allocated to this category for rating purposes.

## UTILITIES

Regardless of zoning and notwithstanding that it may meet the requirements for inclusion in another category, a rating unit or part rating unit will be allocated to the *Utilities* category for rating purposes to the extent that:

- (A) it is owned or operated by a utility operator and is being used, principally, as part of the utility infrastructure; and
- (B) it is identified as a utility in the Upper Hutt City District Valuation Roll.

## THREE WATERS UTILITIES

A rating unit or part rating unit will be allocated to the *Three waters utility* category for rating purposes to the extent that it:

- (A) meets the criteria in *Utilities* A and B above, and
- (B) it is used solely for the purpose of:
  - ① draining stormwater, or
  - ② draining wastewater from Upper Hutt city and its district into the bulk sewer line, or
  - ③ supplying potable water to Upper Hutt City and its district, but not used to carry water directly from the reservoirs owned by Greater Wellington Regional Council.

## BUSINESS

A rating unit or part rating unit in the Business zone or in the Special Activities zone will be allocated to the *Business* category for rating purposes, unless:

- (A) it has been allocated to the *Utilities* category; or
- (B) it has been allocated to the *Standard* category (or the *Residential High Value* or the *Rural* category) because it is being used, principally, as a single residential dwelling (used principally for private residential purposes).

A rating unit or part rating unit will be allocated to the *Business* category for rating purposes if it is situated in a Residential, Rural or Open Space zone and has not been allocated to the *Utilities* category but is being used, principally, for a business activity.

- ⦿ Where the business activity is the principal activity on a rating unit, the whole rating unit will be allocated to the *Business* category.
- ⦿ Where the business activity is not the principal activity on a rating unit, but takes place in a physically discrete part of the rating unit, that part will be allocated to the *Business* category.

For the purposes of this definition,

Business activities include:

- Commercial sawmills and timber yards
- Farm products processing plants
- Retail nurseries and garden centres
- Veterinary hospitals and clinics

Business activities do not include:

- Farming activities
- Intensive animal farming
- Forestry
- Wellington Racing Club

## CORRECTIONS FACILITY

A rating unit will be allocated to this category if it is used primarily by the Department of Corrections for the housing of inmates under their care.

## RESIDENTIAL HIGH VALUE

A rating unit or part rating unit will be allocated to the *Residential High Value* category for rating purposes if it contains a single dwelling only and has a capital value of \$1,200,000 or more and:

- **A** is situated in a residential zone; or
- **B** is situated in a rural zone and has an area of less than 30 ha; or
- **C** is situated in any other zone, and has an area of less than 30 ha and is being used, principally, for a residential activity.

221

## STANDARD

A rating unit or part rating unit will be allocated to the *Standard* Category to the extent that it does not meet all of the criteria for inclusion in any other category.

## CONTIGUOUS RATING

Council will apply the provisions of the Rating Valuations Act 1998, The Local Rating Act 2002, and any other relevant legislation to this situation.

## DEFINITION OF ‘SEPARATELY USED OR INHABITED PARTS’ OF A RATING UNIT (SUIP)

Separately used or inhabited parts of a property that can be separately used or occupied in addition to the principal habitation or use, except where the use of the part is ancillary to principal use. In the situation where a rating unit contains both commercial or industrial uses, and a residential or agricultural use, they will be treated as two or more separate uses except where the residential part is occupied for the purposes of the principal use of the rating unit.



For example:

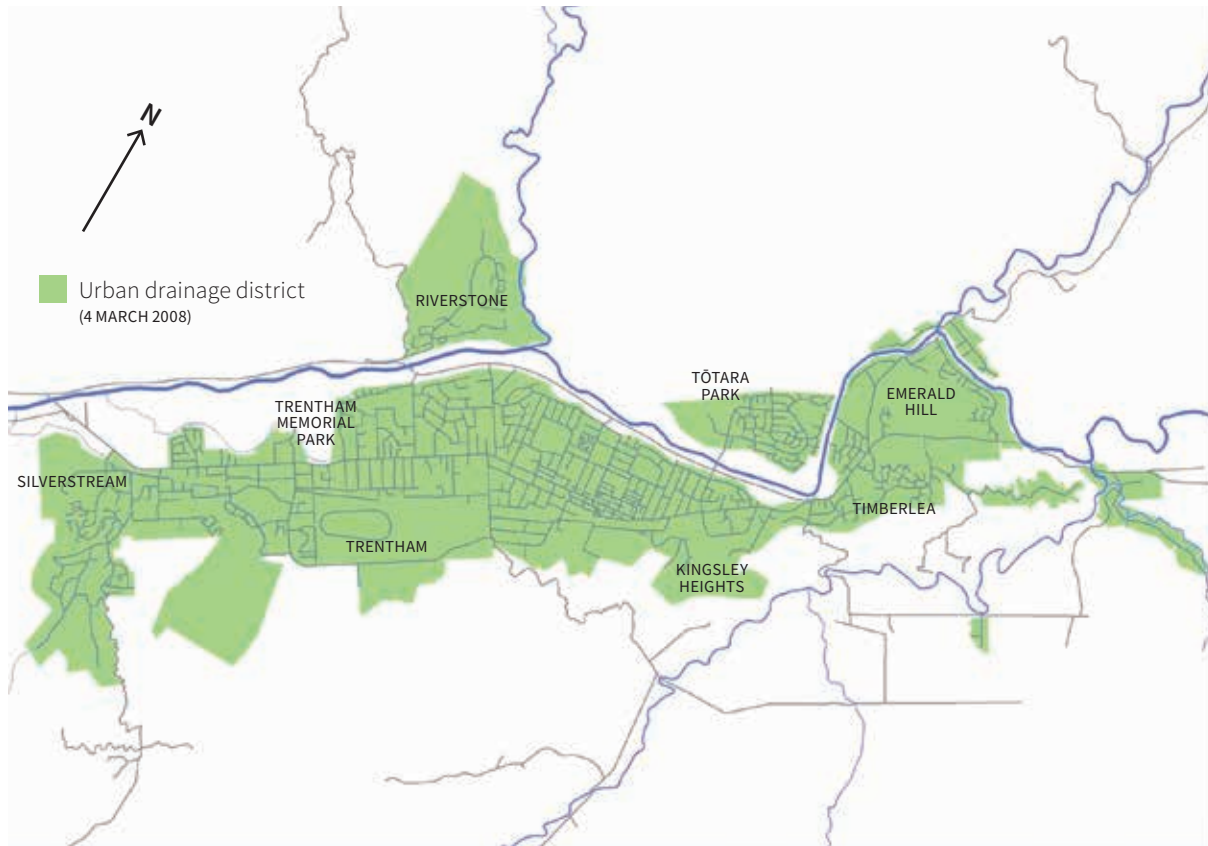
**Not separately used parts of a rating unit:**

- a residential sleep-out or ‘granny flat’ without independent kitchen facilities
- an hotel room with or without independent kitchen facilities
- an motel room with or without independent kitchen facilities
- rooms in a residential dwelling or hostel with common kitchens
- separately leased commercial areas with shared access reception or other facilities

**These are separately used parts of a rating unit**

- flats, apartments and other residential units with independent kitchen facilities
- separately leased commercial access, sanitary or other facilities.

## Upper Hutt urban drainage map used for stormwater rates



# Indicative rates for sample properties (\$)

The following tables include figures outlining indicative rates for 2021 – 2022, for properties in Upper Hutt based on their capital value and rating differential categories (*Standard*, *Business*, and *Rural*). Figures do not include GST or Greater Wellington Regional Council rates.

## STANDARD

Capital value (CV)	350,000	550,000	750,000	950,000	1,150,000
General rate	851	1,338	1,824	2,310	2,797
Water—uniform charge <sup>17</sup>	326	326	326	326	326
Water—fire protection	68	107	147	186	225
Stormwater	84	133	181	229	278
Wastewater	466	466	466	466	466
<b>Total Indicative rates (UHCC only)</b>	<b>1,796</b>	<b>2,369</b>	<b>2,943</b>	<b>3,517</b>	<b>4,091</b>

## BUSINESS

Capital value (CV)	350,000	550,000	750,000	950,000	1,150,000
General rate	2,469	3,879	5,290	6,700	8,111
Water—uniform charge <sup>17</sup>	326	326	326	326	326
Water—fire protection	68	107	147	186	225
Stormwater	118	186	253	321	389
Wastewater	466	466	466	466	466
<b>Total Indicative rates (UHCC only)</b>	<b>3,447</b>	<b>4,964</b>	<b>6,481</b>	<b>7,999</b>	<b>9,516</b>

## RURAL

Capital value (CV)	350,000	550,000	750,000	950,000	1,150,000
General rate	638	1,003	1,368	1,733	2,098
<b>Total Indicative rates (UHCC only)</b>	<b>638</b>	<b>1,003</b>	<b>1,368</b>	<b>1,733</b>	<b>2,098</b>

17. Water—uniform charge figures are based on the existence of only one water connection and one pan charge per property.

# Statement of responsibility

The Council and management of Upper Hutt City Council accept responsibility for the preparation of the Long Term Plan (LTP) prospective financial statements and the judgements used in them.

The Council and management of Upper Hutt City Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of prospective financial reporting presented in the LTP, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The LTP does not include any actual financial results for years prior to the periods covered by the LTP 2021 – 2031.

It is not intended that the LTP will be updated unless there is a significant event, such as the Local Government Three Waters Reform programme, which fundamentally impacts the LTP.

This LTP, including the prospective financial statements, is authorised for issue by Upper Hutt City Council on 29 June 2021.

# Section D

## NGĀ WHAKAPAE ME NGĀ KAUPAPA HERE ASSUMPTIONS AND POLICIES

This section includes policies that have guided our planning and decision-making as we developed this Long Term Plan.



- 226 Significant forecasting assumptions
- 238 Revenue and Financing Policy
- 265 Significance and Engagement Policy
- 277 Policy statement on CCOs

# Significant forecasting assumptions

## Introduction

In developing this Long Term Plan (LTP), Council considered the global, national, and local context that we operate in. This resulted in significant assumptions that set out the context on which we based our planning and levels of service for 2021 – 2031.

These assumptions are based on the best information available at the time of developing this LTP. Wherever possible, we will use the most up-to-date information relating to any relevant factors noted in these assumptions to inform decision making. This includes using the Annual Plan process in years between Long Term Plans to revisit any substantial changes to the assumptions if required.

Significant assumptions forecast for the 2021 – 2031 period are summarised in the following table and discussed in more detail in the pages that follow. The level of uncertainty for each assumption is noted, and where there is high uncertainty, comment is made on the potential effects in terms of financial risk resulting from this uncertainty on the LTP.

The main contributions of risk are identified as arising from the impacts of COVID-19, climate change and natural hazards, and Central Government changes to legislation and policy which could impact the role of, and costs to, Local Government.

ASSUMPTION		LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Global impact	① The impacts of COVID-19 will be felt for at least the next three years including in Upper Hutt	Medium	Medium
	② The impact of climate change and natural hazards could be felt over the Long Term Plan period	Medium	Medium
	③ The impact of technological change or disruption will not adversely affect Council's ability to deliver services	Low	Low
National impact	④ Three water assets will remain under the control of Council for the next 10 years	High	High
	⑤ Central Government changes to policy and or legislative change [examples: Climate Change response, Local Government reform, Resource Management Act (RMA) reform] will have an impact on Local Government's role, income, and/or expenditure	Medium	Medium-high

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
⑥ Population growth in Upper Hutt will increase over the next 10 years	Low	Medium
⑦ The impact of societal changes and population structure have been adequately planned for in the financial estimates	Low	Low
⑧ The annual return on investments will remain at or around current values  (The OCR remains at 0.25% for now, but may reduce further or stay the same. Therefore, we cannot assume that we will receive any significant interest income on investments for at least the first few years of the LTP funds)	Medium	Low
⑨ Depreciation will not affect our rate funding requirement forecasts  (Because Upper Hutt City Council does not fund depreciation)	Low	Low
⑩ Council will be able to obtain a credit rating of at least A	Low	High
⑪ Funding will be readily available through the Local Government Funding Agency (LGFA)  (Central Government are using monetary policy including large scale asset purchases to ensure that funding is accessible)	Low	Low
⑫ Waka Kotahi NZ Transport Agency financial assistance rates will continue as set out by Waka Kotahi NZ Transport Agency for the next three years	Low	Low
⑬ The average debt interest rates for the next ten years will be 3% as projected by PwC	Medium	Medium
⑭ Inflation will occur as estimated in the BERL 2020 report for Local Government sector for the years ending June 2020 to June 2030	Medium	Medium
⑮ The Capex programme planned for the 10 years 2021 – 2031 will be delivered as forecast	Low-medium	Medium-High

## 1 COVID-19

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The impacts of COVID-19 will be felt for at least the next three years including in Upper Hutt	Medium	Medium

The COVID-19 global pandemic caused worldwide social and economic disruption on a scale that has not been experienced in over one hundred years.

It is assumed that New Zealand could continue to have clusters of COVID-19 outbreaks until such time as sufficient population immunity in New Zealand and in the global population is achieved.

Council expects that the immediate and emerging impacts of COVID-19 on social, economic, cultural, and environmental wellbeing will be felt for at least the next three years and that these impacts must be considered across all of Council's planning and investment decisions in the short to medium term.

A coordinated multi-agency approach is required to ensure the resources of Council and other agencies are used wisely and are targeted to areas of most need. Community participation and transparency of decision-making processes will be particularly important during the next 10 years.

Council will continue to participate in local, regional, and national COVID-19 recovery focused governance and joint working groups to ensure the most appropriate response and supports are used to support recovery and build resilience in our community.

## 2 Climate change and natural hazards

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
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The impact of climate change and natural hazards could be felt over the LTP period

Medium

Medium

Upper Hutt will experience the impacts of climate change through increased temperatures, decreased rainfall, extreme weather events,<sup>1</sup> population increase, increased indigenous biodiversity management costs, and an increased likelihood of flood events.<sup>2</sup> Social and economic impacts are also likely to be experienced in the longer term, for example: community cohesion and wellbeing issues from the displacement of individuals and families; exacerbating inequalities in the community; potential potable water shortages; growing population base due to the retreat away from coastal areas; and financial implications around insurance and disaster relief expenditure.

The community has a growing expectation that Council will engage and deliver on initiatives relating to climate change and sustainability. We will monitor impacts arising from climate change to ensure that we are planning flexibly enough to be able to adapt our plans to meet emerging needs as appropriate. Further work to determine what climate change means for Upper Hutt and the actions that will be needed at the local level is required. This must be undertaken in collaboration with, and in some circumstances led by, local communities.

