

Policies and Assumptions



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Revenue and Financing Policy

Introduction

The Local Government Amendment Act 2002, Section 103 refers to the policy in respect of funding of operating expenses and capital expenditure.

Council manages its revenues, expenses, net assets, reserves and special funds in such a manner that adequate and effective provision is made to meet the expenditure needs of the local community. One of the key concerns for Council is to ensure that major assets are not run down, particularly infrastructural assets, by failing to provide adequate funds for future maintenance and renewals. Council manages its long term financial requirements with a suitable balance between long term debt and reserve funds ensuring at all times a sound debt/rates income ratio is maintained.

Council has not expressly funded for depreciation as a separate fund and for that reason projected operating revenues are not always set at a level which meets operating expenses, as shown in the Statement of Financial Performance. Further detail is provided below for each Activity.

In accordance with Section 100(2) of the Local Government Act 2002, Council has set projected operating revenues at a different level to operating expenses. This position has been arrived at having regard to the fact that the cost of maintaining the service capacity and integrity of assets, particularly renewals and replacements for infrastructural assets, is funded directly through rates or loans, rather than funding depreciation expenses as a reserve fund. Council does not consider that depreciation reflects the annual cost of maintaining the service potential of the relevant asset, but is merely the reduction in economic benefits embodied in the asset.

The key controls, to ensure prudent stewardship and efficient and effective use of resources, particularly assets, are provided by the asset management plans for each asset class.

This policy should be read in conjunction with the Funding section of Book 2.

Funding the Activities of Council

The main activities of Council operations have been analysed as to the most suitable funding sources on the basis of the following principles:

- The community outcomes that each activity contributes to,
- The distribution of benefits from each activity to the community as a whole, identifiable parts of the community, and individuals,
- The period over which the benefits from each activity can be expected to occur,
- The extent to which the actions or inactions of particular individuals contribute to the need to undertake each activity,
- The costs and benefits of separate funding.

The detailed analysis for each activity is outlined under the later section, 'Funding'.

The following main activities are summarised with comments:

Parks and Reserves

Capital renewals, either direct cost or financed through loans, are funded directly from the general rate or the reserve fund contribution account. The renewals are administered through the Asset Management Plan.

H²O Xtream and Expressions Arts and Entertainment Centre

The buildings, plant and equipment are maintained in accordance with the Asset Management Plan. Subsequent renewals are funded through loans, reserves or general rates.

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Depreciation is recognised as an operating expense and is funded overall through Council operating surpluses, although major capital renewals are funded as above. Funding for Expressions relates to the operational grant made by Council and the costs of maintaining the asset.

Library

Capital expenditure on new books is directly funded from rates. Depreciation is recognised as an operating expense and is funded overall through Council operating surpluses, although major capital renewals are funded as above.

The building, plant and equipment are maintained in accordance with the Asset Management Plan. Subsequent renewals are funded through loans, reserves or rates. Depreciation is recognised as an operating expense and is funded overall through Council operating surpluses, although major capital renewals are funded as above.

Property

Rental income is set at such a level that operating costs, including loss of service potential, are provided for.

Land Transport

Asset Management Plans dictate the levels of renewal. With the exception of land and road formations all assets are depreciated on a straight line basis. The funding of this depreciation is through direct ratepayer funding of capital renewals in conjunction with Land Transport NZ subsidies.

Water Supply, Stormwater and Wastewater

All assets are depreciated on a straight line basis with direct ratepayer funding of capital renewals.

For this reason, depreciation is not directly funded from rates.

Support Services

Motor vehicles and computer equipment are generally replaced through leasing. When not leased, they are funded from the plant renewal reserve, new loans or rates.

Civic Centre building, furniture and fittings are maintained in accordance with the Asset Management Plan. Subsequent renewals are funded through loans, reserves or rates. Depreciation on these assets is accounted for as an operating expense and allocated over the Council operating activities as specified above.

Summary of Funding Sources

Group of Activities	Activity Component	%	Preferred Funding Mechanism
Leadership	Leadership	100	General rates
Economic Development	City Promotion /Visitor Industry	95 5	General rates User contributions / sponsorship
	Business Development	100	General rates
Community Life	Community Services	95 5	General rates User contributions / sponsorship
	Parks and Reserves	96 4	General rates Fees and Charges

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Group of Activities	Activity Component	%	Preferred Funding Mechanism
	Library	93 7	General rates Fees and Charges
	Expressions Arts and Entertainment Centre	100	General rates
	Property	100	Rental charges
	Akatarawa Cemetery	100	Fees and Charges
	Emergency Management	100	General Rates
Living Environment	Animal Control	100	Fees and Charges
	Building Control	30 70	General rates Fees and Charges
	Environmental Health	75 25	General rates Fees and Charges
	Liquor Licensing, Gambling	34 66	General rates Fees and Charges
	Parking Enforcement	37 63	General rates Infringement fees
	City Planning	80 20	General rates Fees and Charges
Land Transport	Land Transport	64 36	General rates Subsidies, targeted rates and user fees
Water & Waste Services	Water Supply	20 80	Targeted rates [fire protection] Targeted rates [water supply] and Fees and Charges
	Wastewater	100	Targeted rates [wastewater] and Fees and Charges
	Stormwater	100	Targeted rates
	Solid Waste	100	Silverstream Landfill Income

Revenue and Financing Policy

Rating System for 2006/07

1. General Rates

General rates are calculated on the capital value of all rateable properties in the City and assessed on a differential basis in accordance with Council's differential rating policy [at page 9].

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:

Differential Rating Group ¹	Factor
Standard ¹	100
Residential High Value ^{1,2}	Scaled factor from 99.86 to 49.54
Rural ¹	73
Business ¹	270

NOTES

- 1 Refer to the Differential Rating Policy (see next section) for definitions of each Category
- 2 Refer to the Residential High Value Sub-group Table below for the scaled factors

Residential High Value Sub-group	Capital Value	Differential Factor
101	660,000	99.86
102	670,000	98.52
103	680,000	97.22
104	690,000	95.96
105	700,000	94.73
106	710,000	93.54
107	720,000	92.38
108	730,000	91.25
109	740,000	90.15
110	750,000	89.08
111	760,000	88.04
112	770,000	87.03
113	780,000	86.04
114	790,000	85.08
115	800,000	84.14
117	820,000	82.33
118	830,000	81.46
119	840,000	80.61
121	860,000	78.97
122	870,000	78.17
125	900,000	75.90
130	950,000	72.43
131	960,000	71.78
132	970,000	71.14
134	990,000	69.91
135	1,000,000	69.31
136	1,050,000	66.49
137	1,225,000	58.42

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Residential High Value Sub-group	Capital Value	Differential Factor
138	1,250,000	57.45
139	1,300,000	55.62
140	1,410,000	52.06
145	1,500,000	49.54

2. Targeted Rates

2.1 Water

A targeted rate, by way of a set rate per dollar on a capital value basis, is proposed to meet 20% of the revenue required for water supply, identified as being required for fire protection purposes, and is levied upon each separately used or inhabited portion of a rating unit which is connected to the water supply ("a serviced property"). Where 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 charge of 50% of the full charge will be made.

A further targeted rate, by way of a uniform annual charge, is proposed to be set on each separately used or inhabited portion of a rating unit to which water is supplied ("a serviced property") to provide approximately 60% of revenue needed for the general water supply service.

Where 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 charge is 50% of the full charge will be made.

For the extraordinary supply of water a user charge will be set based on the quantity of water used as calculated by water meters installed on the properties concerned. This charge accounts for approximately 20% of the revenue needed for the general water supply service.

2.2 Stormwater

A targeted rate is proposed to be levied on a capital value basis for all rating units within that part of the city of Upper Hutt that benefit from the provision of stormwater drainage and flood protection services.

The rate proposed will be levied 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.

2.3 Wastewater

A targeted rate is proposed to be set on each water closet (pan) or urinal connected to a public sewage drain. The charge will be levied on a scale of charges in accordance with the number of water closets (pans) or urinals at present on each separately used or inhabited part of a rating unit.

A whole charge will be set for the first pan or urinal on each separately used or inhabited part of the rating unit and for every second pan or urinal thereafter. All residential separately used or inhabited properties shall be deemed to have not more than one pan or urinal.

In regard to schools in the City, the number of whole charges to be set is 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, or

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- (b) the number of charges based on the formula;
Volume of water used per annum divided by 260,
(260 being the number of cubic metres assessed as being a standard residential unit annual usage).

2.4 Karapoti Bridge Rate

A targeted rate, set by way of a rate per dollar on capital value, known as the Karapoti Bridge rate, will be set on land contained within Valuation References 15190-001-00-00, 15190-002-01-A0 and 15190-002-01-B0. The revenue sought from this rate is \$2,177 (inclusive of GST) and is to be applied to meet the cost plus interest of monies advanced from Special Funds for the purposes of construction of the Karapoti Bridge for the benefit of the properties above.

3. Greater Wellington Regional Council Rates

The Upper Hutt City Council collects rates on behalf of the Greater Wellington Regional Council. These rates are levied on a capital value basis, without differentials, as requested by the Regional Council.

4. Dates that Rates are Payable

All rates will be levied by five instalments on a cyclical basis represented by Part One and Part Two (as adopted by the Council by Special Order resolution altering the instalment system on 24 June 1992, amended on 7 April 1999).

4.1 Part One

The land situated within the City of Upper Hutt, being all the land described in the following Land Valuation Roll numbers, namely:

- (a) 15180 being the Whitemans Valley, Mangaroa Valley areas;
- (b) 15190 being the Kaitoke, Te Marua, Akatarawa Valley areas;
- (c) 15200 being the Parkdale, Brown Owl, Akatarawa areas;
- (d) 15205 being the Timberlea area;
- (e) 15210 being the Maoribank, Kashmir, Kingsley Heights areas;
- (f) 15220 being the Central North area;
- (g) 15230 being the Totara Park area;
- (h) 15940 being the Central City area;
- (i) 15960 being the Central City area.

4.2 Part Two

The land situated within the City of Upper Hutt, being all the land described in the following Valuation Roll numbers, namely:

- (a) 15900 being the Heretaunga, Silverstream areas;
- (b) 15920 being the Moonshine Road, Poets and Cottle Block areas;
- (c) 15990 being the Central, Wallaceville areas;
- (d) 16011]
- (e) 16013] being the rating area of the former community
- (f) 16014] of Heretaunga/Pinehaven
- (g) 16016]

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5. Due Dates

The due date for each instalment (allowing for cyclical billing) before which an additional charge of 10% will be added in accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, will be:

5.1	Part One	Due Date
	Instalment One	31 August 2006
	Instalment Two	31 October 2006
	Instalment Three	15 January 2007
	Instalment Four	28 February 2007
	Instalment Five	30 April 2007

5.2	Part Two	Due Date
	Instalment One	30 September 2006
	Instalment Two	30 November 2006
	Instalment Three	31 January 2007
	Instalment Four	31 March 2007
	Instalment Five	31 May 2007

6. GST

All the foregoing rates, charges and revenue required are inclusive of Goods and Services Tax (GST) as prescribed pursuant to the Goods and Services Tax Act 1985).

7. Penalties

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, additional charges will be added during the financial year to unpaid rates as follows:

- An additional charge of 10% of the sum of the rates outstanding will be added to each instalment of rates levied in the financial year and which remain unpaid immediately following the last day of payment of the instalment concerned as detailed in paragraphs 5.1 and 5.2 above.
- A further penalty of 10% of rates set for any previous financial year that is unpaid 5 working days after the date of the resolution [Section 58(1)(b)].
- A further penalty of 10% on rates to which a penalty has been added under paragraph (b) if the rates are unpaid 6 months after that penalty was added [Section 58(1)(c)].

Differential Rating Policy

Council has taken the following matters into account in applying the system of differential rating to the general rate:

- The effects of the 2004 general revaluation of the city.
- The Council's desire to ensure, as far as possible, that the amount of the general rate to be derived from each differential category, continues to be about the same share, relative to the other categories, as in the past.
- Differences in the benefits received and in the demands placed upon the services provided by the Council for different categories of properties.
- The principles and considerations identified by Council as relevant in its analysis of funding of the various activities it undertakes.

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For the purposes of the differential rating system for the general rate, all rateable property in the district of Upper Hutt City shall be allocated to one of the following categories:

1. Rural

A rating unit will be allocated to the Rural Category for rating purposes if:-

- a) it is situated in a rural zone; **and**
- b) is being used principally for a farming activity; **and**
- c) has an area of 30ha 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 30ha or more

then the rating units will all be allocated to this category for rating purposes.

2. Utilities

Regardless of zoning, a rating unit will be allocated to the Utilities Category for rating purposes if:

- a) it is identified as a utility in the Upper Hutt City District Valuation Roll; **or**
- b) is owned by a utility operator and is being used, principally, as part of the utility infrastructure.

3. Business

A rating unit situated in a 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 category) because it is being used, principally, for a residential activity.

A rating unit that is situated in a Residential, Rural or Open Space zone and which has not been allocated to the Utilities Category will be allocated to this category for rating purposes if it is being used, principally, for a business activity.

If the business activity is not the only activity being undertaken on the rating unit but is a significant activity in that the value of the part of the rating unit being utilised for the business activity has a capital value of \$50,000 or more then the rating unit will be divided so that the part being utilised for the business activity is allocated to this category for rating purposes and the balance is allocated to such other category as is appropriate in accordance with this policy.

For the avoidance of doubt the following are deemed **not** to be business activities:

- Farming activities
- Intensive animal farming
- Forestry
- Wellington Racing Club

For the avoidance of doubt the following **are** deemed to be business activities:

- Commercial sawmills and timber yards
- Farm products processing plants
- Retail nurseries and garden centres
- Veterinary hospitals and clinics
- Service Stations

Revenue and Financing Policy

A rating unit that is occupied by or for the purposes of a penal institution or as a defence area will be allocated to this category for rating purposes **unless**:

- a) it has been allocated to the Utilities category; **or**
- b) it has been allocated to the Rural category; **or**
- c) it has been allocated to the Standard category (or the Residential High Value category) because it is being used, principally, for a residential activity or is being used principally for a Farming activity but does not satisfy the criteria for inclusion in the Rural category.

4. Residential High Value

A 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 \$660,000 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 30ha; **or**
- c) is situated in any other zone, and has an area of less than 30ha and is being used, principally, for a residential activity.

5. Standard

A rating unit will be allocated to the Standard Category if it does not meet all of the criteria for inclusion in any other category.

Interpretation

In this Policy:

“**District Plan**” means the UHCC District Plan operative from 1 September 2004.

“**Rating Unit**” means a rating unit for the purposes of the Rating Valuations Act 1998.

“**Ratepayer**” has the same meaning as in Section 10 of the Local Government (Rating) Act 2002.

“**Zoning**” is determined by reference to the District Plan.

This Policy has been drafted with reference to the District Plan. Terms and expressions used in it are intended to have the same meanings as in the District Plan.

Allocation to a category or group for differential rating purposes is subject to a right of objection as set out in Section 29 of the Local Government (Rating) Act 2002. Valuations are subject to a right of objection under the Rating Valuations Act 1998.

Liability Management Policy

Upper Hutt City Council undertakes borrowing and risk management activities within the requirements of Section 102 [4][b] of the Local Government Act 2002. The Council borrows as it considers appropriate but exercises its flexible and diversified borrowing powers in compliance with LGA 2002. The borrowing requirement for each financial year is approved by the Council as part of the LTCCP/Annual Planning approval process.

In general, major projects are most likely to be funded by debt; whereas plant and equipment (when not leased) and smaller projects such as improvements in Parks and Reserves are funded through reserves or rates. The Council manages its finances with a view to ensuring that over time there is some stability in its annual rates revenue and accordingly the cumulative annual expenditure on capital items and debt repayment is controlled to ensure that stability is in fact achieved. This approach ensures that each generation is making a more or less equal contribution towards capital expenditure on an overall basis although not in relation to separately identifiable individual projects. The Council is satisfied that this approach adequately ensures that equity is maintained between generations of ratepayers.

Interest Rate Exposure

Interest rate risk refers to the impact that movements in interest rates can have on the Council's cashflows. Council's desire to have predictable, certain interest costs, avoid large adverse impacts on annual rates arising from interest rate related rises and the long term nature of the Council's assets and intergenerational factors leads to a general tendency is to have a high percentage of fixed rate or hedged borrowing. Notwithstanding the above, it may be appropriate from time to time, depending on the Council's outlook on interest rates to have a floating rate profile.