New Zealand has declared a climate emergency and committed to being carbon neutral by 2050. Council adopted a Sustainability Strategy in 2020

with a key target to be a carbon neutral organisation by 2035. To reduce uncertainty and the impact of climate change we will deliver a Council Corporate Emissions Reduction and Mitigation Plan to ensure the carbon neutral goal is achieved, a Climate change risk profile for Upper Hutt for the next 50 to 100 years, and a Climate Change Mitigation and Adaptation Plan.

Floods, earthquakes, fire, and erosion remain a significant natural hazard risk<sup>3</sup> for Upper Hutt and our emergency management response is a statutory requirement under the Civil Defence Emergency Management Act 2002.

The frequency and magnitude of extreme weather events are anticipated to increase over time, and there is a risk of increased closures on transport networks in low lying or slip prone areas. Building resilience into infrastructure has been factored in, resulting in increases to both infrastructure renewals and capital costs.

We will continue to set priorities and apply consistent risk reduction approaches to reduce risk from climate change and natural hazards. We will monitor climate change, natural hazard, and emergency management related regulatory settings to adjust operations and policy throughout the LTP period.

1. Ministry for the Environment. Our atmosphere and climate 2020. Retrieved on 1 January 2021 from [mfe.govt.nz/publications/environmental-reporting/our-atmosphere-and-climate-2020/message-readers](https://mfe.govt.nz/publications/environmental-reporting/our-atmosphere-and-climate-2020/message-readers)
2. Upper Hutt City Council. Rautaki Whakauka Sustainability Strategy 2020
3. Greater Wellington Regional Council (May 2019). Wellington Region Natural Hazards Management Strategy.

## 3 Technological change

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The impact of technological change or disruption will not adversely affect Council's ability to deliver services	Low	Low
Our world is becoming increasingly digital, thus reshaping the economy of the city, the expectations of our community, and the way Council engages with, understands, and performs its role in the city. Knowledge and a willingness to embrace technology over the next 10 years will be critical.		Technological change could either enhance or disrupt Local Government function, it is the nature of technology that some of the downstream effects of innovation can be unexpected, and this uncertainty is where the potential risk lies.
COVID-19 has accelerated changes around virtual working and collaboration which may lead to ongoing changes in how people live, work, and engage in their communities. The 'digital divide' between those who have access to digital technology and those that do not may increase. These changes will drive transformation in the provision of, and need for, our services.		Few occupations will be automated in the short to medium term but activities within occupations are expected to transform more over time, at all skill levels. New technologies may dislocate some existing employees. Investment in retraining, upskilling, and recruitment to support people detrimentally affected by technological innovation will be required.
Technological change has the power to transform the nature of our work. By having an awareness of the opportunity and challenges that technology brings, we will use technological advancements to provide better, more efficient, tailored, services to the community while maintaining security and privacy. Through deepening digital interactions, we can create evidence bases to support continuous improvement.		Predicting future technological trends is highly uncertain and as such we make no specific assumptions about long term technological innovation or take up. We will observe technological change to ensure that we are planning flexibly enough to be able to adapt our plans to meet changing needs as appropriate. We will monitor technological innovation and related regulatory settings to adjust operations and policy over the next 10 years.

229

## 4 Three waters reform

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Three water assets will remain under the control of Council for the next 10 years	High	High
Central Government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater, and stormwater (three waters) to better support New Zealand's prosperity, health, safety, and environment. The creation of Taumata Arowai—the Water Services Regulator, will provide		oversight and enforcement of a new drinking water regulatory framework with an additional oversight role for wastewater and stormwater networks.
		Most three waters assets are owned and delivered by local councils. The here consider broader



questions about the effectiveness of the regulatory regime of the three waters, and the capability and sustainability of water service providers.

Levels of service for three waters may be standardised regionally or nationally. Three waters reform could result in significant resource, programming, and financial implications for Council.

The impacts of the three waters reform have a high level of uncertainty because at the time of writing this LTP, there is insufficient detail about how Central Government intends to progress. Although it has been clearly stated that the idea is reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term. Therefore it's likely that Council owned assets will be transferred to another entity. If this transpired, it will have a significant effect on the total asset value of Council. It is anticipated that if assets are removed from our control then some debt associated with those assets will also be transferred, however at this early stage it is not clear what proportion of debt will be transferred and the method for calculating the apportionment.

We received \$4.7 M funding post-COVID-19 stimulus from Central Government to maintain and improve water networks infrastructure and to support a three-year programme of reform of Local Government water services delivery arrangements. The reform programme is designed to support economic recovery post COVID-19. It aims to address persistent systemic issues facing the three waters sector, through stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance.

For the purposes of the preparation of this LTP, we have decided to assume that the three waters assets will remain in our control and our asset management plans and debt forecasts have been calculated on this assumption. This is believed to be the most prudent approach at this stage because even if assets are transferred, the costs of maintaining them will still fall on the community in some form; it is important to be clear about those ongoing costs. The main risk is that a lesser proportion of debt is transferred than we think is associated with the water assets, and therefore ratepayers will be required to contribute towards debt servicing for assets that are not controlled by Council.

## 5 Central Government changes to policy or legislation

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Central Government changes to policy and or legislative change [examples: Climate Change response, Local Government reform, Resource Management Act (RMA) reform] will have an impact on Local Government's role, income, and/or expenditure	Medium	Medium
Central Government's adoption of a wellbeing approach in 2019 amended the purpose of Local Government <sup>4</sup> to focus on the current and future wellbeing of communities which requires Councils to promote environmental wellbeing of communities in the present and for the future.		The Ministry for the Environment is undertaking a comprehensive review of the Resource Management Act 1991, indicating a period of fundamental change to the legislative environment. The new framework is intended to be released in 2021 as a draft and is anticipated to become legislation in 2022. Updated national direction for Urban Development and

4. Section 10, Local Government Act 2002 as amended by the Local Government (Community Wellbeing) Amendment Act 2019

Freshwater Management gazetted in 2020 will impact on development capacity, and new national direction for Indigenous Biodiversity and Highly Productive Land is projected to be in place in 2021.

At the local level, Greater Wellington Regional Council's proposed Natural Resources Plan is close to operative.

Significant changes to policy or legislation on climate change response and the RMA, will significantly impact the policy and regulatory environment in which Council operates and could result in significant resource and financial implications for Council over the next 10 years.

In April 2021 the Minister of Local Government announced a review into the 'Future for Local Government'. Broad and cumulative changes are

being progressed as part of the Government's reform agenda and the purpose of this review (as per Central Government) is to identify how our system of local democracy and governance needs to evolve over the next 30 years in response, to improve the wellbeing of New Zealand communities and the environment, and actively embody the Treaty partnership. The review will take place from April 2021 – 30 April 2023, the first milestone for which is to develop an interim report to be presented to the Minister signalling the probable direction of the review and key next steps. This is to be completed by 30 September 2021.

Given that the review is in its very early stages, we have not factored any matters that could result from the review in this LTP. It is noted in this LTP because it could potentially have a significant impact on the activities, services and funding of Councils.

## 6 Population growth

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Population growth in Upper Hutt will increase over the next 10 years	Medium	Medium

We have used the November 2019 Wellington Housing and Business Development Capacity Assessment (HBA) as the most up-to-date population growth projection for our planning assumptions. The HBA projects that Upper Hutt could expect to see population growth of 9,000 to 12,800 people between 2017 and 2047. Upper Hutt's current population base of 43,980 people, coupled with higher than expected demand for housing, indicates that growth at the high end of the range is the most likely scenario.

In April 2021, Sense Partners have prepared a report called "Demographic and dwelling forecasts for the Wellington region". This report will be used to inform the next HBA which is expected to be issued in the latter part of 2021. The report by Sense Partners indicates that there is expected to be strong population growth over the next 30 years in Greater Wellington, and in Upper Hutt specifically, we can expect to see growth of 2.1% annually between 2018

and 2028. This is considerably higher than the 2019 projection. Upper Hutt's growth rate is set to be one of the highest in the region, with the population forecast to increase by over 25,000 (55%) over 30 years, highlighting the significance of long-term housing sufficiency. Population and demographic information can be found on Council's People+Places website: [peopleandplaces.nz/upper-hutt](https://peopleandplaces.nz/upper-hutt).

At the time of preparing this LTP, the latest information is not confirmed and the review of the HBA yet to be completed (expected by the latter half of 2021 year). Council has discussed this and considers that the new and increased growth forecast is prudent to bear in mind. However, Council is assured that at this point, our planning and response to growth is adequately catered for within this LTP for the short to medium term and does not require changes as a result of the new growth information becoming available.

In terms of the rating database, Council has estimated that the growth in the rating base will be 1.5% per year for the next 10 years. This is based on historical trend (last 5 years) as well as our growth and housing forecasts. Consenting and building activity also support this assumption.

We will continue to monitor population growth to ensure that we are planning flexibly enough to be able to adapt our plans to meet population growth needs as appropriate. Along with this, we are a partner in the Wellington Regional Growth Framework, Regional Spatial Planning developed

by Local Government, Central Government and iwi partners in the Wellington-Wairarapa-Horowhenua region to provide an agreed regional direction for growth and investment and to delivery on the Urban Growth Agenda objectives of the Government. The framework can be viewed on the Wellington Regional Growth Framework website ([wrgf.co.nz](http://wrgf.co.nz)).

Information in the HBA related to population, household and dwelling forecasts for the city and each neighbourhood is considered to remain current post COVID-19. The HBA can be viewed on our website: [upperhuttcity.com](http://upperhuttcity.com).

## 7 Societal change factors

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The impact of societal changes and population structure have been adequately planned for in the financial estimates	Low	Low
<p>The median age of Upper Hutt's population is 39.1 years (slightly higher than the national median of 37.4 years).<sup>5</sup> Approximately 25% of the population is under 20 years old and 15% is 65 years or over. This is similar to the demographic composition of New Zealand. Upper Hutt's population of those aged 65 or over grew approximately 13% between 2013 and 2018, this growth is predicted to continue.<sup>6</sup></p> <p>An increasingly aging population will present with programme and service needs that differ to Upper Hutt's significant rangatahi (youth) population. This could result in moderate resource and financial implications for Council over the next 10 years. It could potentially result in an increased volunteer base and provide intergenerational engagement opportunities contributing toward enhanced social and cultural wellbeing in Upper Hutt's youthful and older populations.</p>		<p>The societal shift towards a more sedentary, high consumption, technology-driven lifestyle presents a growing challenge to the health and wellbeing of Upper Hutt's residents. Hutt Valley's higher than (national) average rates of preventable diseases including cardiovascular diseases<sup>7</sup>, respiratory diseases<sup>8</sup>, psychological distress<sup>9</sup>, and increasing rates of obesity<sup>10</sup> and type-2 diabetes<sup>11</sup> could result in moderate resource and financial implications for Council throughout the Long Term Plan period.</p> <p>Accessible, multi-use, flexible facilities, joint ventures, co-design with communities, and collaboration with other agencies will remain important to ensure we are able to meet the needs of our youth and older populations and better understand and support the health and wellbeing needs of our community over the next 10 years.</p>

5. Stats NZ Tatauranga Aotearoa. Place summaries: Upper Hutt City

6. id. Upper Hutt City Five Year Age Groups. Retrieved on 26 May 2020 from [profile.idnz.co.nz/upper-hutt/five-year-age-groups?BMID=30](http://profile.idnz.co.nz/upper-hutt/five-year-age-groups?BMID=30)

7. Cardiovascular Health – New Zealand Health Survey pooled year data 2014 – 2017

8. Global surveillance, prevention and control of chronic respiratory diseases. World Health Organisation 2007 [who.int/publications/i/item/global-surveillance-prevention-and-control-of-chronic-respiratory-diseases](http://who.int/publications/i/item/global-surveillance-prevention-and-control-of-chronic-respiratory-diseases)

9. New Zealand Health Survey 2018/19

10. Obesity statistics, Ministry of Health [health.govt.nz/nz-health-statistics/health-statistics-and-data-sets/obesity-statistics](http://health.govt.nz/nz-health-statistics/health-statistics-and-data-sets/obesity-statistics)

11. Ministry of Health. Virtual Diabetes Register (VDR)—updated 2017 [health.govt.nz/our-work/diseases-and-conditions/diabetes/about-diabetes/virtual-diabetes-register-vdr](http://health.govt.nz/our-work/diseases-and-conditions/diabetes/about-diabetes/virtual-diabetes-register-vdr)

Upper Hutt is gradually becoming more ethnically diverse as compared to 2013, however it is less ethnically diverse when compared to the New Zealand average. In 2018, 15.7% of the population identified as Māori (6,924, compared with 5,337 in 2013), 8.4% Asian, 5.7% Pacific peoples, 1% Middle Eastern/Latin American/African, 81.2% European, and 1.7% Other ethnicity.<sup>12</sup> To enhance community health and wellbeing outcomes, connectedness, and a sense of belonging, the changing ethnic diversity of our city will need to be reflected in

the community programmes and services that we deliver and support. Planned community services and activities will need to be reviewed for relevance over the period of the LTP.

We consider that societal changes have been adequately catered for in our LTP 2021 – 2031. Any departure from this assumption can be addressed through the Annual Plan and LTP review process.

## 8 Forecast return on investment

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The annual return on investments will remain at or around current values	Medium	Low
Council holds shares in companies for strategic rather than return on investment purposes. We currently hold three investments, none of which are expected to provide any investment income over the life of the LTP.	It could reduce further, or stay the same during the LTP period. We cannot assume that we will receive any significant interest income from term deposits for at least the first few years of the LTP.	
We hold our excess cash on term deposit with several banks in accordance with the Treasury Management Policy. The Official Cash Rate is 0.25%.	Planning for the LTP 2021 – 2031 period assumes that if we do not receive the predicted income from investments this will have an insignificant impact on our ability to deliver on the LTP.	

233

## 9 Depreciation

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Depreciation will not affect our rate funding requirement forecasts	Low	Low
It is assumed that the same rates of depreciation will be applied as were applied in the previous LTP. The amount of depreciation may increase in relation to any revaluation of assets throughout the period of the LTP. This will affect our predicted level of surplus or deficit in the Prospective Statement of Comprehensive Revenue and Expense, however as Council does not rate fund depreciation, it will not impact on the level of funding required from the community.	In order to preserve intergenerational equity, we have chosen to loan fund all capital expenditure and repay the loans over periods in line with the useful lives of the assets. This is an alternative to rate funding depreciation, but it has the same effect in the long term.	

12. Stats NZ Tatauranga Aotearoa 2006 – 2018 Census data

## 10 External credit rating

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Council will be able to obtain a credit rating of at least A	Low	Low
As part of the Financial Strategy, Council needs to borrow more money than is currently permitted under its covenants with the Local Government Funding Authority. In order to increase the debt to revenue ratio limit to 280%, Council will need to obtain a credit rating of at least 'A' from an external credit rating agent.		which positively impacts this credit rating outcome that which Council could pursue .
The likelihood of being able to obtain such a credit rating is high because of the strong credit rating of the local government sector as a whole, which is supported by the strong institutional framework that operates in New Zealand. Additionally, in the Local Government sector there is a high quality of financial management, budgetary performance, access to liquidity, and underlying security structure		In New Zealand there are 32 Councils which have credit ratings that range between AA+ and A+. As well as being able to obtain a higher debt limit with Local Government Funding Agency it also offers the Council a lower interest rate as a reflection of lower risk.
		Whilst the level of uncertainty around this assumption is low, the impact should Council not be able to obtain a credit rating is high, because it would mean Council would not be able to borrow enough to fund its full capital plan.

## 11 Local Government Funding Agency funding

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Funding will be readily available through the Local Government Funding Agency	Low	Low
The Local Government Funding Agency (LGFA) provides more efficient funding costs and diversified funding sources for New Zealand local authorities.		We also assume that funding will be largely unaffected in the case of interest rates becoming negative. This is because there is a natural offset between the margin on interest rate swaps where a fixed rate is paid, and the margin on the floating rate loans which we would receive if the bank rate were to go negative. Taking the swaps and debt into consideration means that we would be neutral from a borrowing cost perspective.
Central Government are using monetary policy including large scale asset purchases to ensure that funding remains accessible by ensuring that there is a ready purchaser of LGFA bonds.		
Council considers that funding will remain readily available throughout this LTP 2021 – 2031. Any departure from this assumption can be addressed through the Annual Plan and LTP review process.		

## 12 Waka Kotahi NZ Transport Agency funding

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Waka Kotahi NZ Transport Agency financial assistance rates will continue as set out by Waka Kotahi NZ Transport Agency for the next three years, but are uncertain beyond that as Government changes priorities	Low	Low
For approved roading activities the financial assistance rate (FAR) we expect to receive from Waka Kotahi NZ Transport Agency over the LTP period is 51%.		for network maintenance activities is likely to come under severe pressure.
Beyond the first three years of the LTP, it is possible that Central Government transport priorities (as signalled by the Government Policy Statement) may change towards public transport, multi modal transport, and active transport. The level of funding		Minor changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme would not materially impact our funding, however, any significant changes could. In such case, it would be resolved through the Annual Plan and LTP review processes.

## 13 Expected interest rates on debt

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The average debt interest rates for the next ten years will be 3.0% as projected by PwC	Medium	Medium
Council utilises PwC to obtain expert treasury management advice. The advice provided is that interest rates are predicted to stay low for a long period of time whilst the world grapples with economic recovery.		Once Council obtains a credit rating, it will be eligible for lower rates of interest on borrowings through the Local Government Funding Agency.
Taking into account Council's debt profile and interest rate hedging requirements as per the Treasury Management Policy, PwC have advised that an interest rate of 3% per annum which includes a buffer for the cost of re-financing is an appropriate 'wholesale' interest rate to use for the LTP period.		All indications are that interest rates will remain low for a prolonged period of time, however there will always be a certain level of uncertainty associated with interest rates, and if they should shift significantly, this will have a material impact on the financial forecasts as there is a significant borrowing programme predicted during the LTP.

# 14 Inflation

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Inflation will occur as estimated in the BERL 2020 report for Local Government sector for the years ending June 2020 to June 2030	Low	Low

Council utilises the Local Government Cost Index (LGCI) as its proxy for inflation. The LGCI is specifically based on inputs to Local Government which often creates a higher cost profile than the Consumer Price Index (CPI). This is because Local Government has a higher proportion of costs associated with construction and infrastructure which rise at a higher rate than standard inflation due to demand on services and the cost of importing materials.

We obtain the LGCI figures from the report entitled “Local Government Cost Adjustor Forecasts” prepared by BERL and dated September 2020. Due to the uncertain impacts of COVID-19 this year’s report contained three scenarios; “Mid-scenario”, “Stalled rebuild scenario” and “Faster rebuild scenario”. As per the explanation in the report, we have chosen the “mid-scenario” which is appropriate for most regions in New Zealand and particularly for Upper Hutt, appropriate for areas with higher public sector employment.

We have used the consolidated LGCI (meaning that it encompasses all areas of Council and both capex and opex) to inflate the forecast numbers. The specific inflation percentages used are:

YEAR	1	2	3	4	5	6	7	8	9	10
LGCI	3.7%	2.9%	2.5%	2.5%	2.6%	2.5%	2.6%	2.7%	2.7%	2.6%

It is relatively hard for the economists to predict how the economy will track in this particular climate, and so these scenarios may not prove to be accurate. Therefore, there is a medium level of uncertainty and a medium level of impact on the LTP forecasts if the actual costs indices turn out to be higher or

lower than predicted. The area of most significant impact will be in the infrastructure/construction space where there are high costs which could escalate further pushing up the price of projects and impacting overall works programmes and borrowing.





## 15 Capex programme

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The Capex programme planned for the 10 years 2021 – 2031 will be delivered as forecast	Low-medium	Medium-high

This Long Term Plan projects a total capital expenditure spend of \$359 M across the 10 years which is an increase from the last LTP particularly in the first 3 years. This covers renewals of infrastructure, replacement of old assets with new, and our bigger projects to increase service levels, such as the Civic Centre and H<sub>2</sub>O Xstream upgrades. There is always an inherent level of risk in delivering a capital programme, particularly one that is substantially increased, however we have taken steps to mitigate risks such as:

- Legacy projects have suffered from lack of scope definition. Future projects are subjected to a more rigorous business case analysis at inception.
- Project budgets and risks are actively monitored and managed.
- Procurement methodology based upon delivering project outcomes in best possible manner are utilised (such as early contractor involvement).
- In 2018, a Project Management Office was established internally at Council consisting of three to four project managers depending on workloads and a programme manager. This was in order to have greater control over the delivery and quality control of major projects. This approach has resulted in the successful delivery of two recent major projects being the Whirinaki Whare Taonga extension, and the Maidstone Max redevelopment.
- As support for the Project Management Office, a new role of Infrastructure and Project Accountant was created in the Finance Team in order to assist with monitoring and reporting from a financial perspective.

There is always some uncertainty with regard to delivering the capital programme set out due to matters that can be beyond Council's control. Council has undertaken a risk assessment based on objective criteria as to the likelihood of Council being able to complete the capital programme as planned. Overall Council has assessed the level of uncertainty as low-medium

In the *Land transport* activity group, Waka Kotahi NZ Transport Agency (Waka Kotahi) funding processes impact on actual delivery timeframes (i.e. some major works programmed being delayed due to Waka Kotahi business case processes). Favourable conditions have resulted in improved performance for the current year to catch up on some deferrals and gives us confidence in our proposed LTP programme (subject to Waka Kotahi funding).

For three waters, there is a consistent gap in Wellington Water's ability to deliver capital works programme in any given year. Our response has been to reduce budgets and programmes to what is considered a more achievable level (based on actuals) and based on assessed risks and priorities.

To ensure that delay in implementation of capital programmes does not unduly impact the ratepayers financially, we have changed the forecasting and financial process to only rate for repayments and interest the year after the project has commenced.



# Revenue and Financing Policy

## 238 Introduction

### Requirements of the LGA

## 239 Policy statement

## 240 Policy development process

## 248 Analysis of activities and funding conclusions

## Introduction

238

Under section 102 of the Local Government Act (2002) (LGA), all local authorities must adopt a Revenue and Financing Policy (RFP).

The RFP provides details of Council's policies for the funding of operating and capital expenditure and provides predictability and certainty about sources and levels of funding available to Council. It clearly and transparently explains the rationale for, and

the process of, selecting various tools to fund each significant activity of Council.

The application of the RFP is reflected in the Funding Impact Statement for a particular financial year. To understand the rating impact of the policy it must be read in conjunction with the Funding Impact Statement.

## Requirements of the LGA

Adopting a RFP is a requirement of the LGA and the LGA outlines the components that must be included in a RFP. As per the LGA the RFP must include the local authority's policies in respect of the funding of

operating expenses and capital expenditure from sources listed. A RFP must also show how the local authority has, in relation to the sources of funding identified, complied with section 101(3).

Section 101(3) states that the funding needs of the local authority must be met from sources determined appropriate by the local authority, following consideration of (for each activity to be funded):

- ① the community outcomes to which the activity primarily contributes
- ② the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals

- ③ the period in or over which those benefits are expected to occur
- ④ the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- ⑤ the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Additionally, the overall impact of any allocation of liability for revenue needs on the community must be considered.

## Policy statement

### Funding of operational expenditure

Where expenditure does not create a new asset for future use, or extend the lifetime or usefulness of an existing asset, it is classed as operating expenditure. Operating expenditure pays for Council's day-to-day operations and services, from maintaining local roads and providing street lighting to looking after parks and issuing building consents and liquor licenses.

Council funds operating expenditure from the following sources:

- General rates
- Targeted rates
- Fees and charges
- Interest and dividends from investments
- Borrowing
- Subsidies and grants
- Other sources including lease income, cash reserves, restricted or special funds, surpluses from previous financial years

Council may choose to not fully fund operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years.

Council has determined the proportion of operating expenditure to be funded from each of the sources above, and the method for apportioning rates and other charges.

### Funding of capital expenditure

Capital expenditure is the spending on creation of a new asset, or extending the lifetime of an existing asset. Capital expenditure can also be incurred to improve the level of service provided by the asset.

Council funds capital expenditure from the following sources:

- General rates
- Targeted rates
- Borrowing
- Proceeds from asset sales

- Development contributions
- Financial contributions
- Grants and subsidies
- Other sources including restricted or special funds, surpluses from previous financial years

Council funds the renewal of assets, and new capital expenditure items from borrowings. Council’s cumulative objective is to maintain a relatively uniform annual cost over time.

Loan funding is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and also to enable the costs of major developments to be borne by those who benefit from the asset. This is known as the ‘intergenerational equity principle’ and means the

costs of maintaining or improving any asset should be recovered from those that benefit over the period the benefits of that expenditure accrue. This is particularly relevant for assets as the assets provide benefits over their entire life which is long term.

## Policy development process

In developing the RFP and determining the appropriate funding sources for each activity, Council considered a range of factors including assessing each activity against the principles laid out in the LGA. The factors considered are described below.

240

## Community outcomes

These are outcomes that a local authority aims to achieve in meeting the current and future needs of its communities and to deliver on the four wellbeings for its communities. The LGA requires Councils to identify the community outcomes (COs) to which each activity contributes when determining funding sources.

For each activity, the RFP lists the outcomes to which the activity primarily contributes. The community outcomes are noted below.



### TAIAO Environment

We’re immersed in natural beauty. We care for and protect our river, our stunning parks, and our natural environment.



### PAPŌRI ME TE AHUREA Social and cultural

We celebrate our whānau, heritage, and culture. We’re a caring, safe, and healthy community.



### ŌHANGA Economy

We’re a city of opportunity. We attract new investment and offer opportunities for people and businesses to prosper. Our city centre is alive, attractive, and vibrant.



### TŪĀPAPA Infrastructure

We have reliable and efficient networks and infrastructure that support our city.

## Distribution of benefits

The LGA requires costs to be allocated in respect to where benefits lie. In assessing the distribution of benefits for each activity, Council considered whether the benefits flowed to the city as a whole (public benefit), to individuals (users or exacerbators), or to identifiable parts of the community (parts of the community or specific group/s within the community like rural or business groups). This is discussed in the activity analysis section.

## Period of benefits (intergenerational equity)

Council must also consider intergenerational equity, the principle that costs of any expenditure should be recovered over the time that the benefits of the expenditure accrue. This principle applies particularly to capital expenditure and results in infrastructural costs being spread more evenly across the life of the asset and the different ratepayers who benefit from it. Intergenerational equity issues arising in relation to capital

expenditure and investments are discussed in the policy statement section of this policy. As operational expenditure is funded annually (except where borrowing is used to fund operational expenditure with a long term benefit) there are no intergenerational equity issues to be considered and therefore the period of benefit is not discussed in the activity analysis section.

## Exacerbator pays

Council must assess the extent to which each activity is undertaken to remedy the negative effects of the actions or inactions of an individual or group. It is important to note that the actions themselves may not be negative or 'bad' but they may have negative effects on the whole community.

This principle is particularly relevant to Council's regulatory functions and other activities taken to mitigate the adverse effects on the environment. The principle suggests that Council should, where practical, recover costs directly from the individual or group that contributes to the deterioration of a situation or to a cost that is a direct result of their actions. This principle is discussed for relevant activities in the activity analysis section.

241

## Costs and benefits

This consideration includes transparency, accountability, and some assessment of the cost efficiency and practicality of funding a particular activity separately.

Transparency and accountability are most evident when an activity is distinctly funded. This allows rate payers, or payers of user charges, to see how much money is being raised for and spent on the activity. However, funding every activity on such a distinct basis would be administratively complex.

Council agreed that the level of activities presented in the activity analysis section of this policy is the best balance between transparency and administrative costs. The merit of identifying and accounting for each activity separately from other activities enables the following:

- ① More transparent disclosure and accountability of projects and funding to the Upper Hutt community.

- ② Greater opportunity for the Upper Hutt community to have input on decisions, proposals, issues, and matters through consultation.
- ③ Identification of how the activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- ④ Improved monitoring of the activity in terms of how well Council is achieving its COs annually.
- ⑤ Identification of costs required to support the activity in terms of time involved planning, monitoring, accounting, reporting and administration.

Council delivers its operations and carries out services under nine groups of activities.



Leadership



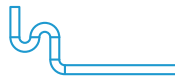
Community and recreation



Economic development



Water supply



Wastewater



Stormwater



Land transport



Sustainability



Planning and regulatory

For the purposes of this RFP, and for the reasons noted above, the nine groups of activities are further broken down into 23 activities/functions.

## Overall impact of the funding mechanisms selected

Following the consideration of the five matters discussed above, the benefits of each activity become apparent. Once this consideration is complete and indicative cost allocations compiled, the final step in Council's process of developing this

policy has been to consolidate the results of the activity analysis and consider the overall impact of any allocation of liability for revenue needs on the community. The impact is assessed on the current and future interests of the community.

## Benefits allocation and funding mechanism

For each activity, Council allocated appropriate funding mechanisms based on where benefit for each activity lies. The benefit and funding mechanism allocation is included in the 'analysis of activities and funding conclusions' section of this policy.

## Use of funding mechanisms

Funding sources available to a local authority are set out in the LGA and the Local Government (Rating) Act 2002 (LGRA). For funding mechanisms used by Council a description of the funding source and how it is applied is provided below.