Interest rate risk is managed within the confines of liquidity and there is a constant trade-off between the two. The use of interest rate risk management instruments is approved by the Council. Council will not utilise such instruments for any type of speculative transaction and will take advice from external parties whenever making use of them.

Liquidity

Liquidity risk management refers to the timely availability of funds to the Council when needed, without incurring penalty costs. The Council minimises its liquidity risk by:

- spreading income flow from rates which are received 10 times over the year.
- matching expenditure closely to its revenue streams and managing cashflow timing differences to its favour.
- maintaining its financial investments in liquid instruments.
- maintaining a committed overdraft facility with its relationship bank.
- avoiding concentration of debt maturity dates.
- maintaining a Disaster Recovery Plan and adequate insurance for coverage of natural disasters.
- adopting sound business financial practices which enhance Council's risk management.

Credit Exposure

The original borrowing will be carried out with known or established markets at a fixed or floating rate as appropriate. Subsequent hedging can operate separately to the original loans to provide greater flexibility. The external parties involved in hedging arrangements may be different to the original lender but in all cases will be reputable, financial institutions with strong credit ratings. Council will only deal with the following external parties:

- (a) Registered Banks - short term S&P credit rating of A1 or better
- (b) Other SOE's and Corporates - long term S&P rating of AA or better
- (c) Other Local Authorities

Liability Management Policy

Debt Repayment

Council will generally set the terms of any borrowing to under 20 years for all loans up to a face value of \$15 million. However a matching of the asset life, term of benefits and intergenerational funding issues will also be considered in each case. The need to spread the maturity profile of debt, including any re-financing and income streams, will also be taken into consideration. Loans negotiated over this value will have a term dependant on forecast debt/equity ratios according to the Long Term Council Community Plan.

Specific Borrowing Limits

In managing debt borrowing, Council will adhere to the following borrowing limits:

- Total interest expense on public debt will not exceed 10% of annual rates.
- Ratio of external public debt to annual rates and levies will not exceed 150%.
- Public debt per assessable ratepayer will not exceed \$2,500.
- Public debt per capita will not exceed \$1,000.

Giving Securities

Council will generally operate with a security over its rates income under its Debenture Trust Deed. Council will generally avoid giving security over specific assets.

Operating Procedures

Council's detailed procedures and delegations for exercising its Liability Management Policy are set out in a document called "Investment and Borrowing Policy – Operating Procedures" [operative from 1 July 2006].

Investment Policy

Upper Hutt City Council undertakes investment and risk management activities within the requirements of Section 102[4][c] of the Local Government Act 2002.

Mix and Acquisition of New Investments

Council manages a portfolio of investments comprising equity investments, property, loans, advances and financial investments. The acquisition or disposal of investments, excluding re-investment of current financial investments on maturity, has to be approved by Council.

Objectives

Council's philosophy on the management of investments is to optimise returns in the long term while balancing risk and return considerations. Council recognises that, as a responsible public authority, any investments that it does hold should be low risk. Council also recognises that lower risk generally means lower returns.

Council does not hold financial investments other than those involving special funds and cash management balances. In its financial investment activity, Council's primary objective when investing is the protection of its investment. Accordingly, only creditworthy counterparties are acceptable.

Investments are managed through the Finance division of Council, under delegated authority by the Chief Executive and the Director of Corporate Services. A statement of Cash and Investments, showing investment limits, is monitored on a daily basis and reported to Council, through the Audit Committee, every quarter.

Council provides direct support to local organizations in its policy of supporting local initiatives. These loan advances are reviewed on a regular basis to ensure that interest and principal repayments are made in accordance with the loan agreement. In the case of guarantees Council expects and receives an audited annual report of the organisation concerned in order to review both current performance and abatement of the exposure through the organisation's debt repayments.

Management of Risk

Council in administering its financial investments will face both credit as well as interest risk in managing these particular investments. The Council's primary objective when investing is the protection of its investment. Accordingly, only credit worthy counterparties are acceptable and selected on the basis of their current Standard and Poors (S&P) rating which must be A1 or better.

Within the above credit procedures, Council also seeks to maximise investment return, ensure investments are liquid and manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

Operating Procedures

Council's detailed procedures and delegations for exercising its Investment Policy are set out in a document called "Investment and Borrowing Policy – Operating Procedures" [operative from 1 July 2006].

Policy on Development Contributions

1. Introduction

- 1.1 This document sets out the Council's policy on development contributions under the Local Government Act 2002 ("LGA"). The Council is required under section 102(4) of the LGA to adopt a policy on development contributions or financial contributions as part of its Long Term Council Community Plan ("LTCCP").
- 1.2 Section 197 of the LGA defines a development contribution as a contribution:
- (a) provided for in a development contribution policy included in the Long-Term Council Community Plan of a territorial authority; and
 - (b) calculated in accordance with the methodology; and
 - (c) comprising:
 - (i) money; or
 - (ii) land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or
 - (iii) both.
- 1.3 This policy has been drafted to meet the requirements for development contribution policies set out in sections 106, 197-211, and Schedule 13 of the LGA. Broadly speaking the policy:
- identifies the Council activities which will be funded by development contributions (initially, only roading in eight specified roading "catchments" and water and wastewater infrastructure in one catchment specified for this purpose);
 - summarises the capital expenditure on these activities that the Council expect to incur as a result of household growth in the district from 2004 to 2024;
 - states the proportion of that capital expenditure that will be funded by development contributions, and the rationale for using this method of funding;
 - describes conditions and criteria applying to exemption from, remission, postponement, and refund of development contributions;
 - specifies the level of contribution payable in different parts of the City (catchments) the Council has defined;
 - specifies when a development contribution will be required.
- More specifically, the policy:
- Provides for the Council to take development contributions to fund capital expenditure on roading in eight specified catchments. This expenditure is required to address the effects on roading infrastructure of increased traffic in those catchments resulting from household growth or, in the case of the Alexander Road catchment, resulting from commercial development;
 - Provides for the Council to take development contributions to recoup capital expenditure on reticulated water supply and wastewater networks in the Mangaroa catchment, which it has already incurred in anticipation of growth;
 - For information purposes only, signals the Council's intention in the future to widen the policy to recoup the cost to the Council of providing spare capacity in roading, water supply, wastewater and stormwater networks in areas of new (greenfields) subdivision.
- 1.5 This development contribution policy is distinct from, and should be read alongside, the provisions in the Upper Hutt District Plan regarding financial contributions under the Resource Management Act 1991. As well as requiring development contributions under the LGA and financial contributions under the Resource Management Act 1991, the Council will continue to seek to avoid, remedy, or mitigate adverse effects of subdivision and development through appropriate conditions of resource consent imposed under sections 108 and 220 of the Resource Management Act 1991.

Policy on Development Contributions

2. Growth in Upper Hutt

2.1 The population of Upper Hutt City at the last census in 2001 was 36,372. The City has maintained relatively stable population throughout the past two decades, and forward-looking predictions are for the population to remain unchanged for at least a further decade. While these predictions include a low growth scenario under which the population will decline slightly, and a high growth scenario under which the population will increase to 41,300 by the year 2016, for the purposes of this policy the Council has assumed the "medium" growth scenario under which the population of Upper Hutt City remains stable at approximately 37,000 over the next 20 years.

2.2 Despite a stable population, there has been significant growth in the number of households in the City over the past decade, which has resulted in residential occupancy rates falling from an average of 2.92 persons per residential dwelling in 1991 to 2.75 persons per residential dwelling in 2001. This trend is expected to continue during the 20-year period of the development contributions policy, but eventually taper off somewhat. On the assumption of stable population over the next 20 years, an additional 1,960 residential units can be expected in the City by 2024.

Even without population growth, household growth results in increased demand for Council-provided infrastructure. In particular, greenfields subdivision on the perimeters of the urban area, and continuing one-off subdivisions to create rural residential "lifestyle" blocks, result in pressure for the Council:

- in the case of new greenfields subdivision, to provide adequate water supply, wastewater and stormwater disposal and roading infrastructure to service those subdivisions;
- in respect of rural residential lifestyle properties, to upgrade existing rural roads to accommodate increased traffic generated by subdivision and development of those properties.

2.4 New greenfields subdivision in particular also creates a demand for the provision of reserves, open space and leisure facilities in the vicinity of the new subdivision. The Council will continue to address this demand through financial contributions in the form of land, money, or both, taken in accordance with the provisions of the Upper Hutt District Plan and the Resource Management Act 1991.

2.5 Other activities undertaken by the Council include the provision of civic and recreational facilities such as halls, libraries, the aquatic centre H²O Xtream and the Expressions Arts and Entertainment Centre. Existing civic and recreational facilities are considered to be reasonably accessible to all residents of the district. Without population growth, it may be unnecessary to provide more of these facilities, or to increase the capacity of existing facilities. On the other hand, even with a stable population there may be a demand for improved levels of service in relation to civic and recreational facilities: but this would normally be funded out of rates. Accordingly this policy does not provide for a development contribution in relation to civic and recreational facilities.

2.6 In addition to greenfields and rural residential subdivision, there is also some infill development of urbanised parts of the City. The impact of infill development on Council infrastructure is less significant than other forms of development because of the spare capacity that still exists in water supply, wastewater and roading infrastructure serving the urban area. There is no spare capacity in the Council's stormwater disposal infrastructure, but the vast majority of projected capital expenditure on stormwater infrastructure relates to improving the level of service (including the level of flood protection) provided by that infrastructure rather than increasing the capacity of the network. For these reasons this policy does not provide for the Council to recover development contributions from infill subdivision and development in the urban area.

Policy on Development Contributions

2.7 However, the Council will continue to require the adverse effects of infill subdivision and development to be addressed through appropriate conditions of resource consent, including works and services conditions imposed under section 108(2)(c) of the Resource Management Act 1991. In some circumstances this may involve undertaking off-site works and services to address the impact of the subdivision and development on Council infrastructure.

3. Funding the Costs of Growth

3.1 Because the Council provides reserves, roading, wastewater, stormwater, and water supply infrastructure to the population of Upper Hutt on an ongoing basis, household growth imposes costs on the Council in terms of providing new items of infrastructure, or increasing the capacity of existing infrastructure, to meet the needs of these new households.

3.2 Assuming it would be unacceptable for the Council not to provide reserves, roading and reticulated services to new households, the real choice is between on one hand funding growth costs through development contributions and/or financial contributions; and on the other hand funding these costs through general funding mechanisms such as borrowing and rates. Funding the cost of a development through development contributions and financial contributions is seen as the more equitable way of allocating costs to those responsible for the Council incurring those costs, and who benefit from the Council's capital expenditure.

4. Capital Expenditure in Response to Growth

4.1 Section 106(2)(a) of the LGA requires the Council's development contributions policy, in relation to the purposes for which development contributions may be required, to summarise and explain the capital expenditure identified in the LTCCP that the Council expects to incur to meet the increased demand for "community facilities" resulting from growth. Community facilities are defined in section 5 of the LGA as including reserves, network infrastructure (which includes roads, water, wastewater, and stormwater collection and management), and community infrastructure. Refer to the glossary to this policy for a full list of defined terms.

4.2 Section 106(2)(b) requires the development contributions policy to state the proportion of that capital expenditure that will be funded by development contributions and other sources of funding. In addition, section 106(2)(d) requires each activity for which a development contribution will be taken to be identified, along with the total amount of development contribution funding sought for that activity.

4.3 At this stage the only activities for which the Council will require development contributions are roading in the eight catchments specified in this policy and, in a single catchment (Mangaroa), water supply and wastewater. The information required under sections 106(2)(a), 106(2)(b) and 106(2)(d) is provided in the following table:

Policy on Development Contributions

20-Year Estimated Total Capital Expenditure and Funding for Growth

	Total Cost of Capital Works	Other Sources of Funding	Total Improved Level of Service Component	Total Growth Component	Amount to be Funded through Development Contributions
Roading in Specified Catchments	\$6,750,510	Rates/loans	\$1,360,390	\$5,390,120	\$4,146,435
Wastewater & Water in Mangaroa Catchment	\$2,259,930	Rates/loans	\$773,134	\$1,486,796	\$1,486,796

4.4 The Council intends in future years to widen the scope of this policy to allow for the taking of development contributions to recoup Council expenditure to purchase spare capacity in roading, stormwater reticulation, water supply and wastewater infrastructure in areas of greenfields subdivision.

5. Rationale for Funding Growth through Development Contributions

5.1 Section 106(2)(c) of the LGA requires the development contributions policy to explain why the Council has determined to use development contributions as a funding source, by reference to matters referred to in section 101(3) of the LGA.

5.2 Community Outcomes

The following community outcomes have been identified for Upper Hutt City:

- Upper Hutt is the city of choice for people from all walks of life
- Upper Hutt has a vibrant city heart
- The economy is robust, innovative and growing
- Upper Hutt offers a green and attractive living environment
- The community is safe, healthy and strong
- Leisure opportunities are outstanding
- Upper Hutt is connected with the world.

5.3 Of these outcomes, the provision of roading infrastructure in the eight catchments specified, and the provision of wastewater and water infrastructure in the Mangaroa catchment (in each case funded through development contributions) contributes primarily to Upper Hutt being a city of choice; to offering a green and attractive living environment; to the community being safe, healthy and strong; and to Upper Hutt being connected with the world.

5.4 Distribution of Benefits

The Council considers it appropriate that development contributions are required to fund the addition of capacity in roading, stormwater, wastewater and water supply networks. The benefits of this additional capacity accrue to the residents of new households generating the demand for that capacity; development contributions paid by developers can be passed on through section prices to the residents of the new households who will benefit from the additional capacity. By contrast, existing landowners gain no benefit from the addition of capacity to existing networks that adequately meet their needs: accordingly they should not be required to fund the addition of that capacity through rates.

Policy on Development Contributions

5.5 The cost of maintaining or improving levels of service provided by Council infrastructure to the existing population has been stripped out of the capital expenditure to be funded out of development contributions, as this expenditure does not benefit developers or new households who will be bearing the cost of development contributions.

5.6 **The Period in which Benefits are Expected to Occur**

The benefits of capital expenditure to accommodate the effects of growth are likely to accrue beyond the 20-year timeframe of the development contributions policy, given the longevity of roads and piped networks. Nevertheless a 20-year period is seen as an adequate planning timeframe for the purposes of this policy.

5.7 **Extent to which Particular Individuals Contribute to Need to Undertake Activity**

The need to install new capacity in Council-provided roading, stormwater, wastewater and water supply networks is caused by those undertaking subdivision and development in the district resulting in the creation of new lots and household units. Accordingly it is appropriate for the costs of installing additional capacity to be passed on through development contributions payable by developers on the granting of resource or building consent.

5.8 **Costs and Benefits of Funding the Activity Distinctly from Other Activities**

Development contributions can be imposed at relatively little cost, with the major costs lying in the preparation of a suitable methodology for the assessment of contributions. The benefits of funding the addition of capacity in Council infrastructure to meet the effects of growth through development contributions include greater transparency through quantifying the cost of growth to the Council in terms of providing additional infrastructure, and then passing on that cost to developers through development contributions. The use of catchments also aids transparency by signalling the variations in the cost of providing infrastructure according to the characteristics of the particular locality and the nature of the works required.

5.9 **Overall Impact on Community Wellbeing**

Ensuring adequate sources of funding to provide appropriate infrastructure is central to promoting the social, economic, environmental and cultural wellbeing of the district. Funding the cost of providing increased capacity in Council infrastructure through development contributions ensures equity between existing residents and those responsible for the Council incurring these additional costs.

Council has decided that the rural roading development levy should be imposed only on subdivision and in respect of each new lot created. The Council has decided not to implement a proposal to impose a levy at the building consent stage, for a new dwelling, because it considers that those people owning rural land and intending to build are already paying through rates for services.

Council has set a cap on development contributions for rural roading in recognition of the potentially high individual new allotment costs arising from the difficult topography and limited potential for further subdivision within certain rural catchments and as they do not wish to stifle such development.