## GENERAL RATES

The General rate is set under Section 13(2)(a) of the LGRA. It has been used to fund the following activities:

- Leadership
- City planning
- Parks and reserves
- Subsidised land transport
- Environmental health
- H<sub>2</sub>O Xstream
- Non-subsidised land transport
- Liquor licensing
- Library
- Water supply
- Parking enforcement
- Whirinaki Whare Taonga
- Wastewater
- Building control
- Property
- Stormwater
- Animal control
- Akatārawa Cemetery
- Sustainability
- Community services
- Economic development
- Waste
- Emergency management

General rates are calculated on the capital value of all rateable properties in the city and assessed on a differential basis.

Council agreed that for activities where a city benefit was identified, funding for that benefit through a differential general rate would be the most efficient, equitable and transparent method. The general rate is an appropriate funding source for a city-wide benefit. The differential categories for the general rate are discussed in the following section. This reasoning has not been repeated throughout the rest of the policy unless Council has made an exception to it for an activity.

Under differential rating, all land (which may be a rating unit or part of a rating unit) is allocated to one or more of the following categories.<sup>13</sup>

### Residential or Standard

A rating unit or part rating unit will be allocated to the *Standard* category to the extent that it does not meet all of the criteria for inclusion in any other category.

### Residential High Value

A rating unit or part rating unit will be allocated to the *Residential High Value* category for rating purposes if it contains a single dwelling only and has a capital value of \$1,200,000 or more and:

- is situated in a residential zone; or
- is situated in any other zone, and has an area of less than 30 ha and is being used, principally, for a residential activity.
- is situated in a rural zone and has an area of less than 30 ha; or

13. Differential categories have changed from the previous RFP. *Rural High Value* is removed, the scale is removed from *Residential High Value* and a new category, *Corrections Facility*, is introduced.

## Business

A rating unit or part rating unit in the Business zone or in the Special Activities zone will be allocated to the *Business* category for rating purposes, unless:

- it has been allocated to the *Utilities* category; or
- it has been allocated to the *Standard* category (or the *Residential High Value* category) because it is being used, principally, as a single residential dwelling (used principally for private residential purposes).

A rating unit or part rating unit will be allocated to the *Business* category for rating purposes if it is situated in a residential, rural or open space zone and has not been allocated to the *Utilities* category but is being used, principally, for a business activity.

- Where the business activity is the principal activity on a rating unit, the whole rating unit will be allocated to the *Business* category.
- Where the business activity is **not** the principal activity on a rating unit, but takes place in a physically discrete part of the rating unit, that part will be allocated to the *Business* category.

For the purposes of this definition:

The following **are not** business activities:

- farming activities
- intensive animal farming
- forestry
- Wellington Racing Club

The following **are** business activities:

- commercial sawmills and timber yards
- farm products processing plants
- retail nurseries and garden centres
- veterinary hospitals and clinics

## Utilities

Regardless of zoning and notwithstanding that it may meet the requirements for inclusion in another category, a rating unit or part rating unit will be allocated to the *Utilities* category for rating purposes to the extent that:

- it is owned or operated by a utility operator and is being used, principally, as part of the utility infrastructure; and
- it is identified as a utility in the Upper Hutt City District Valuation Roll.

### Three Waters Utility

A rating unit or part rating unit will be allocated to the *Three Waters Utility* category for rating purposes to the extent that it:

- Meets the criteria in Utilities above, and
- It is used solely for the purpose of:
  - Draining stormwater, or
  - Draining wastewater from Upper Hutt City and its district into the bulk sewer line, or
  - Supplying potable water to Upper Hutt City and its district, but not used to carry water directly from the reservoirs owned by Greater Wellington Regional Council.

### Rural

A rating unit or part rating unit will be allocated to the *Rural* category for rating purposes to the extent that:

- it is situated in a rural zone; and
- has an area of 30 ha or more.

If Council is satisfied that:

- the same ratepayer is recorded as owner of more than one rating unit; and
- are being used as one property principally for a farming activity; and
- all the rating units are situated in a rural zone; and
- the rating units have a combined total area of 30 ha or more.

—then the rating units will all be allocated to this category for rating purposes.

### Corrections Facility

A rating unit will be allocated to this category if it is used primarily by the Department of Corrections for the housing of inmates under their care.

These categories are based on the use the land is put to and are defined as above.

All categories are allocated a differential based on a factor of 100 for the *Standard* differential category. The factors for each differential will be defined annually in the Funding Impact Statement of the Annual Plan for that financial year. However, more generally:

- Where different parts of a rating unit fall into different categories, the rating unit will be apportioned accordingly.



- Using *Standard* as a base:
- The *Rural* category’s rating differential will be set lower.
- *Business, Utilities, and Corrections Facility* rating differential will be higher.
- *Residential High Value* differential will be set lower.

The *Rural* category’s rating differential will be set lower than the *Standard* category’s differential because of the perceived distance of land in this category from Council services. Activities identified by Council as benefiting *Rural* less include Animal Control, Liquor Licensing, Environmental Health, Parking Enforcement, and Parks and Reserves.

The *Business, Utilities, and Corrections Facility* differentials will be set higher than the *Standard* category in consideration of the benefits of Council services derived by these categories and that the overall benefits of well maintained Council services and facilities and a thriving community on these categories is high. There are also services such as Parking Enforcement and Economic Development which accrue additional benefits to the *Business* category.

The *Residential High Value* differential is set lower than the *Standard* category to prevent properties in these categories from assuming a disproportionate rates burden. Council agrees there should be a limit to how much of the general rate burden is borne by the higher residential properties as the benefit of Council activities does not increase equally with house value.

## TARGETED RATES

A targeted rate is set under sections 16 or 19 of the LGRA and has been used to fund the activities Water Supply, Wastewater, and Stormwater.

A targeted rate is used according to the RFP when Council considers a targeted rate would enable a higher transparency in funding allocation for an activity, or Council considers that a targeted rate is fairer due to specific benefit groups/categories being able to be identified.

From time-to-time it is necessary for Council to provide activities, services or facilities that only, or primarily, benefit specific ratepayers or small groups of ratepayers. Therefore, Council may set a targeted rate to provide such activities, services or facilities. Targeted rates will be assessed against the rating units owned by the ratepayers who are to benefit.

## FEES AND CHARGES

Fees and charges will be used where the level of benefit can be isolated to specific users or beneficiary or exacerbators of the service/activity can be distinctly identified. User fees represent the fairest method to seek a contribution from identified beneficiaries/exacerbators.

The RFP includes the percentage of fees and charges Council aspires to collect for the relevant activity. The percentage is decided giving due consideration to the affordability of those fees. The actual fees and charges collected by Council will vary depending on a number of external factors.

## INTEREST AND DIVIDENDS FROM INVESTMENTS

Council receives limited interest from cash investments. Any interest received can be used to offset the rate required in the year received. Any dividends received can also be used to offset rates.

## BORROWING

Council uses borrowing for capital expenditure. Council may use borrowing for operational expenses where the expense contributes to a longer term outcome. Borrowing is managed by the provisions of Council's Treasury Risk Management Policy (TRMP). Funding mechanisms to fund capital development are set out within the TRMP.

Council may be obliged to utilise overdraft facilities and/or loan funding in order to carry out essential repairs and restore core services and operations in the event of a major civil emergency.

## PROCEEDS FROM ASSET SALES

Funds from asset sales are applied first to offset borrowing in the relevant activity from which the asset was sold and secondly for repayment of existing term debt.

## DEVELOPMENT CONTRIBUTIONS AND FINANCIAL CONTRIBUTIONS

Development contributions are to be used as a funding source for capital expenditure resulting from growth for community facilities, in accordance with Council's Development Contributions Policy.

Council will continue to use Resource Management Act (RMA) based financial contributions in some circumstances.

247

## SUBSIDIES AND GRANTS

Each year Council receives funding from Waka Kotahi NZ Transport Agency as part of the overall replacement and renewal programme for the city's roading infrastructure.

Council pursues other subsidy and grant funding available from Central Government wherever it is considered appropriate.

## OTHER

Other funding sources used include lease income, cash reserves, surplus from previous financial periods and special/restricted funds.

### Use of surpluses from previous financial periods

Where Council has recorded an actual surplus in one financial period it may pass this benefit to ratepayers in a subsequent period. A surplus may arise from the recognition of additional income or through savings in expenditure.

For capital surpluses, the amount retained will be carried forward to fund the associated capital expenditure. For operational surpluses, the amount retained will go to an operational reserve to offset rates in future periods.

### Funding of expenditure from restricted or special funds

Certain operating and capital expenditure items may be funded from restricted or special funds. Restricted and special funds are those reserves within Council’s equity that are subject to special conditions of use, whether under statute or accepted as binding by Council, and that may not be revised without reference to the courts or a third party. Transfers may be made only for specified purposes or when specified conditions are met.

The following restricted and special funds are available for use by Council:

- Trusts and bequests.** From time to time Council may be the recipient/holder of trusts monies and/or bequests. These funds can only be used for the express purposes for which they were provided to Council.
- Other reserves.** Restricted funds are also included in other reserves, funds, renewals and contingency accounts. Subject to meeting any specified conditions associated with these reserves Council may expend money, of an operating or capital nature, from these reserves.

### DEFINITION OF SUIP

SUIP is an acronym for ‘separately used or inhabited part’ of a rating unit. For the purposes of the RFP, the definition of SUIP is set out in Council’s Funding Impact Statement (see page 221).

# Analysis of activities and funding conclusions

The table below summarises how the operating expenditure associated with each of Council’s activities are funded through applying the requirements of section 101(3) of the LGA with more detail following. More explanation for each activity group can be found in Section B—*Groups of activities*.

ACTIVITY	FUNDING SOURCES			
	GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
Leadership	100%	0%	0%	0%
Subsidised land transport	49%	0%	0%	51%
Non-subsidised land transport	95%	0%	5%	0%
Water supply	0%	80%	20%	0%
Wastewater	0%	90%	10%	0%
Stormwater	0%	100%	0%	0%
Sustainability	100%	0%	0%	0%
Waste	70%	0%	0%	30%
City planning	60%	0%	40%	0%
Environmental health	70%	0%	30%	0%
Liquor licensing	30%	0%	70%	0%
Parking enforcement	20%	0%	80%	0%

ACTIVITY	FUNDING SOURCES			
	GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
Building control	25%	0%	75%	0%
Animal control	20%	0%	80%	0%
Community services	90%	0%	0%	10%
Emergency management	100%	0%	0%	0%
Parks and reserves	80%	0%	20%	0%
H <sub>2</sub> O Xtream	55%	0%	45%	0%
Library	85%	0%	15%	0%
Whirinaki Whare Taonga	100%	0%	0%	0%
Property	80%	0%	20%	0%
Akatārawa Cemetery	20%	0%	80%	0%
Economic development	100%	0%	0%	0%

Special funds can be used to fund up to 100% of projects (this is not repeated throughout the individual activity analysis).

## Leadership

### COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy

### DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The activity is completely for public good and for the benefit of all of Upper Hutt City. Benefits of effective strategy, policy development, good governance and representation, and the monitoring of Council activities and performance is of benefit to the entire city.

### FUNDING MECHANISMS OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

The most appropriate method of funding for this activity is 100% general rate. There is no scope for user fees nor a mechanism to fund for the national/regional benefit of the activity.

# Subsidised land transport<sup>14</sup>

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



TŪĀPAPA  
Infrastructure

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The city’s land transport network is part of the national and regional transport network. Efficient and sustainable development of the network within the city contributes to the economic and social wellbeing of the entire nation as it is used by travellers, goods transporters, and others who may not live in the city.

All residents and properties within the city can be identified as direct beneficiaries of the service as provision of roads enables access and transport to people and organisations within the city. The wellbeing benefits of maintaining efficient transport facilities accrue to all residents in one way or another and it is a public benefit.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
49%	0%	0%	51%

National benefit is funded through Waka Kotahi NZ Transport Agency subsidy, Council resolved that the city-wide benefit (public benefit) would be most efficiently and transparently funded through the general rate.

250

# Non-subsidised land transport<sup>14, 15</sup>

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



TŪĀPAPA  
Infrastructure

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Maintenance of transport services to provide for convenience and pedestrian safety has a city wide benefit in that all residents use or visit the urban centre. Users of particular services gain immediate benefits while using the service e.g. parking, but the service is generally available to the public. Other users/applicants are those requiring Corridor Access Requests to carry out public road works in Upper Hutt.

14. This is a change from the previous RFP. Land transport has been split into Subsidised land transport and Non-subsidised land transport.

15. The funding allocation for Non-subsidised land transport has also changed.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
95%	0%	5%	0%

Council resolved the most transparent and efficient manner to fund the activity is through the general rate and a small proportion of fees and charges for where specific user benefits accrue (like corridor access requests).

## Water supply

### COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy



TŪĀPAPA  
Infrastructure

### DISTRIBUTION OF BENEFITS OF THE ACTIVITY

All residents and properties connected to or able to connect to the supply system have been assessed as a direct beneficiary of the service (specific group).

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
0%	80%	20%	0%

As the majority of the benefit of the Water Supply activity is to those who are connected to or are able to connect to the reticulated water supply, Council resolved that about 80% of the total cost of the activity should be through two targeted rates applied to these properties (including all SUIPs):

- 20% for fire protection purposes, set per dollar on a capital value basis.
- Around 60% for the general water supply service, through a uniform annual charge.

The targeted rates apply to 'serviced properties' connected to the water supply. If the rating unit can be, but is not supplied with water and is situated within 100 metres of any part of the water works, it is deemed a 'serviceable property' and 50% of the full charges will be made.

The remaining revenue required to provide the general water supply, is through user charge, based on the quantity of water used, as calculated by water meters installed on the properties concerned and authorised by the Water Supply Bylaw, and specified in the Schedule of Fees and Charges.

# Wastewater

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



TŪĀPAPA  
Infrastructure

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Sewer collection and treatment reduces the possibility of health problems such as the spread of communicable diseases resulting from open sewer or inadequate septic tank facilities, the benefits of which can be attributed to the community as a whole. Inadequate sewer disposal facilities can also detract from the aesthetic nature of the community and impact on receiving waterways. Community

benefit can vary depending on demand. High users include premises with multiple pans.

Individual users connected to or able to connect to the reticulated system can be identified as direct beneficiaries of the service as well as those needing to dispose of trade waste.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
0%	90%	10%	0%
Council resolved the most efficient, transparent, and effective manner for funding this activity is mostly through a targeted rate, by way of uniform annual charge, set on each water closet (pan) or urinal connected to a public sewage drain. The charge will be assessed on a scale of charges in accordance with the number of water closets (pans) or urinals at present on each property (including all SUIP).		Council will assess schools on a formula basis, outlined in Council’s Funding Impact Statement.	
		Each residential property and SUIPs are deemed to have one pan or urinal per SUIP, such that only one charge will be made per property or SUIP, irrespective of the number of pans or urinals.	
A charge will be set for the first pan or urinal and for every second pan or urinal thereafter. In addition,		10% of the Wastewater activity is funded through fees and charges (trade waste charges, levied at businesses).	

# Stormwater

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



TŪĀPAPA  
Infrastructure

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Properties and SUIPs identified as benefiting from the Stormwater activity are those within the Upper Hutt Urban Drainage District (the details of which are contained in the Funding Impact Statement for the financial year) and the public in general. Stormwater activity offers both immediate benefits for those connected to the system as well as ongoing benefits for the wider community in terms of reduced flooding and protection of other property through flooding. Properties in built up areas tend to either directly access the stormwater system or put pressure on the system due to their proximity to the system. Urbanisation results in the

establishment of significant impervious surfaces such as rooves, roads, and other hard surfaces that cover the land. These surfaces prevent rainfall from soaking into the ground and cause impacts related to the increased stormwater runoff from those surfaces. Impervious surfaces also convey contaminants into the stormwater network.

City-wide benefits arising from the Stormwater activity include general public health benefits and roads remaining passable during times of heavy rain and flooding.

253

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
0%	100%	0%	0%
Council resolved that the most effective, equitable, and transparent method to fund the Stormwater activity is through a targeted rate.		A differential is applied to the targeted rate where 'Business' properties are set higher than other properties in consideration of the higher benefit derived by businesses of the stormwater network.	
The targeted rate is to be levied on capital value for all rating units within the Upper Hutt Urban Drainage District (see pages 218 – 222).			



# Sustainability<sup>16</sup>

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural



TŪĀPAPA  
Infrastructure

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Achieving a more sustainable community benefits the entire city of Upper Hutt as well as the country.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

There is no funding available at the national level for this activity. Given the benefit of this activity to all residents, Council resolved to fund sustainability fully through the general rate. Council will seek to obtain grants where possible.

# Waste<sup>16</sup>

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural



TŪĀPAPA  
Infrastructure

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Provision of services provide benefit to the entire city as well as individual users derived from access to the landfill and the community recycling station, and in maintaining public health standards. All residents of the city benefit from general advice and education provided as part of this activity and in having a clean, litter free environment.

Effective waste management provides not only environmental, but economic benefits as well, that accrue to the nation as a whole. Effective and appropriate disposal of solid waste helps protect public health and the environment for all New Zealanders.

16. This is a change from the previous RFP. Sustainability has been split into Sustainability and Waste.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
70%	0%	0%	30%

Since all residents benefit from provision of this service, Council resolved a combination of general rate and the Waste Levy to be the most efficient, effective, and transparent funding mechanism available to this allocation.

## City planning<sup>17</sup>

### COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural

### DISTRIBUTION OF BENEFITS OF THE ACTIVITY

There is a city-wide benefit to District Plan administration through ensuring that the sustainable management of physical and natural resources are developed in a planned and organised way. Sustainable land use and growth planning seeks to uphold and protect outcomes that are important to the entire city. Every resident and ratepayer in the city has the opportunity to be involved in Council's planning processes.

Individuals and specific groups benefit from specific information or resource consents, which enables them to carry out certain developments.

255

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
60%	0%	40%	0%

Council resolved the most efficient, effective and transparent funding of this activity is to have the city-wide benefit funded through the general rate and the user benefit funded through fees and charges.

17. Funding allocation for this activity has changed from the previous RFP.

# Environmental health<sup>18</sup>

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Environmental health delivers city-wide benefits by ensuring minimum health standards, such as premises being licensed and safe, healthy and hygienic for the public to use, and providing advice and education. Noise control services also contribute to healthy living.

Individuals and organisations applying for a licence to operate under specific regulations are the direct beneficiaries of this service. There is also a cost involved in responding to the actions of offenders. This includes investigating complaints, non-compliance with licenses and regulations, and prosecution of offenders.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
70%	0%	30%	0%

Council resolved fees and charges should cover 30% of the funding for this activity. Some of the user/applicant benefit is funded through the general rate as not all costs are able to be recovered through fees and charges.

# Liquor licensing<sup>19</sup>

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Council acknowledge there is some city wide benefit through ensuring licences are complied with, sellers of alcohol have certain qualifications etc, which contributes towards public safety and well-being. General advice and education is also provided. The majority of the benefit of this activity is to those requiring liquor licensing. A small exacerbator cost exists through responding to actions of offenders such as through investigating complaints, non-compliance with licences and regulations and prosecution of offenders.

18. Funding allocation for this activity has changed from the previous RFP.

19. This is a change from the previous RFP. Gambling has been removed from Liquor Licensing.

**FUNDING MECHANISM OF THE ACTIVITY**

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
30%	0%	70%	0%

Council resolved that the majority of this activity should be funded through fees and charges to capture the large user benefit and the exacerbator portion. Some of the user/applicant benefit is funded through the general rate as not all costs are able to be recovered through fees and charges due to liquor licensing fees being set by law and not covering the full administration cost. City-wide benefit is also captured through the general rate.

**Parking enforcement<sup>20</sup>****COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO**

PAPŌRI ME TE AHUREA  
Social and cultural

**DISTRIBUTION OF BENEFITS OF THE ACTIVITY**

The Parking enforcement activity has a large element of individuals exacerbating the need for the activity through parking inappropriately. Businesses in the CBD and the public in general benefit from this activity through having parking available throughout the day and through not having vehicles inappropriately parked throughout the wider city. There is also a safety benefit through the checking of warrants of fitness.

257

**FUNDING MECHANISM OF THE ACTIVITY**

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
20%	0%	80%	0%

As a large amount of the activity is the result of action from individuals, it is appropriate the majority of funding for the activity is through infringement fees levied at the offenders. The general rate is used to fund the benefit to businesses and the general public.

20. Funding allocation for this activity has changed from the previous RFP.

# Building control

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The activity is mandatory and the city-wide benefit is through ensuring minimum building standards are met and that buildings are safe for use. Individuals and groups applying for a building consent, inspection, compliance certificates, and advice are the direct beneficiaries of this service. There are some costs incurred through responding to the actions of offenders. This includes costs associated with non-compliance with consents and building warrants of fitness.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
25%	0%	75%	0%

Council resolved that the most efficient, effective and transparent method to fund this activity is through the general rate for the city-wide benefit and the rest through fees and charges levied at individuals.

# Animal control

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The city-wide benefit is derived from general advice given to the public, education, and public safety. Individuals applying for and maintaining dog registration and receiving education are the direct beneficiaries of this service. There is some cost associated with responding to the actions of offenders. This includes investigating complaints, impounding animals, and prosecuting offenders.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
20%	0%	80%	0%

Council resolved the most efficient, effective, and transparent manner to fund this activity is to capture the user/applicant and exacerbator components through fees and charges. The benefit to the city from public safety is captured through funding from the general rate.

## Community services<sup>21</sup>

### COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy

### DISTRIBUTION OF BENEFITS OF THE ACTIVITY

This activity has city-wide benefit in promoting an informed, connected, safe, healthy, and resilient community. Having a central and neutral service providing encouragement, advice, facilitation, information, coordination, and training benefits everyone.

There is user/applicant benefit to participants in events and activities and to sports, leisure, and cultural groups as well as to sponsors advertising at particular events.

### FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
90%	0%	0%	10%

Council resolved that a safe, healthy, and strong community is a vital outcome for the whole city to achieve, therefore the majority of the activity should be funded through the general rate.

As this activity meets national government priorities and objectives, it is appropriate that some funding comes from grants and subsidies.

259

## Emergency management

### COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy

### DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Emergency Management has been assessed to have an element of national/regional benefit, by way that this service provides safety and general wellbeing to the national public under a national civil defence and emergency management network. Emergency Management is considered to have a high city-wide benefit for the safety and wellbeing of all people within the city.

21. This is a change from the previous RFP. Activation has been merged into Community Services.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

Council is expected to contribute resources to carry out emergency management operations. Central Government will assist with the reimbursement of costs in the event of an actual emergency; however the ongoing operation of this service is the responsibility of Council. As this activity benefits the whole city, Council resolved that the general rate is the most appropriate funding mechanism.

Parks and reserves

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



DISTRIBUTION OF BENEFITS OF THE ACTIVITY

There is a large city-wide benefit to this activity as the benefits of providing recreational spaces and facilities for the community is of benefit to the entire city. There is some community specific benefit involved as those living in urban areas may derive more benefit from them than those in rural areas. User/applicant benefit arises from groups gaining exclusive access of a facility either for an ongoing or a short amount of time and the small exacerbator cost arises from increased maintenance requirements where facilities have been harmed in some way.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
80%	0%	20%	0%

The most appropriate funding for the majority of the activity was resolved to be the general rate. Where groups have exclusive use of a facility, fees and charges are obtained.



## H<sub>2</sub>O Xstream<sup>22</sup>

### COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy

### DISTRIBUTION OF BENEFITS OF THE ACTIVITY

There is some regional benefit from this activity as people travel from around the region to visit H<sub>2</sub>O Xstream. This activity is assessed to have a benefit to the wider city as anyone wanting to use the facility has access to it. It provides for leisure, training or health needs of the entire city and builds a safe and healthy community through opportunities to enjoy aquatic exercise. There is also city-wide benefit arising through the promotion of the city, and the attraction of visitors to Upper Hutt.

Individual users, clubs, schools, and sponsor advertising onsite are direct beneficiaries of the service.

### FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
55%	0%	45%	0%

As those using and advertising at the facility benefit from its availability some funding through user fees and charges is appropriate. The city-wide and regional benefit is most appropriately funded through the general rate.

261

## Library

### COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy

### DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The Library activity provides a degree of benefit to the wider city as a whole relating to enhancing the knowledge and skills of the population and through providing enjoyment. Benefits also include the promotion of knowledge building, social interaction, and the provision of services to people with special needs.

Borrowers, information seekers, and users of other library services are the direct beneficiaries of the activity. Exacerbators are those damaging or losing books.

22. Funding allocation for this activity has changed from the previous RFP.



FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
85%	0%	15%	0%

Council resolved the general rate to be the most appropriate, efficient, and transparent funding tool for the city-wide benefit of the activity. Although the user benefit for this service is high, funding this allocation fully through fees and charges would be detrimental to usage as it would make fees prohibitively high for users. Additionally, Council has resolved to not charge overdue fines. Council has an obligation to provide free membership to library services for Upper Hutt residents. Therefore, Council resolved to partly fund the user benefit through the general rate with 15% of the activity funded through fees and charges.

Whirinaki Whare Taonga

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The city benefits from this activity through the creation of a community with a strong identity through providing access to a venue where people can express themselves through the arts and performance, as well as through physical leisure activities.

Users of the facility, including performers, exhibitors, individuals, businesses, schools, groups, organisations, and sponsors are direct beneficiaries of this function.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

Council resolved that funding of this activity through the general rate is the most appropriate method in order to enable general access to this service, regardless of personal circumstance.

# Property

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

This activity is assessed to have some city-wide benefit as the land and buildings are retained and maintained by Council either with strategic intent or as investments which provide benefit to the city as a whole. There is user benefit through lessees and users of property.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
80%	0%	20%	0%

Council resolved fees and charges to be the most efficient and transparently lawful method of funding for the user benefit of this activity. However, the Civic Centre housing Council employees and the Council Chambers is for public good. Therefore, Council resolved for the majority of this activity to be funded through the general rate.

263

# Akatārawa Cemetery

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO  
Environment



PAPŌRI ME TE AHUREA  
Social and cultural

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

This activity is assessed to provide a degree of benefit to the wider city as a whole. City-wide benefit results from the promotion of public health and sanitary disposal of the deceased. It also contributes to the cultural wellbeing of all people in the city. The direct benefit of this service is to the friends and families of the deceased.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
20%	0%	80%	0%

Council resolved user fees and charges to be the most efficient, effective, and transparently lawful method to fund the user benefit allocation and the general rate as the most appropriate method to fund the city-wide benefit.

# Economic Development<sup>23</sup>

## COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA  
Social and cultural



ŌHANGA  
Economy

## DISTRIBUTION OF BENEFITS OF THE ACTIVITY

There is an element of national/regional benefit that results from attracting visitors to the city. New Zealand as a whole and particularly the region will benefit from services and events which attract overseas and local visitors. The visitor industry has a city-wide benefit as it gives effect to the economic development and employment in the city as a whole. Attracting more people and businesses into Upper Hutt ensures its ongoing vitality and a thriving business community is important to the wellbeing of the city as a whole.

## FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

There is no funding mechanism for the national/regional benefit of the activity. Although some sectors or groups obtain particular benefits from the services provided, these benefits are not material when compared to the benefits generated for the community as a whole. As a thriving business community and city, promotion is vital to city wellbeing, Council resolved that all of this activity would be funded through the general rate.

23. This is a change from the previous RFP. Business Development has been merged into Economic Development.



# Significance and Engagement Policy

## Purpose

Upper Hutt City Council engages with our community every day and in many different ways. It can be a one-way simple communication to keep people informed, or it can be a two-way process of consultations or engagement.

The policy has been developed to provide certainty on:

- When and how Council will engage or consult with communities.
- What Council will take into account when deciding what is significant.
- When the community will have a direct opportunity to contribute to decision-making.

Our aim is to have the right conversation with the right people about the right issues before making significant decisions.

This policy outlines the types of things that you can expect to be consulted about, such as the key issues in the Long Term Plan and Annual Plan, a decision that will change a service that you expect and value, or something that will add cost to the ratepayer.

The policy guides Council's assessment of whether an issue or proposal is important (significant) to the community. It gives certainty and clarity that those important decisions will be treated in an agreed way with the community, and that Council will follow the local government rules of engagement and meet the purpose of local government:

*“to enable democratic local decision-making and action by, and on behalf of, communities...”*

—Local Government Act 2002

## Scope

Many decisions made by Council are governed by specific Acts outside the Local Government Act 2002. These Acts prescribe the decision-making and consultation procedure required. Consequently, there are some decision-making processes that are not within the scope of this Significance and Engagement Policy. These include:

- Resource Management Act 1991
- Land Transport Act 1998
- Civil Defence Emergency Management Act 2002
- Local Electoral Act 2001

In addition, this policy will not apply and engagement will not be required where:

- ⦿ in the opinion of the Council, failure to make a decision urgently would result in unreasonable or significant damage to property, or risk to people's health and safety;
- ⦿ there are any physical alterations to strategic assets that are required to prevent an immediate hazardous situation arising;
- ⦿ Council must repair an asset to ensure public health and safety due to damage from an emergency or unforeseen situation;
- ⦿ Council is required to act with urgency due to a crisis.

In addition, Council is required to undertake a special consultative procedure on certain matters, as set out in Section 83 of the Local Government Act 2002 (LGA) regardless of whether they are considered significant as part of this policy.