6. Activities for which Development Contributions will be Required

6.1 **Roading**

Council funded capital works associated with the provision of a safe and efficient roading network in the following roading catchments (refer to the map at the end of this policy for the location and boundaries of these catchments):

- Akatarawa Rd
- Kaitoke
- Mangaroa

Policy on Development Contributions

- Katherine Mansfield extension
- Blue Mountains
- Moonshine Hill Rd
- Alexander Rd
- Swamp Rd

6.2 Water and Wastewater

Council funded capital works associated with the provision of reticulated water supply and wastewater networks in the Mangaroa catchment (refer to the map at the end of this policy for the location and boundaries of this catchment).

7. How Development Contributions have been Calculated

7.1 Section 201(1)(a) of the LGA requires the development contributions policy to include, in summary form, an explanation of and justification for the way each development contribution in the schedule to the policy is calculated.

7.2 In summary, each contribution (apart from the Alexander Road catchment roading contribution, and the Mangaroa water and wastewater contribution: see below) has been calculated in accordance with the methodology set out in Schedule 13 of the LGA, and then in respect of certain contributions applying an upper "cap", namely:

Stage 1:

The Council has first, within each catchment, estimated the number of new lots/household units likely to be created over the next 20 years, based on existing trends in population and household growth and the development potential of each catchment (see the table in paragraph 10.1 below);

Stage 2:

It has, within each catchment, identified the total cost of the capital expenditure it expects to incur on roading over the next 20 years (this figure is drawn from the Council's asset management documentation and is referred to in the Council's LTCCP);

Stage 3:

It has identified the share of that capital expenditure attributable to growth. This involves identifying whether the "driver" for individual items of capital expenditure (projects) is improvement in levels of service, the provision of additional capacity, or a mixture of both; and then aggregating the expenditure attributable to providing additional capacity on individual projects into a single figure for each catchment (the "growth component"). The Council intends the entire growth component to be funded out of development contributions;

Stage 4:

In each catchment the Council has divided the growth component by the projected number of new lots/households units in that catchment to derive a per lot/household unit contribution.

Stage 5:

Having assessed a theoretical development contribution per additional lot/household unit, Council then considered the impact of such a contribution on the wellbeing of the community, and modified the requirements for rural roading development contributions by:

- a] Resolving not to levy development contributions at the building consent stage.
- b] Resolving to place a cap on the maximum levy payable in the Moonshine Hill road and Akatarawa road catchments at \$9,690 and noting that in the other catchments the property owner will pay the actual levy assessed.

Policy on Development Contributions

Council will now only impose the levy on new rural lots created by subdivision.

- 7.3 The Mangaroa water and wastewater contribution has been calculated in the same way, with the exception that at stage 2 above, instead of apportioning the cost of future capital works attributable to growth over the next 20 years the Council has, in reliance on section 199(2) of the LGA, apportioned the cost of capital expenditure already incurred in anticipation of growth (see the table in paragraph 10.2 below).
- 7.4 The Alexander Rd roading contribution has also been calculated in a similar way to the methodology set out in paragraph 7.2 above. The difference is that at stage 1, instead of estimating the number of new lots/household units likely to be created over the next 20 years, because this is an area of anticipated commercial/industrial growth rather than residential growth, the Council has estimated the amount of developed commercial floor space. This has led to the basic unit of demand in this catchment being each additional 100m² of developed floor space created. Under stage 4, the Council has then divided the growth component of capital works in the Alexander Rd catchment amongst the amount of new floor space anticipated, to arrive at a contribution of \$133/each additional 100m² of developed floor space created.
- 7.5 The Council is required to adopt the methodology for calculating development contributions set out in Schedule 13 of the LGA; and considers it to be an appropriate way to fund the impact of household growth and, in the Alexander Road catchment commercial development, on the Council's roading infrastructure.

8. Significant Assumptions

- 8.1 Section 201(1)(b) of the LGA requires the development contributions policy to state significant assumptions underlying the calculation of the schedule of development contributions. This must include an estimate of potential effects, if there is significant uncertainty as to the scope and nature of those effects.
- 8.2 **Population and household growth projections**
The Council has relied on projections of households and population growth, as it is required to do under the LGA. In particular the Council has assumed that over the 20 year period of this policy, the population of Upper Hutt will remain stable at approximately 37,000; but that over that period (i.e. by 2024) the number of household units will increase by 1,960. Assumptions have also been made about the increase in household units in each of the roading catchments, and the Mangaroa water and wastewater catchment, over the 20 year period of the policy.
- 8.3 **Cost of individual items of capital expenditure**
The Council has used the best information available at the time of developing this policy to estimate the cost of individual items of capital expenditure on roading that will be funded in whole or in part out of development contributions. It is likely that actual costs will differ from estimated costs due to factors beyond the Council's ability to predict such as changes in the price of raw materials, labour etc and the timing of capital works. The Council will review its estimates of capital expenditure at least every 3 years when it reviews its LTCCP.
- 8.4 **Inflation**
All figures are in today's dollars and development contributions from 2007/2008 onwards have been adjusted in accordance with the note under Accounting Assumptions.

Policy on Development Contributions

9. Exemption, Remission, Postponement, & Refund of Development Contributions

9.1 Exemptions

In accordance with section 200 of the LGA, the Council will not require a development contribution if, and to the extent that:

- (1) It has, under section 108(2)(a) of the Resource Management Act 1991, imposed a condition on a resource consent in relation to the same development for the same purpose; or
- (2) The developer will fund or otherwise provide for the roading infrastructure to which the development contribution relates; or
- (3) The Council has received or will receive funding from a third party.

9.2 Remission and postponement

The Council will not usually remit or postpone payment of a development contribution but reserves its right to do so in an exceptional case.

9.3 Refunds

The Council will refund a development contribution to the consent holder or to his or her personal representative in the circumstances set out in section 209 of the LGA, namely:

- (1) If the contribution was taken upon the granting of a resource consent, the resource consent lapses under section 125 of the Resource Management Act 1991 or is surrendered under section 138 of that Act; or
- (2) If the contribution was taken upon the granting of a building consent, the building consent lapses under section 41 of the Building Act 1991; or
- (3) The development or building in respect of which the resource consent or building consent was granted does not proceed; or
- (4) The Council does not provide the network infrastructure for which the development contribution was required.

10. Schedule of Development Contributions

10.1 Level of Contributions – Roading

The development contributions for roading payable for each additional unit of demand created are shown in the tables below:

(1) Additional Lots

Roading Catchment	Growth Component of 20 Year Capital Works Projects*	Total Units of Demand (Additional Lots)	Calculated Cost of Construction * (Per Additional Lot)	Development Contribution Charged * [Per Additional Lot]
Akatarawa Rd	\$1,589,160	81	\$19,620	\$9,690
Kaitoke	\$552,490	62	\$8,910	\$8,910
Mangaroa	\$223,500	109	\$2,050	\$2,050
Katherine Mansfield Extn	\$1,255,950	72	\$17,445	\$17,445
Blue Mountains	\$807,295	139	\$5,810	\$5,810
Moonshine Hill Rd	\$556,070	12	\$46,340	\$9,690
Swamp Rd	\$208,855	61	\$3,425	\$3,425

* GST exclusive

Policy on Development Contributions

(2) Additional Floor Area

Roading Catchment	Growth Component of 20 Year Capital Works Projects*	Total Additional Developed Floor Area	Development Contribution* (Per 100m ² of Additional Floor Area)
Alexander Rd	\$196,800	148,000 m ²	\$133

* GST exclusive

10.2 Level of Contributions – Water and Wastewater

The development contribution for water and wastewater payable for each additional unit of demand created in the Mangaroa catchment is shown in the table below:

Water and Wastewater Catchment	Growth Component of 20 Year Capital Works Projects^	Total Units of Demand (Additional Lots/ House-Hold Units)	Development Contribution* (Per Additional Lot or Household Unit)
Mangaroa	\$1,486,796	100	\$14,867

^Capital expenditure already incurred by the Council in anticipation of growth

* GST exclusive

10.3 When Development Contributions Will Be Required - Roading

Development contributions will be imposed upon the granting of a resource consent for subdivision or development that authorises the creation of one or more additional lots in the catchments listed below:

- Akatarawa Rd
- Kaitoke
- Mangaroa
- Katherine Mansfield extension
- Blue Mountains
- Moonshine Hill Rd
- Swamp Rd

10.4 In accordance with section 208 of the LGA, until a development contribution has been paid the Council may:

- In the case of a subdivision, withhold a certificate under section 224(c) of the Resource Management Act 1991; or
- In the case of a development, prevent the commencement of a resource consent for the development under the Resource Management Act 1991.

10.6 Development contributions will be imposed upon the granting of building consent to create an additional 100m² or more of developed floor space (if not already imposed on the granting of resource consent) in the catchment listed below:

- Alexander Rd

10.8 In accordance with section 208 of the LGA, until a development contribution has been paid the Council may withhold a code compliance certificate in respect of building work to which the building consent relates under section 43 of the Building Act 1991.

Policy on Development Contributions

10.9 When Development Contributions will be Required - Water and Wastewater

A development contribution for water and wastewater in the Mangaroa catchment will be required:

- upon the granting of a resource consent for subdivision or development that authorises the creation of one or more additional lots or household units in the Mangaroa catchment; or
- upon the granting of a building consent regarding the creation of one or more household units in the Mangaroa catchment; or
- upon the Council granting an authorisation for a lot or household unit in the Mangaroa catchment to connect to the Council's water supply or wastewater system.

10.10 In accordance with section 208 of the LGA, until a development contribution has been paid the Council may:

- In the case of a contribution required upon the granting of subdivision consent, withhold a certificate under section 224(c) of the Resource Management Act 1991; or
- In the case of contribution required upon the granting of resource consent for a development, prevent the commencement of the resource consent under the Resource Management Act 1991; or
- In the case of a contribution required upon the granting of building consent, withhold a code compliance certificate in respect of building work to which the building consent relates under section 43 of the Building Act 1991; or
- In the case of a contribution required upon the granting of an authorisation to connect to the Council's water supply or wastewater system, withhold a connection to that system.

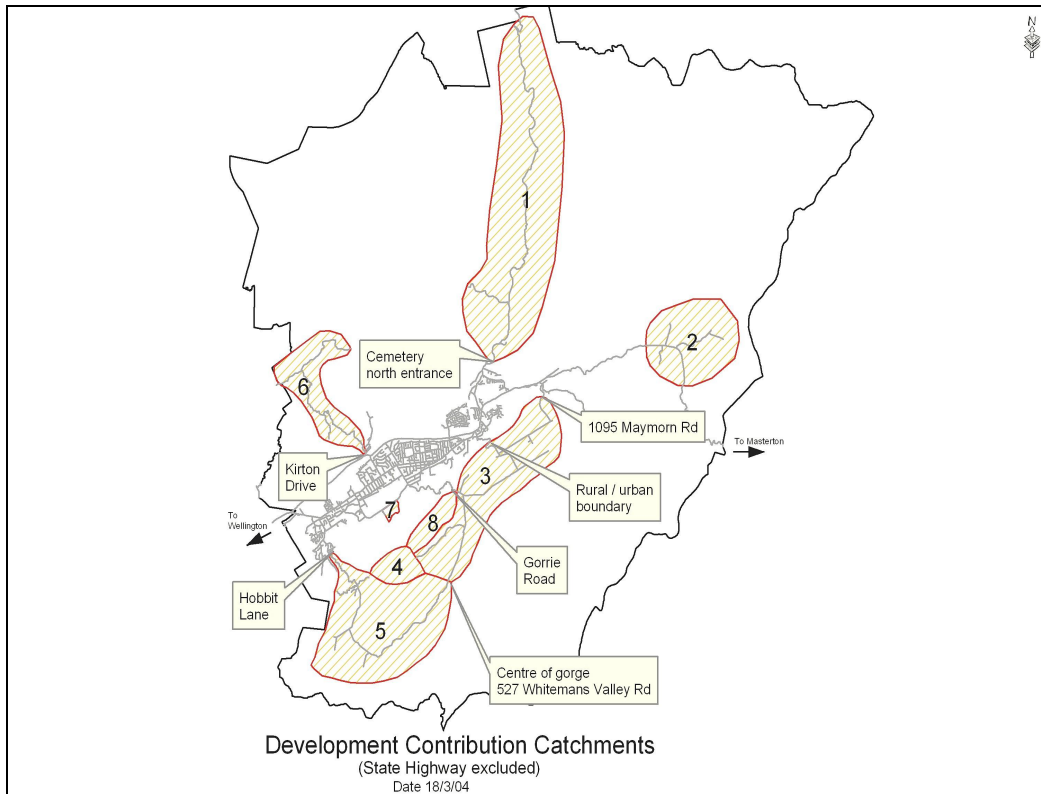
11. Glossary

In this policy:

- **allotment** has the meaning given to it in section 218(2) of the Resource Management Act 1991, and lot has the same meaning;
- **community facilities** means reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with section 199 of the LGA;
- **community infrastructure** means:
 - (a) land, or development assets on land, owned or controlled by the Council to provide public amenities; and
 - (b) includes land that the Council will acquire for that purpose;
- **development** means:
 - (a) any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure; but
 - (b) does not include the pipes or lines of a network utility operator;
- **development contribution** means a contribution:
 - (a) provided for in this development contribution policy; and
 - (b) calculated in accordance with the methodology;
- **development contribution policy** means the policy on development contributions included in the long-term council community plan of a territorial authority under section 102(4)(d) of the LGA;
- **methodology** means the methodology for calculating development contributions set out in Schedule 13 to the LGA;

Policy on Development Contributions

- **network infrastructure** means the provision of roads and other transport, water, wastewater, and stormwater collection and management;
- **network utility operator** has the meaning given to it by section 166 of the Resource Management Act 1991;
- **service connection** means a physical connection to a service provided by, or on behalf of, the Council.



Area	Comments
1 Akatarawa Roding catchment	Resource consent levy from <ul style="list-style-type: none"> • Akatarawa Road • Crest Road • Karapoti Road
2 Kaitoke roading catchment	Resource consent levy from the following roads <ul style="list-style-type: none"> • Gilbert Road • Kiwi Ranch Road • Marchant Road • Kaitoke Waterworks Road
3 Mangaroa roading catchment	Resource consent levy from the following roads <ul style="list-style-type: none"> • Whitemans Valley (from the centre of the gorge) • Colletts Road • Flux Road • Gorrie Road • Leonards Road • Maymorn Road • SPCA Road • Wallaceville Road

Policy on Development Contributions

Area	Comments
	<ul style="list-style-type: none"> • Parkes Line Road • Mangaroa Valley Road • Mangaroa Hill Road • Katherine Mansfield Drive (existing formed road)
3 Mangaroa water and sewerage catchment	Resource consent or building consent or authorisation to connect levy from lots connecting to the water and sewerage reticulation in Parkes Line and Maymorn Roads
4 Katherine Mansfield extension	Resource consent levy from <ul style="list-style-type: none"> • South of the existing sealed road
5 Blue Mountains catchment	Resource consent levy from the following roads <ul style="list-style-type: none"> • Avro Road • Avian Crescent • Avian Road • Blue Mountains Road • Cameron Road • Johnsons Road • Russells Road • Sierra Way • TVL Road • Whitemans Valley Road (to centre of gorge)
6 Moonshine Hill Road	Resource consent levy from the following roads <ul style="list-style-type: none"> • Moonshine Hill Road • Moonridge Road • Bulls Run Road
7 Alexander Road catchment	Building consent levy from development within the Business Industrial zone
8 Swamp Road catchment	Resource consent from lots within the catchment

Rates Remission or Postponement Policies

General Remissions Policy

In addition to mandatory remissions under Part 1 of Schedule One of the Local Government (Rating) Act 2002, that it is Council policy to grant a 30% remission on all rates and uniform charges levied on:

- a) land owned or occupied by or in trust for any society or association of persons, whether Incorporated or not, and used principally for games or sports other than racing, trotting and dog racing (First Schedule, Part 2, Clause 2).
- b) land owned or occupied by or in trust for any society or association or persons, whether incorporated or not, whose object or principal object or one of whose principal objects is to promote generally the arts or any purpose of recreation, health, education or instruction for the benefit or residents or any group or groups of residents of the district.

The schedules for categories of non-rateable land which are fully non-rateable and those categories which are 50% non-rateable are found in Schedule One of the Local Government (Rating) Act 2002.

Policy on Remission or Postponement

Objective

To enable the Council to act fairly and reasonably when rates have not been received by the due date.