Where Council makes a decision that is significantly inconsistent with this policy, the steps identified in s80 of the LGA will be applied.

## Review of the Policy

The Policy may be amended from time to time. Council will consider making amendments when we prepare a Long Term Plan (i.e. every three years).

Amending the policy requires consultation unless Council considers it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved, without consultation.

## Application of the Significance and Engagement Policy

This policy applies to any proposal or decision before Council.

This policy is applied in two steps:

**STEP 1:** Determine the significance of the proposal/decision.

**STEP 2:** Determine whether there is a requirement to engage or not (guided by the level of significance), and if so, the level of engagement.

Council will determine the appropriate time to make the above assessment. This may differ depending on the issue and the type of decision and process. Significance and engagement may be reassessed as a matter progresses.

## STEP 1 Determining the degree of significance

To determine the degree of significance of an issue, proposal or other matter Council must:

- 1 Assess the matter against the significance principles outlined below; and
- 2 Apply the criteria to assess the degree of significance.

### SIGNIFICANCE PRINCIPLES

Council will first assess the matter against the following principles:

- The likely impact of the decision on present and future interests of the community.
- The potential effect on delivering Council's strategic aspirations.
- Level of impact on Māori, Māori culture, traditions and values, and their relationship to land and water.
- The impacts on Council's capacity to meet its statutory responsibilities now and in the future.
- Possible environmental, social, and cultural impacts.
- If the matter has already been clearly described in the Long Term Plan (LTP), including the nature and extent of the proposed action.
- How the decision aligns with historical Council decisions.
- If it is an operational matter.

### SIGNIFICANCE AS A CONTINUUM

Significance can be thought of as a continuum. At one end are matters that are 'not important' (low or no significance) such as a minor technical amendment to a Council policy. At the other end of the continuum are matters deemed to be 'critical' (very high significance) such as a new project that requires substantial, discretionary funding, or a proposed policy change which may significantly change the application of a policy.



Source: Society of Local Government Managers (SOLGM) Significance and Engagement Policies guide 2014

### CRITERIA TO ASSESS THE DEGREE OF SIGNIFICANCE

Council will use the criteria in the table below when determining the degree of significance of a proposal, issue or matter:

- |  |                                       |
|--|---------------------------------------|
| A Consistency with a prior decision or decisions       | C Levels of public interest are known |
| B Transfer of ownership or control of strategic assets | D Community (as a whole or part)      |

**E** Level(s) of service provided by Council and Council's capacity

**F** Reversibility

**G** Level of financial consequence

Council will assess the degree of significance of a proposal or decision on a case-by-case basis using the table below and determine the level of significance of a proposal or decision to be high, medium or low.

**1** If the proposal or decision triggers two or more of the criteria which are under the high significance level column, the level of significance will be deemed to be **high** (i.e. the proposal or decision will be deemed significant).

**3** If the level of significance of a proposal or decision is not deemed to be high (under clause 3) or low (under clause 4), the level of significance will be deemed to be **medium**.

**2** If the proposal or decision triggers three or more criteria which are under the low significance level column, the level of significance will be deemed to be **low**.

Where the significance of a proposal or decision is unclear against any of the criterion, Council will treat that criterion as being more, rather than less significant.

## DETERMINING SIGNIFICANCE

CRITERIA	HIGH SIGNIFICANCE	MEDIUM SIGNIFICANCE	LOW SIGNIFICANCE
<b>A</b> Consistency with a prior decision or decisions (i.e. proposal or decision which is consistent with current policies and strategies).	Decision or proposal is significantly inconsistent.  (e.g. a decision or proposal that retires a Council adopted strategy)	Decision or proposal is consistent but with some notable variations.  (e.g. a decision or proposal contrary to a public places policy allowing restaurants to use entire width of public footpaths for outdoor entertainment)	Decision or proposal is consistent.  (e.g. adopting a public places bylaw to enforce a public places policy)
<b>B</b> Involves the transfer of ownership or control of strategic assets to or from the Council.	Majority transfer (i.e. more than 51% or transfer in its entirety).  (e.g. a full transfer of an asset)	Minority transfer  (e.g. a 30% share transfer of an asset)	Nominal or no transfer
<b>C</b> Levels of public interest known.	High levels of public interest known.  (e.g. the adoption of a psychoactive substance policy)	Moderate levels of public interest known.  (e.g. adoption of an event sponsorship policy)	Low levels of public interest known.  (e.g. adoption of an elected member support policy)

CRITERIA	HIGH SIGNIFICANCE	MEDIUM SIGNIFICANCE	LOW SIGNIFICANCE
<b>D</b> The degree to which the issue affects the community or the city of Upper Hutt.	Impacts a large proportion of the community.  (i.e. a change in the rubbish collection timeframes)	Impacts a subgroup or groups within the community.  (i.e. the creation of a neighbourhood playground)	Impacts an individual person or household.  (i.e. the removal of a street tree)
<b>E</b> The extent to which a decision significantly alters the intended level of service provision for a group of Council activities (including a decision to commence or cease any such group of activity) or significantly affects the capacity of Council in relation to any activity identified in the Long Term Plan.	Ceasing or commencing a service.  (i.e. the closure of a facility)	A more than nominal alteration of a service.  (i.e. the digitisation of most hard copy books at the public libraries)	A nominal or no alteration of a service.  (i.e. the undertaking of a tender with a different contractor)
<b>F</b> Ability to reverse the decision.	Highly difficult.  (e.g. constructing a purpose built building, or where Council is legally obliged or committed through contractual arrangements)	Moderately difficult.  (e.g. adoption of a Speed Limit Bylaw)	Low difficulty.  (e.g. a minor amendment to a policy)
<b>G</b> Level of financial consequences in relation to unbudgeted operating cost or capital cost in the Long Term Plan.	Unbudgeted operating cost(s) greater than 5% of total expenses for the financial year of the proposal/decision.  (e.g. a \$3.1 M unbudgeted increase in lease costs)  AND/OR  Unbudgeted capital cost(s) greater than 1% of total assets in the financial year of the proposal/decision.  (e.g. the construction of an \$8.38 M unbudgeted building)		



## STEP 2 Determining engagement

To determine whether engagement is required on an issue, proposal or other matter—and if so—the extent of engagement, Council will:

- 1 Assess the matter against the engagement principles outlined below; and
- 2 Apply the ‘Determining engagement’ assessment.

### ENGAGEMENT PRINCIPLES

- The significance of a matter will influence the time and resource Council will invest in evaluating options and obtaining the views of affected and interested parties. Engagement may be required at various stages of the decision-making process and may take different forms depending on the stage. Both significance and the form of engagement will be assessed on a case-by-case basis.
- Council will consider the extent of engagement that is necessary to understand the community’s view before a particular decision is made and the form of engagement that might be required. In linking the level of significance to the level of engagement, a balance must be struck between the costs of engagement and the value it will add to the decision-making process.
- Council acknowledges the unique status of Māori and aims to engage with the wider Māori community to ensure their views are appropriately represented in the decision-making process. Council is committed to providing relevant information to inform Māori contribution and improve their access to Council’s engagement and decision-making processes. Council is building relationships with local organisations representing Māori, iwi, and mana whenua.
- Feedback provided by the community to date has identified that the majority of the Upper Hutt community prefers online engagement/communication, and that due to time constraints people must feel strongly about a matter before they will engage with Council.
- With this in mind, Council has moved toward a more effective process of engagement which includes a higher level of digital communication across platforms such as our website and Facebook, in an effort to reach a wider cross-section of the community.

## DETERMINING ENGAGEMENT ASSESSMENT

### SIGNIFICANCE

### WHAT WE'LL DO

- |  |   |
|--|---|
| 1 For matters of low degree of significance                          | When a matter is assessed as having low or no significance, Council will inform the community once a decision is made and is being implemented.   |
| 2 For matters that have a medium degree of significance              | <p>When a matter is considered to have significance but not regarded as significant, Council is required to make a formal resolution before action may be taken. This requirement excludes matters already covered by the Long Term Plan.</p> <p>A formal resolution is to be obtained by presenting a report to Council, which addresses the requirements identified in the LGA s77 – s81.</p> <p>The report to Council will include an assessment of the degree of significance of the issue, and whether engagement and/or consultation is recommended. If engagement and/or consultation are recommended, then an engagement plan will be included in the report.</p> |
| 3 For all matters identified as having a high degree of significance | <p>If an issue is determined as having a high degree of significance, then it is significant and the issue will be considered by Council.</p> <p>This decision requires a report to Council outlining the assessment of the degree of significance of the issues, the degree of engagement proposed, the engagement plan proposed, and a recommendation.</p> <p>Council will apply the principles of consultation (LGA s82) and be guided by the operational guidelines in Schedule 1.</p>  |
| 4 Consider if the Special Consultative Procedure is appropriate      | <p>Review the issue, proposal or other matter to determine if any of these factors exist:</p> <ul style="list-style-type: none"> <li>• Development of, review, or amendments to the Long Term Plan</li> <li>• Preparation of the Annual Plan</li> <li>• It is considered that the Special Consultative Procedure is relevant and required.</li> </ul> <p>If yes, then follow the Special Consultative Procedure in line with LGA s83 – 87.</p>  |
| 5 Consultation and/or engagement                                     | Council will apply the principles of consultation (LGA s82) and use the operational guidelines in Schedule 1.   |

# Strategic assets

Defined in s5 of the Local Government Act 2002, an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future wellbeing of the community. As the Significance and Engagement Policy sets out Council's preference about engagement on decisions relating to specific issues, including assets, Council is required to state what its Strategic Assets are at the time of adoption of this policy.

The following are considered to be strategic assets for Upper Hutt City Council in terms of the Act:

- Upper Hutt City primary (regional) and secondary (district) arterial roading routes
- Upper Hutt Civic Centre
- Whirinaki Whare Taonga
- H2O Xtream
- The Central Library and Pinehaven Library
- Harcourt Park, Trentham Memorial Park, and Maidstone Park
- Upper Hutt City water supply network
- Upper Hutt City stormwater network
- Upper Hutt City wastewater network, including the Upper Hutt City Council share of the Hutt Valley Wastewater network
- Akatārawa Cemetery

For the removal of doubt, each strategic asset is listed as a whole entity, and the term 'strategic asset' does not apply to the individual elements of that asset.



# Schedule 1

## Community engagement—operational guidelines

Once the level of significance of an issue, proposal or decision has been determined, Council will consider the level and form of community engagement. Depending on the matter being considered and the stakeholders involved, the preferred method(s) or combination of engagement tools will be identified and applied to meet the goals of the specific engagement.

In the course of reaching decisions on a particular issue or proposal at different times and stages, Council may use a variety of engagement techniques. The engagement methods may be adapted, based on a range of other factors,

including but not limited to history and public awareness of the issue, stakeholder involvement, timing related to other events or engagement, and budgets.

Council will build on existing relationships and networks with individuals and communities, and look to extend the range of parties involved in the community engagement as appropriate.

Council refers to the International Association of Public Participation (IAP2) engagement spectrum (below) as a basis for methods of engagement before making a decision.

### IAP2'S SPECTRUM OF PUBLIC PARTICIPATION

IAP2's Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.



273

INCREASING IMPACT ON THE DECISION										
INFORM		CONSULT		INVOLVE		COLLABORATE		EMPOWER		
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.		To obtain public feedback on analysis, alternatives and/or decisions.		To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.		To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.		To place final decision making in the hands of the public.	

**Credit:** Reproduced with permission from the International Association for Public Participation (IAP2) Federation—[www.iap2.org](http://www.iap2.org)

Council will consider engagement methods and tools relative to the level of significance. These will support community participation through an engagement spectrum approach, as set out in the following table.

Differing levels and methods of engagement may be required during the varying phases of consideration and decision-making on an issue or proposal. Council will review the suitability and effectiveness of the engagement strategy and methods as the process proceeds.

# Schedule 2

## Examples of engagement activities

Adapted from the IAP2 Spectrum of Public Participation

ENGAGEMENT LEVEL	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
What is involved?	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities, and/or solutions.	To obtain public feedback on analysis, alternatives, and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Examples of tools the Council might use.	<ul style="list-style-type: none"> <li>Email newsletter to local communities and networks</li> <li>Information flyers</li> <li>Public notices/info in local newspaper and on the Council website</li> <li>Use of social media</li> </ul>	<ul style="list-style-type: none"> <li>Formal submissions and hearings or the Special Consultative Procedure</li> <li>Focus groups</li> <li>Community meetings</li> <li>Online opportunities to submit ideas/feedback</li> <li>Rates inserts</li> <li>Display boards</li> </ul>	<ul style="list-style-type: none"> <li>Workshops</li> <li>Focus/ stakeholder group meetings</li> <li>Public meetings, drop-in sessions</li> <li>Online surveys/forums</li> <li>Displays at public venues</li> </ul>	<ul style="list-style-type: none"> <li>Pre-consultation</li> <li>Working groups (involving community experts)</li> <li>Community Advisory Groups (involving community representatives)</li> <li>Forums</li> </ul>	<ul style="list-style-type: none"> <li>Binding referendum</li> <li>Local body elections</li> <li>Delegation of some decision-making to a community</li> </ul>
Note: these tools may be applicable across many levels of engagement.					
When the community is likely to be involved.	Once a decision is made and is being implemented.	Once Council has determined an initial preferred position it would endeavour to provide the community with sufficient time to participate and respond.	The community or specific communities could be engaged throughout the process, or at specific stages of the process as appropriate.	The community or specific communities will be engaged from the outset, including the development of alternatives to the identification of the preferred solution.	The community or communities will be engaged throughout the process to ensure ownership of the development of alternatives, identification of the preferred solution(s) and delegated decision-making on the preferred solution.

# Schedule 3

## What is the Special Consultative Procedure?

This is a formal consultation process that must be carried out in certain circumstances. Council may also decide to use the special consultative procedure, if it wishes, for any other significant decisions.

The law requires us to use the Special Consultative Procedure for:

- Making, amending or revoking a bylaw.<sup>24</sup>
- Other acts if expressly required by laws.
- Adopting and amending our Long Term Plan.

Under the Special Consultative Procedure we must:

- Develop a Statement of Proposal and if considered necessary, a Summary, and make them widely available.
- Ensure people are given the opportunity to present their views to Council at a hearing.
- Allow a minimum feedback period of one month.

## Hearings and feedback

- Hearings will generally be held in Upper Hutt City Council Chambers, 838-842 Fergusson Drive, Upper Hutt.
- Following the conclusion of the consultation and/or engagement process, Council will be required to make a decision.
- Council can allow any person to present their views to the local authority by way of audio link or audio-visual link.
- Once a decision has been made, the community will be informed of the decision made using a method appropriate to the nature of the consultation (for example this may range from public notices to direct communication to submitters).
- If we're asked to do so, Council may enable interpretation for/to New Zealand's other official languages—Te Reo Māori and New Zealand Sign Language—where practical.

24. According to the Local Government Act 2002 Part 8 Section 156, Council does not need to use the Special Consultative Procedure if the change is minor or a correction of an error which does not affect existing rights. In such case, the change can be made by resolution, publicly notified.



# Schedule 4

## Definitions

<b>Activity</b>	Refers to the list of Council Activities identified in the Long Term Plan, which is a service or function provided by, or on behalf of, Council.
<b>Community</b>	A community, for the purposes of this policy, is a group of people with a shared or common interest, identity, experience or values. For example, cultural, social, environmental, business, financial, neighbourhood, political or spatial groups. 'The community' refers to all of the people that are a part of the diverse communities in Upper Hutt.
<b>Decisions</b>	Refers to the decisions of Council by formal resolution at Council and Council Committee meetings. It also refers to decisions made by officers or others under delegated authority.
<b>Engagement</b>	Is a term used to describe the process of establishing relationships, sharing information, and seeking feedback from the community to inform and assist decision-making. Engagement is an important part of participatory democracy within which there is a continuum of community involvement.
<b>Having significance</b>	Significance is a continuum and as an issue moves along the spectrum (from low to high) Council assigns it an incremental level of significance. If a matter is determined to 'have significance' then it will require a formal resolution from Council before action can be taken.
<b>Not significant</b>	The issue/decision does not trigger the policy criteria or thresholds.
<b>Operational matters</b>	The matter concerns the day-to-day operations of Council, is carried out under delegated authority, and is in accordance with the Long Term Plan, Annual Plan or relevant legislation.
<b>Significant</b>	In relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or matter has a high degree of significance.
<b>Significance</b>	<p>The degree of importance of an issue, proposal, decision, or matter, as assessed by Council, in terms of its likely impact on, and likely consequences for:</p> <ol style="list-style-type: none"> <li>1 the district or region;</li> <li>2 any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;</li> <li>3 the capacity of the local authority to perform its role, and the financial and other costs of doing so (as described by the LGA).</li> </ol>
<b>Special Consultative Procedure</b>	This is a formal process which enables the community to have a say on a significant decision. Council will take the community's views into account before making a decision. This is a more formal process than inviting feedback. There are rules about how we undertake special consultation (see Schedule 3: Comments are treated as formal submissions which will be made publicly available and submitters can choose to present their views at a hearing before elected members).
<b>Strategic aspirations</b>	Refers to any high level, direction setting goal or document that Council aims to deliver, including the city vision priority areas, which represent the community outcomes for the city.
<b>Strategic asset</b>	An asset or group of assets as defined in LGA s5.

# Policy statement on CCOs

Upper Hutt City Council has two Council Controlled Organisations (CCOs). Under Section 6 of the Local Government Act 2002:

- ① **Expressions Arts and Entertainment Trust** is a CCO because Council has the right to appoint 50% or more of the trustees.
- ② **Wellington Water Limited** is a CCO because one or more local authorities hold more than 50% of the shares in the company.

For the purposes of financial reporting, only Expressions Arts and Entertainment Trust (the Trust) is consolidated into the group financial statements of Upper Hutt City Council because it meets the criteria under the accounting standard *PBE IPSAS 35 Consolidated Financial Statements*, whereas Wellington Water Limited (WWL) does not meet the criteria. This is due to the element of ‘control.’ Council is deemed to control the Trust for financial reporting purposes, but as a minority shareholder in WWL, Council is not deemed to have control in the company.

Council’s involvement with these two CCOs is to progress Council’s vision:

*‘We have an outstanding natural environment, leisure and recreational opportunities, and we are a great place for families to live, work and play.’*

277

## Expressions Arts and Entertainment Trust

The Trust (soon to be renamed as Whirinaki Whare Taonga Trust) is a charitable trust established in 2001. The lease and management agreement between the Trust and Council states that *“The Council took the initiative to establish the Expressions Arts and Entertainment Charitable Trust as a Charitable Trust having the general purpose of being for the advancement of, and education in, cultural activities, the arts, recreation, and leisure, and the more specific purpose of operating Expressions as a complex, suitable for use and purposes associated with cultural activities, the arts, recreation and leisure, as well as performances, exhibitions, conferences and other activities of a cultural, artistic,*

*recreational or leisure nature.”* This is a summation of the objectives listed in the original Trust Deed.

In the 2021 – 2023 Statement of Intent, the purpose of the Trust is to *“engage, enrich, inspire and connect people with arts, culture, and events in the Upper Hutt community.”* The Trust operates out of a Council owned, purpose built facility—Whirinaki Whare Taonga—which includes galleries, a theatre, a recreation hall, and café. Council’s interest in the Trust is in its contribution to Council’s **Social and cultural** community outcome—*“We celebrate our whānau, heritage and culture. We’re a caring, safe and healthy community”*—and **Economy**



outcome—“*We’re a city of opportunity. We attract new investment and offer opportunities for people and businesses to prosper. Our city centre is alive, attractive and vibrant.*”

Council supports the Trust through provision of the physical facility, and through an annual operational grant. As the Trust is a registered charity, Council does not receive any financial return from its activities. The benefit from supporting the Trust is in its contribution to Council’s community outcomes.

The Trust prepares an annual Statement of Intent which is approved by the board and presented to Council. This is reported against twice yearly which is presented to the board and to Council. The 2021 – 2023 Statement of Intent states that the objectives of the Trust are:

- ① To provide arts, culture, and event opportunities, and education for the people in Upper Hutt and beyond.
- ② To be an integral part of the Upper Hutt community, attracting local, national, and international audiences.
- ③ To facilitate and promote the use of the facility, bringing to life art, culture, history, and recreation.
- ④ To be the welcoming face and point of contact for visitors to Upper Hutt.
- ⑤ To provide stewardship, education, and promotion of the Pumpkin Cottage Collection.
- ⑥ To celebrate and showcase our local Upper Hutt stories.

Key performance targets for the Trust as per the Statement of Intent are broken down by objective below:

## OBJECTIVE 1 To provide arts, culture, and event opportunities and education for the people in Upper Hutt, and beyond

### 1.1 Present a dynamic, responsive, balanced, and excellent exhibition programme which showcases a broad range of creative practice.

<b>Measures</b>	Fourteen (14) exhibitions are presented annually.
	Present a significant exhibition (block buster) annually.
	At least two (2) of the 14 exhibitions will have an interactive or alternative engagement elements specifically aimed at children and family audiences.

### 1.2 Provide a platform to tell and record local historical/cultural stories.

<b>Measure</b>	An exhibition with a local Upper Hutt social/cultural history focus will be presented annually in the Gillies Gallery.
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### 1.3 Develop touring exhibitions to enhance the artistic reputation of the city.

<b>Measure</b>	One (1) exhibition will tour every two (2) years.
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#### 1.4 Strive to meet the cultural, artistic, and recreational needs of the Upper Hutt community and contribute to their wellbeing.

- Measures** 90% of respondents are satisfied or very satisfied with the range and quality of events and exhibitions at Whirinaki Whare Taonga as outlined in Council's community surveys.
- Visitors tell us about the positive impact their participation in exhibitions, experiences, and programme has had on them.

#### 1.5 Provide access to programmes which connect people to their culture and which provide connection for increased wellbeing.

- Measure** Five (5) performing arts programmes are presented. This may include Expressions Live!, Classical Expressions, Queen's Birthday Music Festival, Theatre@Whirinaki Whare Taonga season, and Late Nite Sound Bite (non-classical) music programme.

## OBJECTIVE 2 To be an integral part of the Upper Hutt community attracting local and national audiences

#### 2.1 Attract audiences to the Centre from across different demographic groups and cater for a diverse range of interests and expectations.

- Measure** A minimum of two (2) exhibitions annually will reflect the diverse and distinctive communities of Upper Hutt.

#### 2.2 Respond to community arts-based initiatives and develop and strengthen community partnerships.

- Measures** Present four (4) community art exhibitions in either the Rotary Foyer, the Link Gallery or the Heretaunga Rotary Gallery.
- Connect and collaborate with the local arts community through regular networking activities.
- Provide opportunities for local and national artists to sell work with at least four (4) exhibitions having works for sale.

#### 2.3 Offer an attractive and meaningful exhibition-based public programme that aids interpretation of the exhibition programme and engages and educates the visitor.

- Measures** One public programme is delivered for each exhibition (14).
- A regular gallery programme for preschool children 'Tiny Taonga' (previously Little Expressions) is presented.

#### 2.4 Offer a curriculum-based education programme throughout the year.

- Measure** Education programmes are presented to at least 3000 students each year as per our Ministry of Education LEOTC contract.

#### 2.5 Offer an annual arts award in collaboration with the Upper Hutt City Council Young Achievers Awards.

- Measure** An annual art award is provided.

## 2.6 Work with local musical and theatrical groups to use the facility as a central point of contact for venue hire, ticketing, and promotion.

**Measure** Liaise with two (2) local performance arts groups.

## 2.7 Operate a *Friends of Whirinaki Whare Taonga* loyalty programme.

**Measure** Four (4) *Friends of Whirinaki Whare Taonga* events are held annually and four (4) newsletters presented annually.

# OBJECTIVE 3 To facilitate and promote the use of the facility, bringing to life art, culture, and events

## 3.1 Maximise overall attendance at the facility.

**Measure** 100,000 visitors to the Centre during 2021 – 2022 (by Whirinaki Whare Taonga in-house monitoring).

## 3.2 Ensure The Professionals Recreation Hall is responsive to the needs of active recreation and sports hirers, working in collaboration with Council's Recreation Services division.

**Measure** Monitor hours of active recreation use.

## 3.3 Manage the café on-site licence in order to attract facility usage.

**Measure** A café licensee is retained on site.

## 3.4 Develop and promote the use of the facility and its assets as a venue for hire.

**Measures** Actively promote the facility to potential hirers, both commercial and community.

A new website is developed in conjunction with the rebranding (budget reliant).

The Whirinaki Whare Taonga website usage data and online activity is reported.

## 3.5 Generate operational revenue from venue hire, venue hire services, café lease, gallery sales commission, in-house events, ticketing services, sponsorship, grants and donations.

**Measure** Budget revenues are met as per budget.

## 3.6 Maintain governance, administrative, financial, reporting, and operational systems to protect the facility, its assets, its visitors, and its staff.

**Measures** Operate the facility consistent with practices in the ETVNZ and National Services Te Paerangi New Zealand Museum Standards.

Statement of Intent and Half Yearly Report due 28 February within the year and Audited Annual Report due 30 September for the previous year to Council.

All activities adhere to the Trust objectives; policies are reviewed as per the policy review plan using a risk based approach.

The board receives regular information about health, safety, and staff wellbeing, performance, and/or issues and mitigations implemented and reported in the Director's reports.

The team actively looks for opportunities to adopt environmental sustainability practices throughout their operations, reported on in the Director's reports.

## **OBJECTIVE 4** To be the welcoming face and point of contact for visitors to Upper Hutt

### **4.1** Manage the i-SITE facility and maintain all standards set by i-SITE New Zealand to maintain the membership of the recognised i-SITE brand and to be the welcoming handshake to visitors to Upper Hutt.

<b>Measures</b>	Assist and advise 10,000 customers per year
	Actively promote the city of Upper Hutt within the facility and at outreach events in and around the region.
	Retain a Qualmark status.
	Reports are received to the satisfaction of Council's Director Strategy, Partnerships and Growth.

## **OBJECTIVE 5** To provide stewardship, education, and promotion of the Pumpkin Cottage Collection

### **5.1** Build the Pumpkin Cottage Collection and proactively promote access to the Pumpkin Cottage Collection.

<b>Measures</b>	Potential gifts have been accessed.
	Measure: One (1) exhibition every two years features work from the Collection.
	Measure: A curriculum based Pumpkin Cottage education programme is offered to local schools.

281

## **OBJECTIVE 6** To celebrate and showcase our local Upper Hutt stories

### **6.1** Provide a platform to tell and record local historical/cultural stories.

<b>Measure</b>	An exhibition with a local Upper Hutt social/cultural history focus will be presented annually.
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### **6.2** Local iwi and the Ōrongomai Marae community are involved with curatorial practice and presentation of programmes through consultation and engagement, as per the principles of the Treaty of Waitangi.

<b>Measures</b>	Advisory Trustee from Ōrongomai Marae is appointed to the Trust's board.
	One (1) activity is presented with Ōrongomai Marae biennially which actively engages Māori audiences.
	Te Reo is visible across the facility.

### **6.3** Work towards the opportunities of the possible inclusion of heritage buildings into the operations of the Trust.

<b>Measure</b>	A feasibility study is completed into conserving and increasing access into the publicly-owned heritage properties of Golder Cottage and The Blockhouse.
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# Wellington Water Limited (WWL)

In 2008, a review of Council's infrastructure services was undertaken. The review found that:

- Qualified engineers were in short supply globally, and the employee value proposition of local authorities in New Zealand does not match the attraction of high paying overseas jobs.
- Staff at Council were overloaded and the cost of consultants to fill the gap were increasing.
- Increased strategic planning and capacity to draft reports, estimates, and analyses was required.

In response, it was decided to outsource the water and drainage management services to Capacity Infrastructure Services Limited (Capacity) which was a Council Controlled Trading Organisation (CCTO), jointly owned by Wellington City Council and Hutt City Council. The proposal from Capacity was expected to save money and provide the capacity required.

In 2012, a proposal was received by Council from Capacity recommending that Capacity transforms into an outcome focussed business model, and to incorporate Upper Hutt City Council and Porirua City Council as shareholders. The key issues the recommendation sought to address were:

- lack of efficiency in costs and service level management;
- limited scope for pursuing options for adopting a 'whole of network' approach; and
- lack of transparency and accountability within the regional water industry arising from the retention of cost and reputation risks by Councils;
- getting ahead of the Central Government consolidation agenda.

WWL was established in September 2014 and is now owned by Hutt, Porirua, Upper Hutt, and Wellington city councils, South Wairarapa District Council, and Greater Wellington Regional Council. The councils are all shareholders, but do not receive dividends as the purpose of the company is to provide a service to the shareholder councils rather than to provide a financial return. WWL's role is to manage the drinking water, wastewater, and stormwater services of its council owners.

A representative from each council sits on the Wellington Water Committee that provides overall leadership and direction for the company. The company is governed by a board of independent directors.

WWL supports Council's **Infrastructure** community outcome—"We have reliable and efficient networks, and infrastructure that supports our city." and **Environment** community outcome—"We are immersed in natural beauty. We care for and protect our river, our stunning parks and our natural environment."