Conditions and Criteria

1. Upon receipt of an application by a ratepayer, or if identified by the Council, Council may remit or postpone rates or penalties where it is demonstrated that the rates or penalty has been levied because of an error by the Council.
2. Upon receipt of an application from the ratepayer, and subject to the qualification below, the Council may remit a penalty where:
 - (a) the ratepayer has a two-year history of regular payment of rates or can demonstrate that the delay in payment is due to an extraordinary circumstance.
OR
 - (b) the ratepayer has entered into an agreement with the Council for the payment of rate arrears, and that agreement is being complied with.
OR
 - (c) the ratepayer has set up automatic payments set as such a level that the annual rates are paid over the financial year.
3. Upon receipt of an application by a ratepayer, or if identified by the Council, Council may postpone rates or penalties where it is demonstrated that the rates or penalty that have been levied are causing extreme financial hardship to the ratepayer.

Applications under this criteria will generally only be considered when applicants:

- (a) are unable to pay their rates because of personal circumstances,
- (b) have tried all other avenues to fund their rates,
- (c) have no significant assets,
- (d) are prepared to receive a legal charge to the Council over the property.

Rates Remission or Postponement Policies

Conditions

The Council reserves the right to impose conditions on the remission or postponement of rates or penalties.

Decisions

Decisions on the remission or postponement of rates and penalties are delegated to Council Officers. All delegations are recorded in the Council's delegation manual.

Rates Relief Policy

1. Eligible Developments

- 1.1 This Policy proposes rates relief for development or redevelopment of land by constructing, erecting or altering buildings, fixed plant and machinery or other works intended to be used solely or principally for industrial, commercial or administrative purposes where the cost of such development is not less than \$200,000 (exclusive of GST). This can include hotels, motels and other transient accommodation.
- 1.2 The Council will be prepared to consider any application for building development, which can demonstrate that it will be to the financial advantage of the City. Financial advantage will be deemed to occur if the development will result in:
 - significant employment growth or employment retention in Upper Hutt; and/or
 - significant downstream new business for other Upper Hutt manufacturers or suppliers of goods and services.

Developments for industrial, commercial or administrative purposes, which the Council wishes to foster, are in the following sectors:

- Primary production and processing.
 - Tourism, including recreational, cultural and conference facilities.
 - Manufacturing, especially those, which have high potential for employment, related to the total cost factor.
 - Health services.
 - Retailing.
 - Administrative services, including those provided by Government and private sector agencies.
- 1.3 The inclusion in the cost of the development of fixed plant and machinery requires that there is a degree of annexation to the building or to the land in or on which the items of plant and/or machinery are to be constructed or erected. It has a wider meaning than plant and machinery necessary for the operation of a building and the business conducted therein. Under this category, consideration could be given to plant, which is in itself, a building, i.e. a prefabricated concrete plant or shingle plant.

The application must be received not later than one month after the issue of the building consent for the development that is the subject of the application.

In the event of any developer, to whom rates relief has been granted, selling the property within which the eligible investment was made, rates relief ceases from the date of the sale, or at Council discretion.

Rates Remission or Postponement Policies

2. Forms of Rates Relief

- 2.1 The Council may remit or postpone (or a combination of these) part or all of the general rates otherwise payable on the subject property for the period of the development and up to a number of years thereafter.
- 2.2 The Council may impose conditions on the remission or postponement of rates and may cancel any remission or postponement in the event of non-compliance by the applicant with those conditions. In those circumstances, the Council may require payment of full rates in respect of any year in which rates have been remitted.

3. Factors to be Considered

The Council proposes to have regard to the following matters when considering applications for rates relief:

- Whether and to what extent, the development will, when completed, be to the financial advantage of the City including the creation of significant employment opportunities. The creation of jobs will be a strong factor in favour of granting rates relief, but the retention of existing jobs and the potential for job creation will also be positive factors.
- Whether and to what extent the granting of relief will be of material benefit to the development.
- Whether the investment limit and economic benefits criteria are met jointly in the case of a lessor/leasee arrangement.
- Whether and to what extent the development can be served by the existing basic Council services infrastructure.
- Such other matters as the Council may, from time to time, consider relevant.

4. Continuation of Policy

- 4.1 This Policy shall remain in force until such time as it is amended, suspended or revoked by the Council.
- 4.2 No amendment, suspension or revocation of this Policy shall affect any remission granted under this Policy before the date of that amendment, suspension or revocation.

5. Procedures

- 5.1 Applications for rates relief should be addressed to the Chief Executive, Upper Hutt City Council, Private Bag 907, Upper Hutt. Applicants will be required to supply such information as is reasonably necessary to enable the Council to assess the application, in relation to this Policy.
- 5.2 Every decision of the Council shall be publicly notified and the Notice shall include:
 - (a) The reasons for the decision to approve or decline the application.
 - (b) If the application is approved the identity of the occupier of the land and the estimated amount of the rates remitted or postponed.

6. General Council Policy Affecting All Applications

- 6.1 The rates relief policy is to be used as an effective marketing tool to encourage future business development in the City.

Rates Remission or Postponement Policies

- 6.2 It is to be noted that the discretion of Council will apply in each case and it is not to be assumed that rates relief will be granted in every instance, simply by meeting the basic criteria.
- 6.3 The Council does not consider that granting rates relief according to a strict formula or code is either practical or desirable. It believes that the provisions of this Policy constitute adequate guidelines for its consideration of applications. The ability of any applicant to meet requirements, such as the threshold and one or more of the other factors, does not in itself constitute a right to rates relief. Each application will be considered by the Council on its merits in relation to the Council's city development objectives.

Policy on Remission of Rates on Maori Freehold Land

Section 102(4)(f) of the Local Government Act 2002 requires that a local authority must adopt a policy on the remission and postponement of rates on Maori freehold land. Section 108 of the Local Government Act 2002 sets out the criteria with which a policy under section 102(4)(f) must conform.

The Upper Hutt City Council policy is that it will not remit or postpone rates on Maori freehold land.

In explanation, very little land within Upper Hutt City is held as Maori freehold land, and the issue of remission or postponement of rates on such land has not arisen. Should the situation change, then Council may review this policy.

Reporting Entity

Upper Hutt City Council is a territorial local authority governed by the Local Government Act 2002. These financial policies are prepared in accordance with the requirements of Section 98 of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practices. The forecast financial statements are those which have been adopted by Council to meet the requirements of Clause 8 of Schedule 10 of the Local Government Act 2002.

Measurement Base

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain fixed assets. The statements are based on New Zealand generally accepted accounting practice and comply with New Zealand equivalents of international reporting standards for the first time.

Accounting Policies

1. Forecast Figures

The forecast figures are those approved by Council at the beginning of the year after a period of consultation with the public as part of the Long Term Council Community Plan 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 NZIFRS 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 2005/06 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.

2. Revenue Recognition

Rates revenue is recognised when levied.

Water billing revenue is recognised on an accrual basis. Unbilled sales, as a result of unread meters at year-end, are accrued on an average usage basis.

Land Transport New Zealand roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Accounting Policies

Other grants and assets vested in the Council – with or without conditions – are recognised as revenue when control over the assets is obtained.

Dividends are recognised on an accrual basis net of imputation credits.

3. Investments

All investments, including Local and Central Government Stocks, are valued at the lower of cost or net realisable value.

4. Rate Arrears and Sundry Debtors

Rates arrears and debtors are stated at expected realisable value, after providing for debts where collection is doubtful.

5. Inventories

Inventories are recorded at the lower of cost or net realisable value. The cost of inventory is calculated using the average cost method.

6. Goods and Services Tax (GST)

The Financial Statements have been prepared exclusive of GST, with the exception of accounts payable and accounts 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.

7. Taxation

Income tax expense or benefit is charged in the Statement of Financial Performance in respect of the current year's surplus.

8. Fixed Assets

Council has Asset Management Plans for all major assets. These plans have provided the base for development of the forecast financial statements.

Fixed assets include:

- (a) **Operational assets:** These include land, buildings, improvements, library books, plant and equipment and motor vehicles.
- (b) **Restricted assets:** Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- (c) **Infrastructure assets:** Infrastructure assets are the fixed utility network systems owned by Council and include roading, water, stormwater and wastewater piping.

9. (i) Valuations

- (a) Land, buildings, plant, furniture and equipment were revalued as at 30 June 2003 by Tse Group Limited, except for minor structures, vehicles, computers and minor miscellaneous office equipment. Revaluations will be carried out five yearly. See note under Accounting Assumptions.
- (b) Minor structures, vehicles, computers and minor miscellaneous office equipment are valued at historical cost.
- (c) Infrastructure assets are the fixed utility network systems owned by Council and include roading, water, stormwater and wastewater piping. These assets were revalued on the depreciated replacement value basis as at 30 June 2004 by the Council's Engineers, except for land under roads and reservoir reserve land. The valuation was then independently reviewed by external valuers. Revaluations will be carried out five yearly. See note under Accounting Assumptions.
- (d) Land under roads was revalued at market rate for the existing use within the overall roading network as at 30 June 2004.

Accounting Policies

- (e) Reservoir reserve land was revalued on the basis of open space land designated for active use as at 30 June 2004.
- (f) Restricted assets are assets that cannot be disposed of because of legal and other restrictions. These assets were revalued as at 30 June 2003 by Tse Group Limited. Revaluations will be carried out five yearly. See note under Accounting Assumptions.
- (g) Library books were revalued at depreciated replacement cost as at 30 June 2003, by Tse Group Ltd. The heritage book collection was revalued as at 30 June 2003 by the Council Librarians. The valuation was independently checked by Tse Group Ltd in 2003. Revaluations will be carried out three yearly.
- (h) Vested assets have been valued on the actual quantities of infrastructure components vested and the current in the ground cost of providing identical services. The vested assets have been valued by the developer's engineers and Council's engineering staff.
- (i) The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance.

(ii) **Assets under Construction**

Assets under construction are included at cost. The total cost of a project is transferred to the relevant capital class on its completion and then depreciated.

(iii) **Impairment**

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Income Statement, unless the asset is carried at a revalued amount in which case any impairment loss is treated first as a revaluation decrease and then as a charge to the Income Statement to the extent that the impairment exceeds the amount in the revaluation reserve in respect of that asset.

(iv) **Disposal**

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.

10. 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.

The specific rates of depreciation applied to major classes of assets are:

(a) **Straight Line Basis (on cost/valuation)**

Water, Stormwater and Wastewater Pipes	1%-2%
Buildings	1%-2.5%
Roads (except land and formations)	2%-50%
Carparks	2%
Footpaths	2%-5%
Bridges	1.25%-2.5%

Accounting Policies

Street and Traffic Lights	2%-6.7%
Street Furniture	4%
Litter Bins	1%
Public Conveniences	2%
Dams and Reservoirs	1%
Pumping Stations	1.25%-6.67%
Telemetry	5%
Meters	1.25%-2%
Computer Software	33.3%
Computer Hardware	33.3%
Plant & Furniture & Equipment (revalued June 03)	10%-20%

(b) Diminishing Value (DV) Basis

Vehicles	10%-20%
Plant (minor)	10%-20%
Furniture and Equipment	20%

11. Investment Properties and Properties Intended for Resale

Properties that fall within the accounting definition of investment properties are revalued annually at net current value by an independent registered valuer. The result of the revaluation is credited or debited to the investment property reserve. Where this results in a debit balance in the reserve, this balance is expensed in the statement of financial performance. There is no depreciation on investment properties. Properties intended for resale are valued at the lower of cost or net realisable value.

12. Financial Instruments

The Council has a series of policies providing risk management for interest rates and the concentration of credit risk. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has an established Borrowing and Investment policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from an investment.

As at 16 June 2006, in regard to term loans, there are currently four interest rate swap agreements in place to cover interest rates on a portion of term loan facilities.

Council enters into interest rate swaps to manage interest rate risk in accordance with Council's Borrowing Management Policy. The following accounting treatments are applied:

- The net differential paid or received on interest rate swaps is recognised as a component of interest expense over the period of the swap agreement.
- Interest rate option premiums paid or received and net settlements on maturity are amortised as a component of interest expense over the period of the option cover.
- The value of the swaps, maturity date and current mark to market sums are disclosed by way of note each year in the Annual Report.

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. The maximum amount of credit risk for each class is the carrying amount in the statement of financial position.

The Council has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances, local authority stock and accounts receivable.

Accounting Policies

The Council invests funds only in deposits with registered banks and local authority stock and limits the amount of credit exposure to any one institution or organisation. Accordingly, the Council does not require any collateral or security to support the financial instruments with organisations it deals with.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties, in an arm's length transaction. The fair value of local authority stock held by the Council is based on current market interest rates for investments of similar terms of maturities.

13. Allocation of Overheads to Significant Activities

The gross costs of Management 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.

14. Internal Transactions

Each significant activity 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.

15. Employee Entitlements

Provision is made in respect of the Council's liability for annual leave, long service leave, sick leave and retirement gratuities.

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 rate of pay.

Entitlements that are payable beyond twelve 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; and
- the present value of the estimated future cash flows. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.
- an initial estimate has been made of Council's liability as required by NZIFRS.

16. Leases

Leases of fixed assets, where substantially all risks and benefits incidental to ownership of the asset are transferred to Council, are classified as finance leases.

Leased assets and corresponding liabilities are disclosed. Leased assets are depreciated over the period the entity is expected to benefit from their use.

Operating lease payments, where the lessors effectively retain substantially all risks and benefits of ownership of leased items, are charged as expenses in the periods in which they are incurred.

17. Equity

Equity is the community's interest as measured by total assets less total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of specified uses that Council makes of accumulated surpluses.

Accounting Policies

Components of equity are:

- Accumulated funds
- Restricted reserves
 - special funds
- Asset revaluation reserves
- Council created reserves

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 the Council.

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or third parties. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council created reserves are reserves established by Council decision. The Council is legally allowed to alter them without reference to any third party. Transfers to and from these reserves are at the discretion of the Council.

18. Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Council.

19. Changes in Accounting Policies

Financial statements have now been prepared under the New Zealand IFRS requirements.

20. Accounting and Significant Forecasting Assumptions

The accounting and significant forecasting assumptions on which this document is based are set out in the next section headed respectively, '**Accounting Assumptions**' and '**Significant Forecasting Assumptions**'.

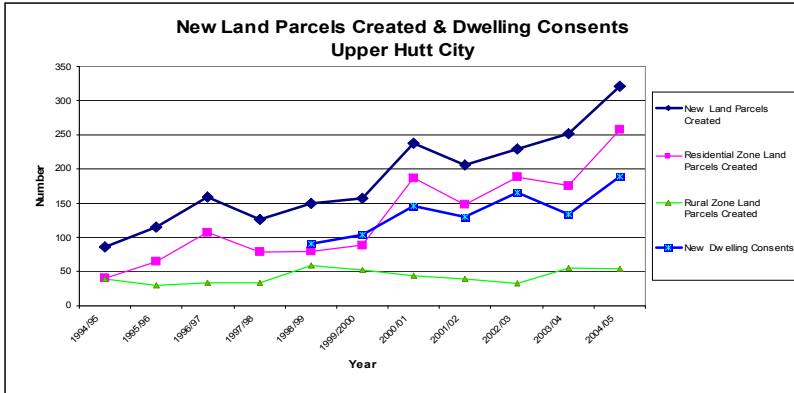
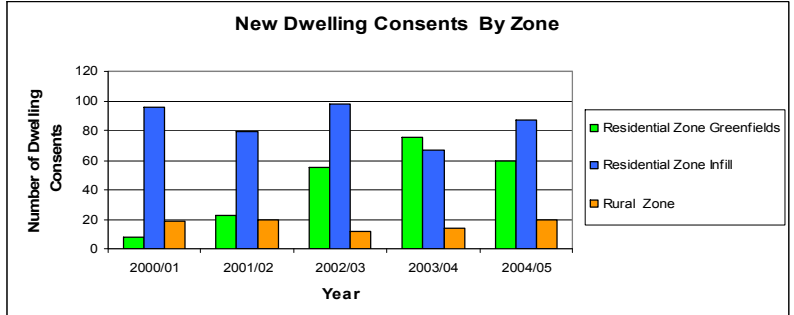
21. Consolidated Financial Statements

The published financial statements are those of the parent. The presentation of consolidated group statements, including the Council controlled organisation, Expressions Arts and Entertainment Centre, would make no material difference to Council's net surplus/(deficit) or net fixed assets over the term of the plan.

Accounting Assumptions

Factor	Assumption
Inflation	Provision has been made for inflation based on projections provided by Business and Economic Research Ltd. The indices have been applied on a weighted average cumulative basis over the financial years 2007/2008 to 2015/2016 and range from 2.1% to 3.3% on an annual basis.
Rating Base	The Rating Base is expected to grow by 1% each year.
Term of Debt & Interest Rate	<p>The average term of debt is 20 years for loans other than the wastewater project.</p> <p>The wastewater project has a debt term of 40 years.</p> <p>Interest on new loans is forecast at 8.0%.</p>
Capital Works Funding	Capital works with a cost in excess of \$100,000 [other than renewals] will be funded from either debt or cash reserves. Capital renewal will be funded fully from rates. Depreciation is not funded.
Expected Interest Rate on Investments	Interest on investments will be an average of 7.25%.
Income	Income figures are based on the Revenue and Financing Policy.
Economy	There will be a stable economic climate.
Useful life of Significant Assets	Refer to Accounting Policy 10, Depreciation.
Sources of Funds for future replacement of Significant Assets	This will be a mixture of rate funding, debt funding and special reserves.
Re-valuation of Non-Current Assets	<p>Land and Buildings – 2008, 2013</p> <p>Infrastructure Assets – 2009, 2014</p> <p>Refer to Schedule 4 containing proposed amendments to financial statements arising from revaluation of assets.</p> <p>Current information held by Council is not certain enough to provide a basis for revaluation, as required by paragraph 17 of FRS-42, relating to prospective financial standards.</p> <p>Any adjustments to net asset values, as a result of revaluation would have no effect on rates funding, but would change depreciation expenses, the Prospective Income Statement and Prospective Balance Sheet.</p>
Land Transport NZ Subsidy Rates	Will remain at current levels.

Significant Forecasting Assumptions

Factor	Growth Assumption	
Population Growth	Census Night Population (Provisional) Statistics NZ 2006	38,200
	Estimated Resident Population 30 June 2006 [Statistics NZ Feb 05 update]	38,500
	Statistics NZ High Population Projection - 2021	39,200
	UHCC Population Possible Projection - 2021	41,000
	<p>Council expects Upper Hutt's population to grow slightly over the next ten years, above the NZ Statistics High population projection.</p> <p>Council considers that a number of factors will contribute to the population increasing, including:</p> <ul style="list-style-type: none"> Continuing subdivision and housing activity provides an excellent choice of housing options Growth in subdivision and new dwellings has increased over the past five years, as shown in the graphs below: 	
<div style="display: flex; flex-direction: column; align-items: center;">   </div>		
<ul style="list-style-type: none"> The cost of housing in Upper Hutt, especially for housing suitable for families, is very competitive within the Wellington metropolitan area Local schools are attractive, have excellent reputations and high decile ratings There are a range of quality leisure attractions The environment, with the river, hills and trees is highly attractive Business activity indicators show continuing growth in the local economy Council's ten year plan reflects continuing support from the community to invest in the future vitality of the city Additional land will be re-zoned for employment related activities in the near future 		

Significant Forecasting Assumptions

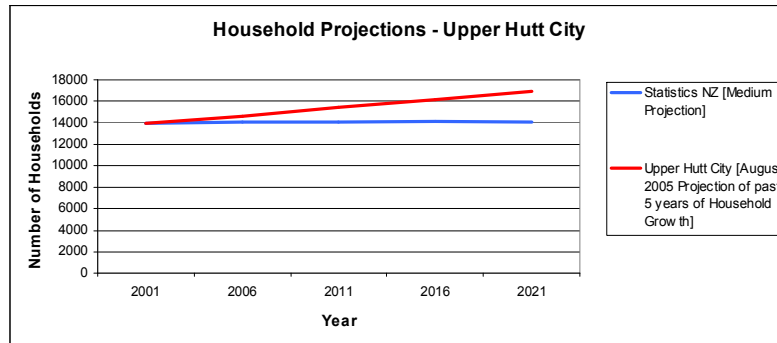
Factor	Growth Assumption
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- Overall, attractiveness of the city will improve, more people will remain living here and the Statistics NZ assumptions for projected outmigration for future years will be incorrect.

Household Growth

Census Night Occupied Households (provisional) Statistics NZ March 2006	14,200
Estimated Occupied Households Statistics NZ February 2005 update	14,200
Statistics NZ High Household Projection - 2021	15,100
Statistics NZ Med Household Projection - 2021	14,100
UHCC Household Possible Projection - 2021	16,900

The number of households is expected to increase, perhaps to 16,900 households by 2021, based on recent development trends, as shown in the graph below:



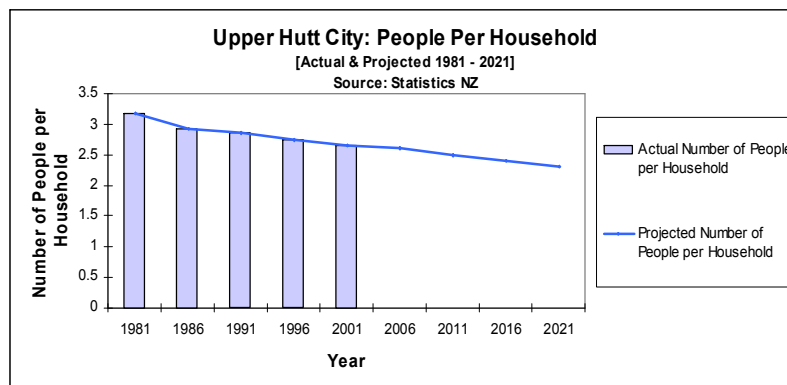
Over the past four years, on average 84 new infill sections have been created each year, of a total 193 sections.

An average 153 new dwelling permits have been issued per year over the past five years – nearly three new dwellings per week are being created.

Household Occupancy

There were 2.75 persons per household in 2001.

Statistics NZ medium population projections are based on occupancy dropping to 2.4 persons per household by 2021, as shown in the graph below:



Significant Forecasting Assumptions

Factor	Growth Assumption																																	
Business Growth	<p>Continuing business growth is expected. Council expects that new business developments will generally not place undue additional demand on infrastructural services.</p> <p>However, as part of the Urban Growth Strategy, currently being prepared, there may be a need to address specific pressure points for roading, water, and wastewater. These will be reviewed, as appropriate, once the strategy is completed.</p>																																	
Rating Base: Number of Rateable Properties	<div style="border: 1px solid black; padding: 10px; margin-bottom: 10px;"> <p style="text-align: center;">Growth in Rateable Properties</p> <table border="1" style="width: 100%; border-collapse: collapse; font-size: small;"> <caption>Data for Growth in Rateable Properties</caption> <thead> <tr> <th>Year</th> <th>Number of Rateable Properties</th> <th>% Change in Rateable Properties</th> </tr> </thead> <tbody> <tr><td>1995/96</td><td>13700</td><td>1.0%</td></tr> <tr><td>1996/97</td><td>13600</td><td>0.5%</td></tr> <tr><td>1997/98</td><td>14000</td><td>1.5%</td></tr> <tr><td>1998/99</td><td>14000</td><td>0.5%</td></tr> <tr><td>1999/2000</td><td>14100</td><td>0.5%</td></tr> <tr><td>2000/01</td><td>14200</td><td>0.5%</td></tr> <tr><td>2001/02</td><td>14300</td><td>0.5%</td></tr> <tr><td>2002/03</td><td>14600</td><td>1.5%</td></tr> <tr><td>2003/04</td><td>14900</td><td>2.0%</td></tr> <tr><td>2004/05</td><td>15000</td><td>1.5%</td></tr> </tbody> </table> </div> <p>Over the past ten years, the number of rateable properties has grown by an average of 1.15% per year. For forecasting purposes, and given the level of subdivision and building activity identified above, Council projects that the rating base will grow by 1% per year over the next ten years.</p>	Year	Number of Rateable Properties	% Change in Rateable Properties	1995/96	13700	1.0%	1996/97	13600	0.5%	1997/98	14000	1.5%	1998/99	14000	0.5%	1999/2000	14100	0.5%	2000/01	14200	0.5%	2001/02	14300	0.5%	2002/03	14600	1.5%	2003/04	14900	2.0%	2004/05	15000	1.5%
Year	Number of Rateable Properties	% Change in Rateable Properties																																
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Factor	Level of Service Assumption																																	
Parks and Reserves	The overall network will be improved to meet demands arising from the community. New areas of residential growth will need new reserves.																																	
H²O Xtream	The facility will be improved to maintain its position as a regional market leader in aquatic fun.																																	
Library	Detailed planning is to commence with the intention of carrying out a major upgrade of the library service to meet LIANZA standards.																																	
Expressions Arts & Entertainment Centre	The facility is generally adequate to meet the demand from the growth forecast.																																	
Akatarawa Cemetery	The facility is generally adequate to meet future demand arising from the growth forecast.																																	
Land Transport	<p>Over the past ten years, traffic volumes have been increasing by approximately 2% per year and continuing growth in traffic volumes is expected over the next 20 years.</p> <p>The overall road network is generally adequate to meet future demand arising from the growth forecast. However, as part of the Urban Growth Strategy, currently being prepared, there may be a need to address specific pressure points. These will be reviewed, as appropriate, once the strategy is completed.</p>																																	
Water Supply	<p>Water storage – 550 litres per head per day.</p> <p>Peak Flow on Maximum Day – 1,400 litres per head per day.</p> <p>The overall water supply network may be adequate to meet future demand arising from the growth now forecast for Upper Hutt, however this will need to be tested once the Urban Growth Strategy is completed. There will be a need to address specific pressure points, and some areas in the older parts of the city will need upgrading.</p>																																	

Significant Forecasting Assumptions

Factor	Level of Service Assumption
	<p>The increased level of infill housing may also place pressure on storage volumes.</p> <p>Council notes that the regional bulk water supply system is nearing capacity, and that this will impact on Upper Hutt customers if nothing is done. Options are currently being considered in association with the Greater Wellington Regional Council.</p>
Wastewater	<p>The overall wastewater network is generally adequate to meet future demand arising from the growth forecast. However, as part of the Urban Growth Strategy, currently being prepared, there will be a need to address specific pressure points. An infill policy will be prepared for the older areas of the city which already don't have a lot of spare capacity.</p>
Stormwater	<p>The demand on the stormwater system is expected to increase as a result of an increase in runoff from paved and built areas, and as further information becomes available from stormwater studies.</p> <p>The existing reticulated stormwater system is already under the current design standards in most of the older areas of the city and this situation may be further exacerbated by infill housing.</p>
Asset Management Plans	<p>Council's assets will be maintained in accordance with the current asset management plans.</p>

Policy on Public Private Partnerships

Introduction

This policy outlines conditions under which the Council will enter into business partnerships with the private sector. Such a public-private partnership, as allowed for in the Local Government Act 2002, can be an arrangement involving grants, loans, investments, commitment or resources and guarantees.

Under stringent assessment criteria and conditions, each potential partnership is scrutinised. The Council will evaluate potential risks alongside forecast benefits and implement a risk management strategy where necessary.

Policy on Public - Private Partnerships

This policy outlines the conditions under which Council will consider entering into a Public-Private Partnership (PPP), as required under section 107 of the Local Government Act 2002 (LGA 2002).

1. Definition

A Public-Private Partnership includes any significant agreement or arrangement that is entered into between one or more local authorities and one or more persons engaged in business and does not include:

- a contract for the supply of goods or services to or on behalf of a local authority; or
- arrangements where the only parties are local authorities, or Council and Council controlled organisations.

A partnership is defined in the LGA 2002 as being any arrangement involving grants, loans, investments, commitments of resources or guarantees given to one or more persons engaged in business by one or more local authorities.

This policy sets out the processes that Council will adopt with respect to entering into a Public-Private Partnership.

2. Circumstances

The Council may consider entering into a Public-Private Partnership where an activity has been identified in the Council's Long Term Council Community Plan or Annual Plan as a community priority or desirable community outcome.

The circumstances where a Public-Private Partnership may be entered into are likely to be limited to one or more of the following:

- Where the Council may be unwilling or unable to bear all of the risk (usually though not always defined in terms of financial risks) of a particular project itself.
- Where the Council may believe a particular project is of significant community benefit, but may have legal restrictions on its power to participate fully in that project.
- Where neither the Council nor a private provider would otherwise provide the services or activity without the partnership.
- Where there are identifiable advantages in the project or activity being undertaken as a Public-Private Partnership rather than by either of the parties separately.
- Where the benefits to the community are greater than the costs of the Public-Private Partnership.

Partnerships are expected to provide benefit to both the local authority and the private sector.

Policy on Public Private Partnerships

3. Conditions

The Council will enter into a partnership only where it expects that the partnership will help achieve the community outcomes or objectives in the Council Long Term Council Community Plan, but nothing in this policy commits the Council entering into such a partnership even if it will help achieve community outcomes or objectives.

Before entering into a Public-Private Partnership, the Council must be satisfied that:

- The partnership will help achieve the community outcomes or objectives identified in the Council Long Term Council Community Plan.
- The benefit from the partnership is greater than the costs and risks.
- The Council is satisfied that the partner has demonstrated an ability to meet the terms of any agreement.
- All necessary consents, licenses or other approvals have been obtained prior to any financial commitment by the Council.
- The partnership and its proposed business are lawful.
- A clear exit/termination strategy is agreed.
- Roles, responsibilities and liabilities of each partner are clearly defined.

The Council will not enter into a Public-Private Partnership where:

- The activity is primarily speculative in nature.
- The cost or risk of the partnership is judged to be greater to the community than the benefits that would accrue.

Other conditions may be imposed as considered appropriate by the Council.

4. Consultation

The Council will undertake consultation on any revision of this policy as part of a Council Long Term Council Community Plan.

Where the Council decides to undertake a Public-Private Partnership, it will not have to undertake further consultation. However, it may undertake additional consultation where:

- A partnership is assessed as being greatly beneficial, but falls outside the conditions or circumstances identified in this policy.
- The partnership would result in significant positive or negative changes in service levels, as defined in the Council's Significance Policy.
- The proposal would have a material impact on the Council's projected budgets, performance measures, outcomes or other objectives.
- Ownership or control of a significant asset (as defined in the Council's Significance Policy) is to be transferred to or from the Council.
- The proposed partnership is likely to attract considerable public interest in whether or not the partnership with the private sector should proceed.

Where practicable, consultation on Public-Private Partnerships under the above criteria will take place under the Annual Plan or Council Long Term Council Community Plan process. Alternatively, a separate special consultative procedure may be undertaken.

5. Risk Management

When considering a Public-Private Partnership, the potential risks to the Council will be outlined and where the risks are considered significant, the Council will assess the level of the risks against its benefits and management strategies.

Risks which may be considered are:

- Design and construction risk.
- Commissioning and operating risk.
- Service and under-performance risk.

Policy on Public Private Partnerships

- Maintenance risk.
- Risk of change to the legal or regulatory environment.
- Risk of legal challenge.
- Technology obsolescence risk.
- Planning risk.
- Price risk.
- Taxation risk.
- Residual value risk.
- Demand or valuation risk.
- Occupational safety and health risk.
- The relative investment of the private sector partner.
- The level of experience/track record of the partner.
- Risk to the Council's reputation and that of Upper Hutt City generally.
- Insurance coverage and limitations.
- Risk to the capacity of the Council to carry out its activities, now and in the future.
- Risk to property.
- Protection of any intellectual property.
- Any other risks identified.

Where risks exist and a partnership is to be agreed, a risk management strategy will be put in place to minimise or provide cover for that risk to the Council's satisfaction. Risk management in any or all of the above areas may be specified as being the Council's responsibility or that of the partner.

6. Formation of a Public-Private Partnership

The formation of a Public-Private Partnership that meets the conditions of this policy will be by Council resolution.

7. Monitoring and Reporting

Progress reports on specific issues and financial performance will be presented regularly to the appropriate Council Committee.

The overall performance will be included in the Council's Annual Report.

Policy on Significance

Purpose

The general purpose of Council's Policy on Significance, prepared in accordance with s90 of the Local Government Act 2002 [the Act], is to set out:

- How Council will determine the degree of significance of a proposal or decision in relation to issues, assets, or other matters; and
- How Council will manage the decision-making process, including consultation and demonstrating transparency, as a result of that assessment of significance.