## Outcomes

The long term outcomes that WWL seeks to achieve are:

- Safe drinking water is readily available to customers (across the Wellington region) and our treatment services protect people from wastewater contaminants.
- The region's networks are resilient; they operate effectively irrespective of natural shocks and environmental factors.
- The way we work results in a balance in the interests of water, people, and the environment.
- We have a capable, adaptive, and collaborative workforce using innovative practices and exchanges of knowledge to drive optimal performance.

## Strategic priorities

The strategic priorities for WWL, which are set in conjunction with shareholder Councils, are:

- Looking after existing three waters assets.
- Improving water quality.
- Supporting growth so there are no adverse environmental impacts.
- Reducing carbon emissions.
- Reducing water consumption.

283

## Performance

The performance of WWL is monitored through performance measures articulated in the 2020 – 2023 Statement of Intent, prepared by WWL and reported in its Annual Report:

Customer experience	
1	The percentage of customers rating their experience of our performance as 'Satisfied' or higher steadily improves.
2	Drinking-water supply is reliable and fully meets drinking-water standards (defined) and wholesome water standards (defined).
Plan, operate and maintain, renew	
3	Through the long-term planning process and with input from the customer panel and our mana whenua partners, we provide a ten-year 'three waters plan' for each of our councils. Councils rate our input as timely, evidence based, and clear on risk.
4	Condition assessment programmes are scheduled in our forward service plans in the 2020/21 financial year for very-high-criticality pipeline assets, and the remainder are scheduled for completion in 2021/22.
5	We will achieve no less than 85 per cent of planned renewals.
6 DIA*	<b>(1) Performance measure 1 (safety of drinking water)</b> The extent to which the local authority's drinking water supply complies with: a) part 4 of the drinking-water standards (bacteria compliance criteria); and b) part 5 of the drinking-water standards (protozoal compliance criteria).
7 DIA	<b>(2) Performance measure 1 (system and adequacy)</b> The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.
8	Wet-weather overflows in the wastewater system (from wastewater pump stations or network) are fewer than 250 per year.

### Plan, operate and maintain, renew

**9**  
**DIA**

**(4) Performance measure 4 (customer satisfaction)**

The total number of complaints received by the local authority about any of the following:

- a) drinking water clarity;
- b) drinking water taste;
- c) drinking water odour;
- d) drinking water pressure or flow;
- e) continuity of supply; and
- f) the local authority's response to any of these issues

expressed per 1000 connections to the local authority's networked reticulation system.

**10**  
**DIA**

**(4) Performance measure 4 (customer satisfaction)**

The total number of complaints received by the territorial authority about any of the following:

- a) sewage odour;
- b) sewerage system faults;
- c) sewerage system blockages; and
- d) the territorial authority's response to issues with its sewerage system,

expressed per 1000 connections to the territorial authority's sewerage system.

**11**

The public is informed through on-site signage and social media of environmental water quality risks within 24 hours of an incident being notified and agreed with the appropriate agencies.

**12**

We do not incur any abatement notices, infringement notices, enforcement orders, or convictions when carrying out planned maintenance, operational, and renewal activities.

**13**  
**DIA**

**(2) Performance measure 2 (discharge compliance)**

Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:

- a) abatement notices;
- b) infringement notices;
- c) enforcement orders; and
- d) convictions

received by the territorial authority in relation to those resource consents.

### Looking after existing assets

**14**

Projects focused on emission reductions are submitted via councils long-term plan process.

**15**

Future growth studies are developed for the growth cells identified by councils.



# Section E

## ĒRĀ ATŪ PĀRONGO | OTHER INFORMATION

This section includes information about Upper Hutt, the City Council, and a glossary of terms.

- 286 Upper Hutt
- 289 Upper Hutt City Council
- 292 Glossary





# Upper Hutt

## Population

2018 Census—Stats NZ Tatauranga Aotearoa:	43,980
Estimated resident population for 2020—Sense Partners (2021):	47,244

## Area/length

<b>Total area<sup>1</sup></b>	<b>53,986 ha</b>	Special activity <sup>2</sup>	574 ha
Rural <sup>2</sup>	49,082 ha	Open space <sup>2</sup>	1,829 ha
Residential <sup>2</sup>	1,751 ha	Parks and reserves (UHCC) <sup>3</sup>	748 ha
Business <sup>2</sup>	192 ha	Road network (length) <sup>4</sup>	249 km

286

## Rating information

Number of rating units (as at 30 June 2021) <sup>5</sup>		17,434	
Rateable capital value (20 June 2021) <sup>6</sup>	\$11,576,137,300	Rateable land value (20 June 2021) <sup>6</sup>	\$5,903,122,100
Last valuation	August 2019	Next valuation	August 2022

1. Territorial Authority Boundaries GIS Stats NZ Tatauranga Aotearoa 2018
2. Upper Hutt City Council District Plan Zone GIS
3. Parks and Reserves Boundary Review 2021 GIS
4. Upper Hutt City Council Infrastructure 2020
5. Upper Hutt City Council New Differential Report 2021
6. Upper Hutt City Council Rating Database 2021

# History of local government in Upper Hutt

<b>1876</b>	Hutt County Council constituted
<b>28 March 1908</b>	District of Upper Hutt constituted
<b>1 February 1928</b>	Borough of Upper Hutt constituted
<b>2 May 1966</b>	City of Upper Hutt proclaimed
<b>1 April 1973</b>	Rimutaka Riding incorporated within the city
<b>30 March 1978</b>	Grant of Arms by the College of Arms
<b>1 November 1988</b>	Hutt County Council abolished and the Heretaunga/Pinehaven Ward incorporated within the city
<b>1 November 1989</b>	City of Upper Hutt constituted with the abolition of the Heretaunga/Pinehaven Community Council

## Coat of Arms

An outline of the Upper Hutt's Coat of Arms is shown below. The original grant is displayed on Level 2 in the Civic Centre. Interested persons are invited to view this document.

The Coat of Arms for the city was granted by the Royal College of Arms (London) in 1978 by letters patent. This means that the Coat of Arms is protected and cannot be used without Council's authority, which must be in terms of the Laws of Arms.

## Description and information



The Arms are made up of a shield, a crest, supporters, and a motto scroll. In front of the rock in the crest is a New Zealand falcon. The New Zealand falcon, known as the bush hawk or karearea (*Falco novaeseelandiae*) was very prevalent in the upper Hutt Valley in earlier times and some still survive in the area. It preys on the forest birds, including the pigeon depicted in the arms, and is described as probably the most fearless of all this country's native birds.

The two birds in the shield are pigeons (*Hemiphaga novaeseelandiae*) and represent the early bird life in the Valley's bush. Both are still in existence.

The wavy band is a representation of the Hutt River and indicates its importance in the city of Upper Hutt.

The bottom portion shows a tōtara tree (podocarpus totara) which symbolises the original vegetation that abounded on the valley floor. Some are still preserved in Trentham Memorial Park.

Finally, the motto translated into English means *‘Nothing higher or more beautiful.’* This was chosen to record that the city has special physical features and a lovely setting.

The mountainous nature of some of the terrain, the presence of the hills and trees that form so many of the views, the close affinity of the city and farm, and the varied beauty of the river valleys, form a combination within the city boundaries, which is most unusual and could well be unique in the context of world cities.

Council’s advisors on the question of the adoption of the motto felt that it was not appropriate to indulge in superlatives, and what has emerged is not an extravagant claim but a simple justified statement.

## Badge



The Royal College of Arms also granted a city badge. The badge is placed on property of the Council and used for less formal situations. It consists of a New Zealand pied fantail (*rhipidura fuliginosa*), tail erect and expanded and perched on a twig within a circlet of gold chain.

## Flag



The city in 1982 produced, with the consent of the New Zealand Herald, a flag to be flown on appropriate occasions. One is on permanent display in Council Chambers and another is flown outside the Civic Centre during office hours. It consists of the city colours (gold across maroon quarters) with the shield in the middle.

# Upper Hutt City Council



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**Facebook/Messenger** [/upperhuttcitycouncil](https://www.facebook.com/upperhuttcitycouncil)

# Our Mayor and councillors (elected members)



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**Hellen Swales**  
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# Executive leadership team (ELT)



**Peter Kelly**

**TE TUMU WHAKARAE | CHIEF EXECUTIVE**

(04) 527 2110

Peter.Kelly@uhcc.govt.nz

Executive support



**Vibhuti Chopra**

**DIRECTOR STRATEGY,  
PARTNERSHIPS, AND GROWTH**

Communications and engagement, Corporate planning and reporting, Takawaenga kaupapa Māori, Marketing and promotions, Economic development, Democratic services, Strategy and policy, Customer service, Sustainability



**Julia Fink**

**DIRECTOR FINANCE,  
RISK, AND DIGITAL SOLUTIONS**

Digital and information solutions,  
Legal services,  
Insurances,  
Finance



**Richard Harbord**

**DIRECTOR PLANNING AND  
REGULATORY SERVICES**

Building control, consents, and compliance, Emergency response and management, Resource consents and compliance, Urban and rural planning, Environmental health, Parking enforcement, Liquor licensing, Animal control



**Mike Ryan**

**DIRECTOR COMMUNITY SERVICES**

Community development,  
Upper Hutt City Libraries  
Whirinaki Whare Taonga,  
Recreation services,  
H<sub>2</sub>O Xstream



**Sandra Stokes**

**MANAGER PERFORMANCE  
AND CAPABILITY**

Human Resources  
Health and safety  
Recruitment



**Geoff Swainson**

**DIRECTOR ASSET MANAGEMENT  
AND OPERATIONS**

Water supply, Wastewater, Stormwater, Solid waste and waste minimisation, Land development and engineering, Land transport (roads, footpaths, and street lights), Asset management, Parks and reserves, Fleet management, Civil Defence, Property

# Glossary

<b>Activity</b>	Goods or services provided by the Council, including the provision of facilities and amenities, and performing regulatory and other governmental functions. Council has ten activity areas.
<b>Asset</b>	Something of value that the Council owns in order to provide a service for the people of Upper Hutt. Examples include roads, parks, pipelines and buildings.
<b>Capital expenditure</b>	Expenditure incurred in acquiring or adding value to assets (also abbreviated to 'capex').
<b>Capital value</b>	The value of land plus additions such as buildings, driveways, and fences.
<b>Cost of service statement</b>	This statement describes the amount of money needed to operate and maintain facilities and services and to cover capital expenses within an activity function.
<b>Democracy</b>	A way we govern ourselves. It can be used to mean community participation in decision-making between elections, as well as at elections.
<b>Depreciation</b>	The measure of consumption of economic benefits in an asset, whether arising from use, age or obsolescence.
<b>Development contribution</b>	<p>A payment made by a developer to cover part of the costs of providing infrastructure to a new development. A territorial authority may require a development contribution to be made to the territorial authority when granting</p> <ul style="list-style-type: none"> <li>• a resource consent</li> <li>• a building consent</li> <li>• an authorisation for a service connection</li> </ul>
<b>Fees and charges</b>	Charges for a Council service that must be met by the user of the service such as swimming pool charges, resource consent fees, trade waste charges. Refer to the <i>Schedule of Fees and Charges</i> online at <a href="http://upperhuttcity.com">upperhuttcity.com</a>
<b>General rates</b>	The rates levied on most properties for general services including residential, rural, business and utility. They are levied on the basis of zoning, land use and capital value.
<b>Grant or subsidy</b>	Money given from local or central government or other funds to a person or group for a specified purpose.
<b>Governance Statement</b>	The Governance Statement provides information on a wide range of matters concerning the structures, processes and policies of the Upper Hutt City Council. It must be prepared within 6 months of each triennial general election of members of the local authority, and may be updated at any other appropriate time. Refer to <a href="http://upperhuttcity.com">upperhuttcity.com</a>
<b>Hearing</b>	Meeting at which members of the public speak to elected representatives and/or staff about an issue.

<b>Income</b>	Revenue gained from all sources during the year, such as rates, grants, special funds, subsidies, and fees and charges. Income does not include loans or the proceeds in excess of the net book value from the sale of assets.
<b>Infrastructure</b>	The stock of fixed capital equipment that helps a community to function. This includes the pipes and machinery that allow councils to collect and manage water, wastewater, storm water and rubbish, as well as assets such as roads and buildings.
<b>Local Government Act (LGA)</b>	The key local government legislation that defines the powers and responsibilities to the local authorities like Upper Hutt City Council.
<b>LTP</b>	Long Term Plan—lets you know what Council plans to do over the next 10 years and why.
<b>Operating costs</b>	Expenses incurred during the year in providing or maintaining services to the community without acquiring or adding value to assets.
<b>Pan</b>	Water closets or urinals connected to a public sewage drain.
<b>Performance measures</b>	These measure the Council's progress in achieving its work programme.
<b>Regional Amenities Fund</b>	The councils in the Wellington region, including Upper Hutt City Council, propose the establishment of a Regional Amenities Fund (the Fund). The Fund is intended as a 'top up' funding mechanism for entities that provide regional benefits primarily in the arts, culture and environmental attractions and events sectors.
<b>Regional authority</b>	Elected representatives with primary responsibility for governing a regional area, with particular emphasis on natural resources and the environment, and also the organisation governed by these representatives. A regional authority may co-operate on selected issues with territorial councils in its region and others.
<b>Resource consent</b>	Where a council, using delegated authority under the Resource Management Act, gives an applicant permission for a particular land use activity.
<b>Resource Management Act (RMA)</b>	Resource Management Act (RMA) is New Zealand's main piece of legislation that sets out how we should manage our environment.
<b>Significance</b>	The 'significance' of a particular matter determines the process which Council may use to make a decision, particularly with regards to consultation. Refer to the Council's Significance and Engagement Policy.
<b>Special funds</b>	Funds that have been set aside for a particular purpose, or as cash reserves.
<b>Strategic asset</b>	The key assets that Council needs to provide services for the community. They are defined in Council's Policy on Significance.
<b>Submission</b>	Feedback or proposal from a citizen or group on an issue aimed to influence judgement at the council level at times such as draft Annual Plan, Long Term Plan or other new significant plans.



<b>Targeted rates</b>	Targeted rates may be levied on specific properties, for specific services. The water supply, wastewater and stormwater activities are funded from targeted rates. Note – these rates are not charged to rural properties that do not use the services. A small group of properties are targeted for the Karapoti Bridge Rate. A targeted rate also exists for the regional amenities fund.
<b>Territorial authority</b>	A city or district council.
<b>Three (3) waters</b>	A term for grouping the three water services provided by Councils together: water supply; wastewater; and stormwater.
<b>Wellington Regional Strategy</b>	The Wellington Regional Strategy focuses on achieving sustainable growth and development in the Wellington region.
<b>Works programme</b>	The works programme sets out the plans to be carried out over the next 10 years, such as pipeline renewal upgrades, enhanced cycle tracks, or equipment replacements. The schedule includes the year the work will take place, the costs of the work and the source of funding.