General Approach to Determining Significance

1. General Principles

At the earliest stage in the decision-making process, consideration must be given to the significance of an issue, proposal or other matter.

The Flowchart on the following page summarises the process.

When determining the significance of proposals and decisions in relation to issues, assets or other matters, Council will have regard to the extent to which these:

- Promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future; or
- Have consequences or impacts on residents, ratepayers and businesses; or
- In relation to land or a body of water, have wide interest for Maori within Upper Hutt generally; or
- Have wide public interest within Upper Hutt City generally; or
- Have impacts on Council's capacity to meet its statutory responsibilities now and in the future; or
- Are set down in the Local Government Act 2002 as being significant [refer to section 3]; or
- Have been clearly described already in the Long Term Council Community Plan (LTCCP), including the nature and extent of the proposed action.

2. Levels of Significance

Council will then categorise and process the matter in one of three ways, namely:

(a) Operational Matters

The matter concerns the day-to-day operations of Council, is carried out under delegated authority and is in accordance with the Long Term Council Community Plan, Annual Plan or relevant legislation. No further assessment of significance is required.

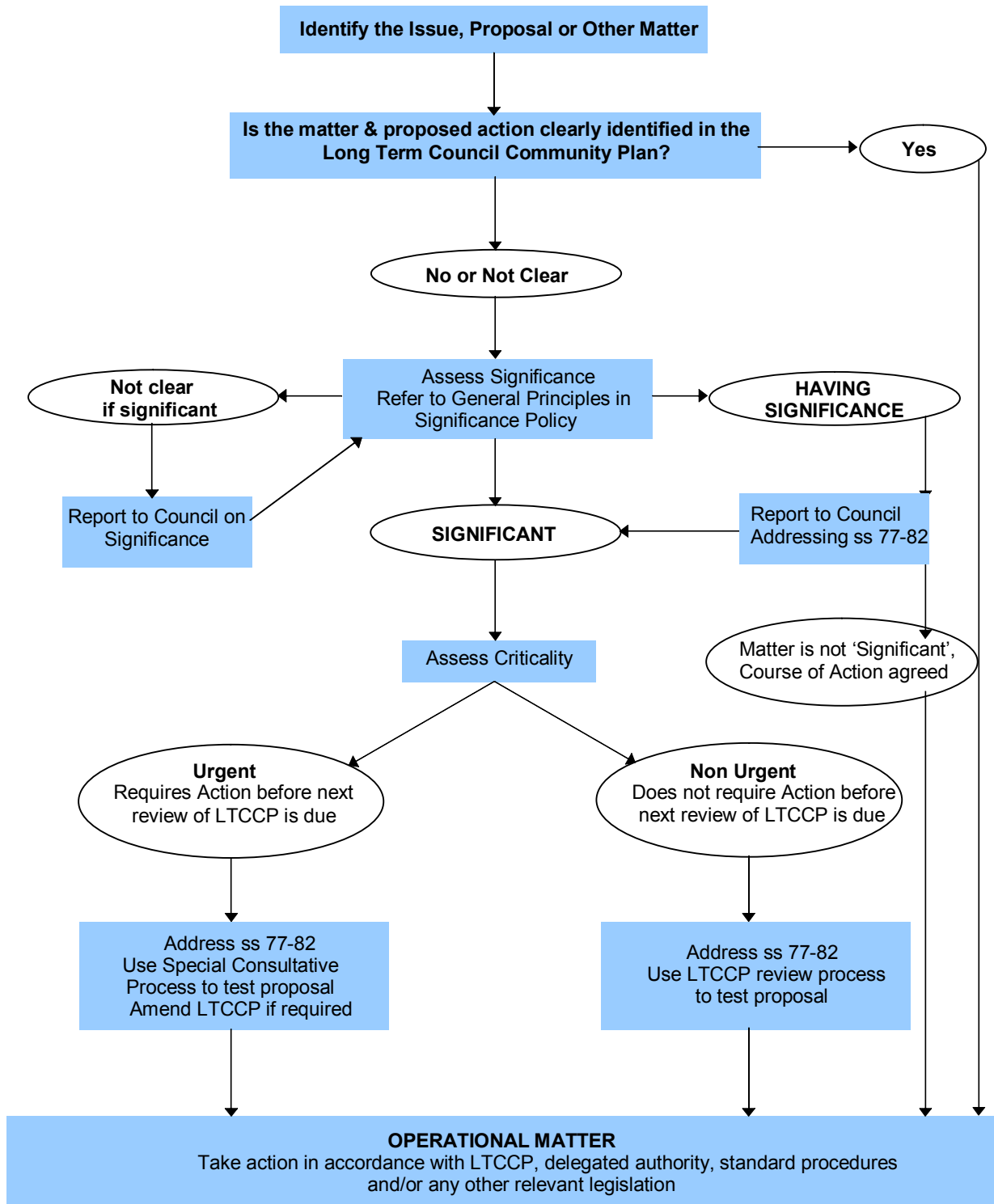
Procedure:

Where a decision is authorised by Council to be made under delegated authority, then Council will maintain an appropriate formal record, as required under the relevant Act.

Explanation:

By keeping a formal record, there is an opportunity for any affected person to check the basis on which the decision has been made, and to challenge if they consider the requirements of the relevant legislation have not been met.

Policy on Significance



Process for Assessing Significance

Policy on Significance

(b) Having Significance

The matter has significance, but is not sufficiently important to be 'significant', and requires a Council resolution before action may be taken.

Procedure:

Council is required to make decisions on those matters that are not already covered by the Long Term Council Community Plan, including where there is a material change from a proposed course of action.

Where a decision is to be made by Council resolution, the report put to Council, or to any Committee of Council, will address transparently the requirements identified in sections 77 to 82 of the Act.

When, following such deliberation, Council considers that the matter is 'significant', then the procedure for managing 'significant' matters, set out in 2.2(c), will be used.

Explanation:

By making the matters identified in sections 77 to 82 on the decision-making process transparent in the relevant report to the Council or any of its Committees, Councillors and the public at large will be able to assess if Council has sufficient information from which to make a decision.

(c) Significant

The matter is of the highest level of significance and requires a clear statement of the proposal, use of the special consultative procedure and a final Council resolution before action may be taken.

Procedure:

Generally, Council will endeavour to clearly identify and debate 'significant' proposals through the Long Term Council Community Plan process.

In special circumstances, where the 'significant' matter is unforeseen and a decision is required quickly, then Council will invoke the special consultative procedure at an appropriate time, by resolution. Where required by legislation, the relevant part of the Long Term Council Community Plan will be reviewed.

Where discretion is involved in categorising the matter as 'significant' rather than 'having significance', a report will be put to Council as soon as possible for a decision on its level of significance.

Explanation:

By requiring the special consultative process is used in decision-making, Council is meeting the highest requirement in the Act for informing the public of what it is proposing, and enabling formal submissions on the proposal to be heard. This will ensure Council has sufficient information from which to make a decision on the matter.

3 'Significant' Matters in the Act

3.1 Introduction

The Local Government Act 2002 specifically identifies a number of situations that are effectively classed as being 'significant'. These are listed on the following page.

Policy on Significance

3.2 Strategic Assets

The following are considered to be strategic assets for Upper Hutt City Council in terms of the Act:

- Upper Hutt City roading network as a whole.
- Upper Hutt City Civic Complex, including the Library, Civic Administration Building, the Expressions Arts and Entertainment Centre and H²O Xstream.
- Upper Hutt City reserves network as a whole, being reserves managed by Council and classified under the Reserves Act 1977.
- Upper Hutt City water supply system, as a whole.
- Upper Hutt City stormwater system, as a whole.
- Upper Hutt City wastewater system, as a whole, including the Upper Hutt City Council share of the Hutt Valley Wastewater System.
- Akatarawa 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.

Under section 97(1)(b) and (c) of the Act, the following types of decision are effectively 'significant', and a decision can only be taken if explicitly provided for in the long-term council community plan and the statement of proposal:

- A decision to transfer the ownership or control of a strategic asset to or from a local authority:
- A decision to construct, replace or abandon a strategic asset

3.3 Significant Activities

The following are considered to be significant activities for Upper Hutt City Council:

- Democratic Process, as a whole
- Recreation, Leisure, Community and Cultural Services, as a whole, including Parks and Reserves, Recreation and Community Affairs, Libraries and H²O Xstream
- Emergency Management, as a whole
- Environmental Services, as a whole
- Land Transport, as a whole
- Water Services, including water supply, wastewater and stormwater, as a whole

For the removal of doubt, each significant activity is listed as a whole entity, and the term 'significant activity' does not apply to the range of component activities carried out under each significant activity.

(a) Change in Intended Level of Service

Under section 97(1)(a) of the Act, the following type of decision is effectively 'significant', and a decision can only be taken if explicitly provided for in the long-term council community plan and the statement of proposal:

- A decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including the decision to commence or cease any such activity.

The following 'significant' thresholds shall apply for Upper Hutt City Council:

- Commencing or ceasing a significant activity
- Changing Council's total annual rates funding requirement by 10%, or 50% of the total annual rates funding for the significant activity, whichever is the lesser amount.

Policy on Significance

(b) Change in Mode of Delivery

Under section 88 of the Act, Council must use the special consultative procedure, or have already explicitly provided for the proposal in the long term council community plan and statement of proposal, where it wants to alter the mode by which a significant activity is undertaken by, or on behalf of Council, as follows:

- A change from delivery of the activity by the local authority itself to delivery of the activity by a council-controlled organisation in which the local authority is a shareholder; or
- A change from delivery of the activity by the local authority itself to delivery of the activity by another organisation or person; or
- A change from the delivery of the activity by a council-controlled organisation in which the council is a shareholder to delivery of the activity by another organisation or person.

3.4 Significant Alteration to Council's Capacity

Under section 97(1)(d) of the Act, the following type of decision is effectively 'significant', and a decision can only be taken if explicitly provided for in the long-term council community plan and the statement of proposal:

- A decision that will directly, or indirectly, significantly affect the capacity of the local authority, or the cost to the local authority, in relation to any activity identified in the long-term council community plan.

The following 'significant' thresholds shall apply for Upper Hutt City Council:

- Changing Council's total annual rates funding requirement by 10%, or 50% of the total annual rates funding for any activity, whichever is the lesser amount.

For the removal of doubt, the term 'activity' refers to the list of Council Activities identified in the Long Term Council Community Plan.

Quality Assurance Statement

The quality of Council's activities during the year will be demonstrated by:

1. Level of Community Satisfaction

This will be measured by a professionally designed random survey to be conducted in February/March to provide a key assessment of quality of achievements for most of the major activities.

The benchmarks have been established from prior surveys. Measurement and actual results for the year's performance will be expressed as the percentage of the total respondents to the survey who expressed a satisfactory or better opinion.

The survey will be conducted by telephone interviews among 400 randomly selected members of the community, with a statistical accuracy of plus or minus 5.5%. The survey is a valuable and reliable tool in identifying the community's views on the quality of the various services provided by Council. This in turn helps to plan for future activities and improvements to the services provided.

2. Quality Assurance Programme

The essential elements of this programme followed by Council Officers to ensure that work is carried out to required standards are:

(a) **Materials**

The quality of materials is achieved by ensuring that qualified staff in a particular field are involved. At times, it may be necessary for the goods to be inspected, tested and certified at the factory. This is to ensure that they comply with appropriate NZ standards.

(b) **Supervision**

The work is supervised by a person with relevant qualifications. The work is checked while in progress and upon completion to ensure that it is carried out in accordance with drawings and specifications.

The progress payments are prepared, certified by the supervisor and verified by the Divisional Manager that the work has been carried out to the standard required.

(c) **Inspectoral Functions**

Inspectors with relevant qualifications certify that the work has been carried out in accordance with Statutory Requirements, Council Bylaws and other relevant Codes and Regulations.

Funding

Analysis of Funding in terms of Sections 101(3) and 103 of the Local Government Act 2002



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Leadership

Funding Analysis	
Community Outcomes	<p>The Leadership activity contributes to all seven of the Upper Hutt Community Outcomes.</p> <p>It provides the opportunity for people to participate in the democratic process, and for the elected Councillors to lead the Council on behalf of the community.</p>
Distribution of Benefits	The public in general benefit from the Leadership activity.
Timeframe of Benefits	The benefits of Leadership are ongoing, and may have both immediate and long term effects.
Need for Activity	The leadership activity is required by legislation. At times, more active leadership may be required as a result of the action or inaction of individuals or groups. Local, regional or national issues may also trigger the need for action by the community's leaders.
Costs and Benefits of Funding Activity Distinctly	<p>The elected Council is responsible for representing the community, consultation, and setting policy direction for the City Council.</p> <p>The community has an interest in being able to transparently see the costs of such representation and leadership.</p>
Impact of Funding Mechanism on Community Wellbeing	While decisions made by leaders may have far reaching effects on community wellbeing, accountability lies with the currently elected Council. Accordingly, general rates funding is the most appropriate funding source.

The following funding source is proposed for Leadership:

Funding Source	Proportion of Operational Cost
General Rates	100%

Business Development

Funding Analysis	
Community Outcomes	<p>The Business Development activity contributes significantly to Community Outcomes 1,2,3,5, 6 and 7.</p> <p>It promotes the business sector at a local and regional level, encourages new businesses to establish and existing businesses to expand, and facilitates communication within the sector.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Business Development activity:</p> <ul style="list-style-type: none"> • The public in general • The business community in general, including potential businesses • Central city businesses • Visitors.
Timeframe of Benefits	The benefits of this activity are immediate and ongoing.
Need for Activity	The community has identified a need for the City Council to become more actively involved in facilitating promotion of the city and economic development in general. No similar service is available within the private or community sectors.
Costs & Benefits of Funding Activity Distinctly	<p>As Council has chosen to be active in business development on behalf of the community, it is important that the community is able to see what costs are involved in providing this service.</p> <p>Although some individuals 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.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>A thriving business community is important to the wellbeing of the City as a whole, both now and for the future.</p> <p>For that reason the Council does not seek to recover any of the cost of this activity from user charges.</p>

The following funding sources are proposed for Business Development:

Funding Source	Proportion of Operational Cost
General Rates	100%

City Promotion/Visitor Industry

Funding Analysis	
Community Outcomes	The City Promotion/Visitor Industry activity contributes to Community Outcomes 1,2,3,5,6 and 7. Its purpose is to market the city and provide Council with a public relations service.
Distribution of Benefits	The following people and groups benefit from the City Promotion activity: <ul style="list-style-type: none"> • The public in general • Users of the Visitor Information Centre, including visitors to Upper Hutt • Those people, groups, businesses and organisations involved with particular activities, events and promotions
Timeframe of Benefits	City Promotion offers both immediate and ongoing benefits for users and the wider community.
Need for Activity	<p>The community has identified a need for the City Council to become more actively involved in facilitating the promotion of Upper Hutt.</p> <p>Businesses and other organisations recognise the value of events sponsorship and collaboration with others to attract more visitors in to Upper Hutt. It is appropriate to seek contributions from those that benefit, and to charge where particular services are required e.g. temporary road closure.</p> <p>No similar service is available within the private or community sectors.</p> <p>Visitors and residents also want to know about what is going on in Upper Hutt, what they can do and where they can go.</p>
Costs and Benefits of Funding Activity Distinctly	As Council has chosen to be active in city promotion on behalf of the community, it is important that they are able to see what costs are involved in providing this service. For the user charges, it is important to be able to identify and recover appropriate charges.
Impact of Funding Mechanism on Community Wellbeing	City Promotion involves the direct provision of information and promotion services, and also an investment in attracting more people and businesses in to the city to ensure its ongoing vitality. General rates are therefore appropriate to use.

The following funding sources are proposed for City Promotion /Visitor Industry:

Funding Source	Proportion of Operational Cost
General Rate	95%
User Contributions [including sponsorship]	5%

Community Services

Funding Analysis	
Community Outcomes	<p>The Community Services activity contributes to Community Outcomes 1, 2, 5, 6 and 7.</p> <p>The Community Services division provides support for local initiatives to meet community, social and recreational needs.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Community Services activity:</p> <ul style="list-style-type: none"> • The public in general • Participants in events and activities where the Community Services division has made a contribution • Sports, leisure, arts and cultural groups • Sponsors advertising at particular events
Timeframe of Benefits	<p>Benefits from this activity are both immediate and ongoing.</p> <p>While particular events and activities bring short term benefits, part of the work is to empower groups so that they are better able to manage their own affairs in the future.</p>
Need for Activity	<p>The community has identified a need for this activity, recognising that a central and neutral service providing advice, information, co-ordination and training benefits everyone.</p> <p>Without this support, there is a risk that sports and community groups may not function as well, and that some community events may not happen.</p> <p>As groups are assisted to better do things that they could already be doing, or to start up new things, and as sponsors gain good publicity through events supported, it is appropriate for some funding for these activities to come from the community.</p>
Costs and Benefits of Funding Activity Distinctly	<p>As Council has chosen to be involved in the Community Services activity on behalf of the community, it is important that the community is able to see what costs are involved in providing this service.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>A safe, healthy and strong community is a vital outcome for the whole community to achieve, now and in the future. Therefore, general rate funding for most of this activity is appropriate.</p>

The following funding sources are proposed for Community Services:

Funding Source	Proportion of Operational Cost
General Rates	95%
User Contributions (including sponsorship)	5%

Parks and Reserves

Funding Analysis	
Community Outcomes	<p>The Parks and Reserves activity contributes significantly to Outcomes 1, 2, 4, 5 and 6.</p> <p>It provides for the development and maintenance of parks, reserves, public open spaces and gardens in a way that provides for both the recreational needs of the community and enhances the environment.</p>
Distribution of Benefits	<p>The following people and groups benefit from Parks and Reserves:</p> <ul style="list-style-type: none"> • The public in general • Users of sports facilities, including sports fields • Participants in organised events on parks and reserves
Timeframe of Benefits	<p>The benefits of parks and reserves are ongoing. Land may be held in perpetuity.</p> <p>When user groups book particular facilities, they enjoy additional exclusive use benefits for the period they have booked in for.</p> <p>The life of particular assets is variable e.g. playground equipment has a life of 10 years, sports grounds are considered to have a perpetual life.</p>
Need for Activity	<p>For particular services and facilities, the level of service is determined by consultation with likely user groups.</p> <p>Where the user group will gain exclusive access to an appropriate facility [e.g. clubrooms], then that group will fully fund that facility, including its maintenance.</p> <p>Where the group will have exclusive use of the facility at certain times, Council will negotiate rentals and charges for that facility on a case by case basis, and with regard to the level of benefit for the general public.</p>
Costs and Benefits of Funding Activity Distinctly	<p>The community has placed a particular priority on having outstanding leisure facilities. As the Parks and Reserves activity contributes significantly to this outcome, it is important to show to the community how this is being achieved.</p> <p>User groups also have an interest in seeing what they may expect to receive from any direct charges they incur.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>As land for parks and reserves may be held for many generations for the use and enjoyment of the general public, it is appropriate for new land purchases to be funded intergenerationally for the existing community, or through Reserves Fund contributions to meet the needs of the population in newly developed areas.</p> <p>Where specific facilities are able to be used exclusively for some or all of the time by particular groups, it is appropriate to fund these by the public over the length of the life of the asset and in proportion to the extent of public benefit.</p>

Funding

The following funding sources are proposed for Parks and Reserves:

Funding Source	Proportion of Operational Cost
General Rates	96%
Fees and Charges	4%

Funding Source	Proportion of Capital Development Cost
Financial Contributions	In accordance with the Financial Contributions Policy under the District Plan and Resource Management Act 1991.
User Contributions [including sponsorship]	By negotiation for particular assets / facilities
Borrowing	Cost attributed to future generations
Depreciation	Cost attributed to asset renewal
General Rates	Balance of development cost, up to 100%

H²O Xtream

Funding Analysis	
Community Outcomes	The H ² O Xtream activity contributes to Community Outcomes 1, 2, 3, 5 and 6. It provides an aquatic leisure facility for the community, with a particular emphasis on fun for 10 to 14 year olds.
Distribution of Benefits	The following people and groups benefit from H ² O Xtream: <ul style="list-style-type: none"> • The public in general • Users of the facility, including visitors to the City • Sponsors advertising on site
Timeframe of Benefits	H ² O Xtream offers immediate benefits for users and sponsors. There are ongoing benefits to the wider community in terms of promotion of the city, by attracting visitors to Upper Hutt and in building a safe and healthy community through opportunities to enjoy aquatic exercise.
Need for Activity	The community has identified a need for this activity, recognising that a top quality aquatic leisure facility will meet local needs as well as providing a significant attraction for visitors to Upper Hutt. It is targeted to meet the recreational needs of 10 -14 year olds, though all other age groups are catered for. No similar service is available within the private or community sectors.
Costs and Benefits of Funding Activity Distinctly	As Council has chosen to provide a high quality aquatic leisure facility, it is important to show the community how this is being achieved. Those who pay user charges have an interest in seeing what they may expect to receive from the charges they pay.
Impact of Funding Mechanism on Community Wellbeing	Particular people and groups benefit from use of the facility, so user charges are appropriate. The community generally benefits through improved health and safety when leisure and sporting facilities are provided for residents who may not otherwise be able to afford to participate in such activities. The city image benefits from a facility which locals are proud of. For these reasons, general rates are also used to cover the cost of providing this service. The life of the pool asset, when properly maintained, extends beyond the present generation. Loan funding for major capital development and depreciation funding are appropriate funding sources. Should the population of Upper Hutt grow, then development contributions may be used to cover additional development required to meet the needs of the larger population.

Funding

The following funding sources are proposed for H²O Xstream:

Funding Source	Proportion of Operational Cost
General Rates	45%
Fees and Charges [including sponsorship]	55%

Funding Source	Proportion of Capital Development Cost
User Contributions [including sponsorship]	By negotiation for particular facilities and equipment
Financial Contributions	In accordance with the Financial Contributions Policy under the District Plan and Resource Management Act 1991.
Borrowing	Cost attributed to future use
Depreciation	Cost attributed to asset renewal
General Rates	Balance of development cost, up to 100%

Library

Funding Analysis	
Community Outcomes	<p>The Library activity contributes to all seven of the Community Outcomes.</p> <p>It provides a public library services to the residents of Upper Hutt, and includes both books and electronic resources for recreation, education, business, community and general information purposes.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Library activity:</p> <ul style="list-style-type: none"> • The public in general • Library users, including individuals, businesses, schools, groups and organisations
Timeframe of Benefits	<p>The Library offers immediate benefits for users.</p> <p>There are ongoing benefits in terms of creating a literate and knowledgeable community by providing good access to a wide range of printed and electronic information for a range of recreational, educational and business interests.</p>
Need for Activity	<p>The community expects that library services will be available within the community, and that everyone has the right to use them. They also want a facility that contributes towards achieving outstanding leisure and economic development.</p>
Costs and Benefits of Funding Activity Distinctly	<p>As Council has chosen to provide a library service on behalf of the community, and it is legally required to provide free membership for Upper Hutt residents, it is important that the community is able to see what costs are involved.</p> <p>The community has placed a particular priority on having outstanding leisure facilities in the City and on economic development, and the library has been identified as one such facility. It is important to show the community how this is being achieved.</p> <p>Those who pay for particular services provided by the library have an interest in seeing what they can expect to receive for the charges that are payable.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>The obligation to provide free library membership for local residents ensures that cost is no barrier to use of the library service. Rates funding is appropriate to enable general access to this service, regardless of personal circumstances.</p> <p>Where people gain particular benefits, for example from reserving books, loan of best sellers, and use of overdue books, then specific charges will be made.</p> <p>It is likely that excessive user charges for particular services would result in a downturn in library use, which would not be in the interests of the community in general.</p>

Funding

The following funding sources are proposed for the Library:

Funding Source	Proportion of Operational Cost
General Rates	93%
Fees and Charges	7%

Funding Source	Proportion of Capital Development Cost
User Contributions [including sponsorship]	By negotiation for particular facilities /assets
Financial Contributions	In accordance with the Financial Contributions Policy under the District Plan and Resource Management Act 1991.
Borrowing	Cost attributed to use in future years
Depreciation	Cost attributed to asset renewal
General Rates	Balance of development costs, up to 100%

Expressions Arts and Entertainment Centre

Funding Analysis	
Community Outcomes	<p>The Expressions Arts and Entertainment Centre activity contributes to all Community Outcomes, and in particular Outcomes 1, 2, 3, 5 and 6.</p> <p>It provides a venue for arts and entertainment for the residents of Upper Hutt and visitors to the city. It includes a 200-seat theatre, two art galleries, active recreation hall, café and offices. Operation of the venue is contracted to the Expressions Arts and Entertainment Trust.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Expressions activity:</p> <ul style="list-style-type: none"> • The public in general • Centre users, including performers and exhibitors, individuals, businesses, schools, groups and organisations • Sponsors
Timeframe of Benefits	<p>The Expressions Arts and Entertainment Centre offer immediate benefits for users.</p> <p>There are ongoing benefits in terms of creating a community with a strong identity by providing good access to a venue where people can express themselves through the arts and performance, as well as through physical leisure activities.</p>
Need for Activity	<p>The community has requested a facility that provides for outstanding cultural, arts, recreation and leisure opportunities.</p>
Costs and Benefits of Funding Activity Distinctly	<p>As Council has chosen to fund most of the construction costs of the venue on behalf of the community, is responsible for maintenance and replacement of the built asset, and provides substantial grant funding to the contractor for operational costs, it is important that the community is able to see what costs are involved.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>Rates funding is appropriate to enable general access to this service, regardless of personal circumstances.</p> <p>Where people gain particular benefits, for example from attending particular events, it is the responsibility of the Expressions Arts and Entertainment Trust to set appropriate charges.</p> <p>The life of the venue, when properly maintained, extends beyond the present generation. Loan funding for major capital development and depreciation funding are appropriate funding sources.</p> <p>Should the population of Upper Hutt grow, then development contributions may be used to cover additional development required to meet the needs of the larger population.</p>

Funding

The following funding sources are proposed for Council funding in relation to the Expressions Arts and Entertainment Centre:

Funding Source	Operational Grant and Asset Maintenance*
General Rates	100%

Funding Source	Proportion of Capital Development Cost
User Contributions [including sponsorship]	By negotiation for particular facilities /assets
Financial Contributions	In accordance with the Financial Contributions Policy under the District Plan and Resource Management Act 1991.
Borrowing	Cost attributed to use in future years
Depreciation	Cost attributed to asset renewal
General Rates	Balance of development costs, up to 100%

* Note that funding for the Expressions Arts and Entertainment Centre relates to the operational grant made by Council and the costs of maintaining the asset. While the Expressions Arts and Entertainment Centre Trust receives operational grant funding from Council, it is responsible for generating additional income from other sources, including venue hire and sponsorship.

Property

Funding Analysis	
Community Outcomes	<p>The Property activity contributes to Community Outcomes 2 and 5.</p> <p>It provides for the management of Council's property portfolio, according to the purpose for which the land is held.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Property activity:</p> <ul style="list-style-type: none"> • Users of Council property • The public in general
Timeframe of Benefits	<p>Property offers both immediate benefits for users and ongoing benefits for the wider community.</p>
Need for Activity	<p>Most of Council's property is held for strategic purposes:</p> <ul style="list-style-type: none"> • Some properties are required for future public works, and may be rented out in the interim. • Some properties have been owned historically by Council and have benefit for the public e.g. the Cityline bus depot and Harcourt Holiday Park • Some properties are used as community buildings for use by community oriented organisations.
Costs and Benefits of Funding Activity Distinctly	<p>As Council has chosen to purchase land for its strategic value, it is important for the community to see what costs are involved.</p> <p>Where private benefit is being derived by particular individuals and businesses, it is important to show that rents cover the cost of holding and maintaining the asset.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>Council needs to make strategic land purchases in order to meet the future needs of the community.</p> <p>In order that land purchased for future use is not a burden on today's community, it is important to use such assets now to recover the cost of holding the land until when it is needed.</p>

The following funding sources are proposed for Property:

Funding Source	Proportion of Operational Cost
Rental charges	100%

Funding Source	Proportion of Capital Development Cost
User Contributions	100%

Akatarawa Cemetery

Funding Analysis	
Community Outcomes	<p>The Akatarawa Cemetery activity contributes to Community Outcomes 1, 4, 5 and 7.</p> <p>It provides an attractive space for people to be buried or cremated. The crematorium is leased.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Cemetery activity:</p> <ul style="list-style-type: none"> • Users of the Akatarawa Cemetery • The public in general
Timeframe of Benefits	<p>The Cemetery offers both immediate and ongoing benefits for users and the wider community.</p>
Need for Activity	<p>Council is legally required to provide for interment services, therefore it is appropriate to secure land and develop it ready for use through the general rate.</p> <p>As people choose to use the Akatarawa Cemetery when they or their loved ones die, it is appropriate to recover these costs from the user.</p> <p>The community place a high value on the standard to which the Cemetery is maintained.</p>
Costs and Benefits of Funding Activity Distinctly	<p>As this activity is funded from user charges, it is important for the community to see what costs are involved.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>Council considers it is appropriate to use rate funding to make the Cemetery available for use now and in the future, and for users to cover the costs of their use.</p>

The following funding sources are proposed for Akatarawa Cemetery:

Funding Source	Proportion of Operational Cost
Fees and Charges	100%
Funding Source	Proportion of Capital Development Cost
User Contributions	By arrangement
General Rate	Balance of development cost, up to 100%

Emergency Management

Funding Analysis	
Community Outcomes	<p>The Emergency Management activity contributes to Community Outcomes 4 and 5.</p> <p>It provides services to manage and recover from civil disasters and rural fires.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Emergency Management activity:</p> <ul style="list-style-type: none"> • The public in general • Properties and people in the Rural Fire District
Timeframe of Benefits	<p>Emergency Management offers both immediate benefits for those affected by rural fire or civil disaster, and there are ongoing benefits for the wider community in being prepared to handle such events.</p>
Need for Activity	<p>Council is legally required to provide for Emergency Management, including for disaster recovery and the suppression and reduction of fires in the Upper Hutt Rural Fire District.</p> <p>Where fires occur within the Rural Fire District, Council co-ordinates the emergency response. Council endeavours to recover actual costs.</p>
Costs and Benefits of Funding Activity Distinctly	<p>There is a significant cost involved in making provision for Emergency Management, and there is no statutorily defined level of service. The community has an interest in what costs are involved in protecting it in this way.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>This activity is important if the effects of civil emergencies and rural fire events are to be minimised, for now and the future. The community as a whole benefits if people are well prepared and therefore it is appropriate to use the general rate.</p>

The following funding sources are proposed for Emergency Management:

Funding Source	Proportion of Operational Cost
General Rate	100%
Funding Source	Proportion of Capital Development Cost
National Rural Fire Association	According to funding formula, for Rural Fire capital costs.
General Rate	Balance of cost, to 100%

Animal Control

Funding Analysis	
Community Outcomes	<p>The Animal Control activity contributes to Community Outcomes 4 and 5.</p> <p>It provides a system for licensing dogs, and for investigating complaints about dogs and other animals.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Animal Control activity:</p> <ul style="list-style-type: none"> • Animal owners • The public in general
Timeframe of Benefits	<p>Animal Control offers immediate benefits for users and for the wider community.</p>
Need for Activity	<p>Council is legally required to provide animal control services.</p> <p>The need for the activity arises largely from the need to manage the potentially adverse effects of dogs, and therefore it is appropriate for dog owners to meet the costs of this activity.</p> <p>Occasionally, animals stray onto roads and Council must place them safely until their owners are located. Recovery of costs is sought from owners.</p>
Costs and Benefits of Funding Activity Distinctly	<p>This activity is funded from user fees and charges, and therefore it is important that this activity be funded transparently.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>While animal ownership makes a significant contribution to the wellbeing of many in the community, the adverse effects of animals must also be managed.</p>

The following funding sources are proposed for Animal Control:

Funding Source	Proportion of Operational Cost
Fees and Charges	100%

Funding Source	Proportion of Capital Development Cost
User Contributions	100%

Building Control

Funding Analysis	
Community Outcomes	<p>The Building Control activity contributes to Community Outcomes 3, 4 and 5.</p> <p>It offers the following benefits:</p> <ul style="list-style-type: none"> • Ensures standards for building safety and health are met when new buildings are constructed and additions made • Provides information to the public about building consents for particular properties
Distribution of Benefits	<p>The following people and groups benefit from the Building Control activity:</p> <ul style="list-style-type: none"> • The public in general • Building developers • People purchasing property
Timeframe of Benefits	<p>Building Control offers both immediate benefits for occupiers of buildings and those needing information about buildings, and ongoing benefits for the community by having buildings that meet a minimum standard of construction.</p>
Need for Activity	<p>Council is legally required to make provision for Building Control to ensure that minimum building standards are complied with.</p> <p>Without enforcement, there is a risk that minimum building standards may not be complied with, and this could place people's health and safety at risk.</p> <p>Prospective property purchasers are advised to establish what building consents have been issued for particular properties because of potential liability issues.</p>
Costs and Benefits of Funding Activity Distinctly	<p>It is important to identify the costs of this activity so as to ensure that, to the extent possible, they are recovered from those people undertaking building activities, or interested in building information.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>It is in the interests of the community to have buildings that meet safety requirements for now and in the future.</p>

The following funding sources are proposed for Building Control:

Funding Source	Proportion of Operational Cost
General Rate	30%
Fees and Charges	70%

Environmental Health

Funding Analysis

Community Outcomes	<p>The Environmental Health activity contributes to Community Outcomes 2, 3, 4 and 5.</p> <p>It provides services for licensing premises such as hairdressers, food outlets and dangerous goods, as well as for enforcement of health and safety matters and investigation of complaints.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Environmental Services activity:</p> <ul style="list-style-type: none"> • The public in general • Businesses that require licenses to operate under various regulations • Property owners that must comply with health and safety regulations e.g. swimming pool owners
Timeframe of Benefits	<p>Environmental Health offers both immediate benefits for users and ongoing benefits for the wider community.</p>
Need for Activity	<p>Council is legally required to provide for environmental health services.</p> <p>Those needing licences to operate their businesses generate the need for licence administration.</p> <p>Those people doing things that lead to complaints and health and safety enforcement action by Council should also cover the costs of such enforcement.</p>
Costs and Benefits of Funding Activity Distinctly	<p>The community has an interest in being informed of the cost involved in investigating complaints.</p> <p>The costs of responding to specific needs, such as licensing and enforcement, must be identified if they are to be recovered from individuals or groups</p>
Impact of Funding Mechanism on Community Wellbeing	<p>The public benefits from having health and safety standards enforced, and accordingly, the general rate are appropriate.</p> <p>Individuals and specific groups benefit from specific licences which enable them to carry out certain activities, and accordingly it is appropriate for fees to be charged to recover these costs.</p>

The following funding sources are proposed for Environmental Health:

Funding Source	Proportion of Operational Cost
General Rates	75%
Fees and Charges	25%

Liquor Licensing, Gambling

Funding Analysis	
Community Outcomes	<p>The Liquor Licensing and Gambling activities contribute to Community Outcomes 2, 3 and 5.</p> <p>They provide services for licensing premises where liquor is sold or gambling [class 4 venues] takes place.</p>
Distribution of Benefits	<p>The following people and groups benefit from these activities:</p> <ul style="list-style-type: none"> • Those people and businesses that require a liquor license or gambling venue licence to operate. • The public in general
Timeframe of Benefits	<p>The activities offer immediate benefits for those operating and using licensed venues and the community.</p>
Need for Activity	<p>Council is legally required to provide for the licensing of these services.</p> <p>Those needing licences to operate their businesses generate the need for licence administration.</p>
Costs and Benefits of Funding Activity Distinctly	<p>The community has an interest in being informed of the cost involved in licensing activities.</p> <p>The costs of responding to specific needs must be identified if they are to be recovered from individuals or groups</p>
Impact of Funding Mechanism on Community Wellbeing	<p>The public gains some benefits from having liquor outlets and gambling venues managed through licensing, and accordingly, the general rate is appropriate.</p> <p>Individuals and specific groups benefit from specific licences which enable them to carry out certain activities, and accordingly it is appropriate for fees to be charged to recover these costs.</p> <p>Council notes that the fees for liquor licences are set by law, and that these do not cover the full costs of administration of these licences.</p>

The following funding sources are proposed for the Liquor Licensing and Gambling activities:

Funding Source	Proportion of Operational Cost
General Rates	34%
Fees and Charges	66%

Parking Enforcement

Funding Analysis	
Community Outcomes	<p>The Parking Enforcement activity contributes to Community Outcomes 2 and 5.</p> <p>It provides for control of central city vehicle parking as well as vehicle safety by checking registration and warrants of fitness for cars parked.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Parking Enforcement activity:</p> <ul style="list-style-type: none"> • The public in general • Central city businesses
Timeframe of Benefits	Parking Enforcement offers immediate benefits for users of the central city.
Need for Activity	<p>Parking Enforcement is needed to ensure that convenient parking is available throughout the day for central city users. It is appropriate for those who fail to comply with parking restrictions to meet the costs through infringement fees.</p> <p>It is also appropriate for vehicle warrants of fitness to be checked at the same time to ensure that cars are meeting required safety standards.</p>
Costs and Benefits of Funding Activity Distinctly	It is important to identify the costs of this activity so as to ensure that, to the extent possible, they are recovered from those offending.
Impact of Funding Mechanism on Community Wellbeing	This activity is required because not all people comply with regulations at all times. Accordingly, Council's preferred funding mechanism is for all of the costs to be met by infringement fees and charges.

The following funding sources are proposed for Parking Enforcement:

Funding Source	Proportion of Operational Cost
Infringement Fees	63%
General Rate	37%

City Planning

Funding Analysis	
Community Outcomes	<p>The City Planning activity contributes to Community Outcomes 2, 3, 4 and 5.</p> <p>It provides for the promotion of sustainable management of natural and physical resources for the community as a whole.</p>
Distribution of Benefits	<p>The following people and groups benefit from the City Planning activity:</p> <ul style="list-style-type: none"> • The public in general • Property owners • The business community in general
Timeframe of Benefits	<p>City Planning offers both immediate benefits for people living and working in Upper Hutt and ongoing benefits for the wider community in terms of sustaining the natural and physical environment.</p>
Need for Activity	<p>Council is required to administer the Resource Management Act 1991. This includes preparation of the District Plan.</p> <p>People interested in property purchase or developments want to know what the District Plan provides for in relation to specific properties.</p> <p>Resource consents are required where specific development proposals vary from that provided for in the District Plan.</p>
Costs and Benefits of Funding Activity Distinctly	<p>This is a significant Council activity and it is important that the community be kept informed of the costs involved.</p> <p>The costs of responding to specific needs, such as resource consents and property information, must be identified if they are to be recovered from applicants.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>The preparation of the District Plan, the means by which Council gives effect its responsibilities for sustainable management of the physical and natural resources, has benefit for now and the future for all people. Therefore the general rate is appropriate as a funding mechanism.</p> <p>Individuals and specific groups benefit from specific information or resource consents which enable them to carry out certain developments, and accordingly it is appropriate for fees to be charged to recover these costs.</p>

The following funding sources are proposed for City Planning:

Funding Source	Proportion of Operational Cost
General Rates	80%
Fees and Charges	20%

Land Transport

Funding Analysis	
Community Outcomes	<p>The Land Transport activity contributes to Community Outcomes 1, 2, 3, 4, 5 and 7.</p> <p>It provides a safe and efficient local roading network including maintenance and improvements to roads, footpaths, streetlights etc, road safety programmes, street cleaning and car parking and bus/taxi stands, and advocacy on land transport issues.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Land Transport activity:</p> <ul style="list-style-type: none"> • The public in general • Those people who use particular services e.g. carparks, public transport, road safety programmes etc
Timeframe of Benefits	<p>Land Transport offers both immediate and ongoing benefits for the wider community.</p> <p>Users of particular services gain immediate benefits while they are using the service e.g. parking, but the service is generally available to the public.</p>
Need for Activity	<p>People have a fundamental need to move themselves, and goods and services, from one place to another. The land transport activity provides for a range of ways for this to happen in a safe and efficient way.</p>
Costs and Benefits of Funding Activity Distinctly	<p>The community has an interest in being informed of the cost involved in providing land transport services.</p> <p>Other agencies involved in part funding land transport activities also have an interest in ensuring that their funding is accounted for appropriately.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>As land transport covers a range of services for both current users and future generations, a range of funding mechanisms are appropriate.</p> <p>Rate funding covers local needs of the current generation, loan funding covers needs of the future generation. Subsidies from Land Transport NZ and the Greater Wellington Regional Council contribute to the regional and national land transport network usage within Upper Hutt.</p> <p>Central city parking is free and therefore funded through rates. This policy provides a marketing advantage for the CBD and benefits the community at large.</p>

The following funding sources are proposed for Land Transport:

Funding Source	Proportion of Operational Cost
General Rates	64%
Subsidies, Targeted Rates and User Fees	36%

Funding

Funding Source	Proportion of Capital Development Cost
User Contributions	By negotiation for particular services
Development Contributions	In accordance with the Policy on Development Contributions
Borrowing	Cost attributed to future use
Depreciation	Cost attributed to asset renewal
Subsidies	According to criteria for subsidy, depending on the nature of the work
General Rates	Balance of development cost, up to 100%

Water Supply

Funding Analysis	
Community Outcomes	<p>The Water Supply activity contributes to Community Outcomes 3, 4 and 5.</p> <p>It provides high quality water to those connected to the reticulated supply system for general use and including fire fighting.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Water Supply activity:</p> <ul style="list-style-type: none"> • The public in general • Those areas serviced by the reticulated supply system, or reasonably able to connect to it.
Timeframe of Benefits	<p>Water Supply offers both immediate benefits for those connected to the system and ongoing benefits for the wider community in terms of having a quality water supply available.</p>
Need for Activity	<p>Water is essential for life, and a reticulated supply system provides an efficient way to supply areas of concentrated populations.</p> <p>About 20% additional capacity is required to provide fire fighting services.</p>
Costs and Benefits of Funding Activity Distinctly	<p>The community served by the supply system has an interest in being informed of the cost involved in providing water supply services.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>User charges, including metering and uniform charges, are appropriate for those within the supply area. A smaller charge reflecting the potential to access the supply network is appropriate for those properties that are able to connect to the supply system, but have chosen not to connect.</p> <p>As additional capacity is built in to provide fire fighting services, it is appropriate that this cost factor reflects capital valuations.</p> <p>The life of the water supply infrastructure, when properly maintained, extends beyond the present generation. Loan funding for major capital development and depreciation funding are appropriate funding sources.</p> <p>Development contributions may be used to cover the costs of providing water supply to new developments.</p>

The following funding sources are proposed for Water Supply:

Funding Source	Proportion of Operational Cost
Targeted Rates [fire protection]	20%
Targeted Rates [water supply] and Fees and Charges	80%

Funding

Funding Source	Proportion of Capital Development Cost
User Contributions	By negotiation
Development Contributions	In accordance with the Policy on Development Contributions
Borrowing	Cost attributed to future use
Depreciation	Cost attributed to asset renewal
Targeted Rates	Balance of development cost, up to 100%

Wastewater

Funding Analysis	
Community Outcomes	The Wastewater activity contributes to Community Outcomes 3, 4 and 5. It provides a wastewater treatment and disposal service to those connected to the reticulated system.
Distribution of Benefits	The following people and groups benefit from the Wastewater activity: <ul style="list-style-type: none"> The public in general Those areas serviced by the reticulated system, or reasonably able to connect to it.
Timeframe of Benefits	Wastewater offers both immediate benefits for those connected to the system and ongoing benefits for the wider community in terms of having a healthy and hygienic urban environment.
Need for Activity	Safe wastewater treatment and disposal is essential for life, and a reticulated system provides an efficient way to serve areas of concentrated populations.
Costs and Benefits of Funding Activity Distinctly	The community served by the system has an interest in being informed of the cost involved in providing wastewater services. It also ensures that the costs of the wastewater service are fully recovered from system users.
Impact of Funding Mechanism on Community Wellbeing	Pan charges are appropriate for those within the supply area. It is appropriate for businesses connected to the wastewater system to pay pan charges and trade waste charges in accordance with their need for wastewater disposal. The life of the wastewater infrastructure, when properly maintained, extends beyond the present generation. Loan funding for major capital development and depreciation funding are appropriate funding sources. Development contributions may be used to cover the costs of providing wastewater infrastructure to new developments.

The following funding sources are proposed for Wastewater:

Funding Source	Proportion of Operational Cost
Targeted rates [wastewater] and Fees and Charges	100%

Funding Source	Proportion of Capital Development Cost
Development Contributions	In accordance with the Policy on Development Contributions
Borrowing	Cost attributed to future use
Depreciation	Cost attributed to asset renewal
Targeted Rates	Balance of development cost, to 100%

Stormwater

Funding Analysis	
Community Outcomes	The Stormwater activity contributes to Community Outcomes 3, 4 and 5. It provides a stormwater disposal service to those connected to the reticulated system.
Distribution of Benefits	The following people and groups benefit from the Stormwater activity: <ul style="list-style-type: none"> Those areas within the Upper Hutt Urban Drainage District, which was established in 1996. The public in general.
Timeframe of Benefits	Stormwater offers both immediate benefits for those connected to the system and ongoing benefits for the wider community in terms of reduced flooding, and better control of where flooding occurs.
Need for Activity	Stormwater disposal is important in built up areas because of the problems associated with flooding. A reticulated system provides an efficient way to serve areas of concentrated populations.
Costs and Benefits of Funding Activity Distinctly	The community served by the system has an interest in being informed of the cost involved in providing stormwater services. It also ensures that the costs of the stormwater service are fully recovered from system users.
Impact of Funding Mechanism on Community Wellbeing	A targeted rate based on capital value is considered to most fairly reflect the level of benefit derived by particular properties. The life of the stormwater infrastructure, when properly maintained, extends beyond the present generation. Loan funding for major capital development and depreciation funding are appropriate funding sources. Development contributions may be used to cover the costs of providing stormwater infrastructure to new developments.

The following funding sources are proposed for Stormwater:

Funding Source	Proportion of Operational Cost
Targeted rate [Stormwater]	100%
Funding Source	Proportion of Capital Development Cost
Development Contributions	In accordance with the Policy on Development Contributions
Borrowing	Cost attributed to future use
Depreciation	Cost attributed to asset renewal
Targeted rate	Balance of development cost, to 100%.

Solid Waste

Funding Analysis	
Community Outcomes	<p>The Solid Waste activity contributes to Community Outcomes 2, 3, 4 and 5.</p> <p>It provides a solid waste disposal service to those households within the solid waste and recycling collection area.</p>
Distribution of Benefits	<p>The following people and groups benefit from the Solid Waste activity:</p> <ul style="list-style-type: none"> • Those areas within the residential solid waste and recycling collection area. • Users of the Silverstream Landfill. • The public in general.
Timeframe of Benefits	<p>Solid Waste offers both immediate benefits for those using the collection systems or the Silverstream Landfill, and ongoing benefits for the wider community in terms of a cleaner, litter free environment.</p>
Need for Activity	<p>Council is legally required to provide for the management of solid waste.</p> <p>Households in urban areas generate solid waste which must be disposed of appropriately to maintain a safe and clean living environment.</p> <p>Some of the household waste material is able to be recycled, and needs to be collected and sorted prior to being used again.</p>
Costs and Benefits of Funding Activity Distinctly	<p>The community served by the collection system has an interest in being informed of the cost involved in providing these services.</p> <p>It also ensures that the costs of the solid waste service are fully recovered from system users.</p>
Impact of Funding Mechanism on Community Wellbeing	<p>Use charges are appropriate to ensure that those people using the collection services cover the costs.</p> <p>Funding generated from the Council's part share in the operations of the Silverstream Landfill contributes towards the cost of managing the overall service.</p>

The following funding sources are proposed for Solid Waste:

Funding Source	Proportion of Operational Cost
Silverstream Landfill Income	100%

Council Contact Details

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UPPER HUTT

All Departments

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Fax:	(04) 528 2652
Email:	askus@uhcc.govt.nz
Website:	www.upperhuttcity.com
Civic Administration Office Hours:	8.00am to 5.00pm

Additional Telephone Numbers

Akatarawa Cemetery	(04) 526 7030
City Library	(04) 527 2169 or (04) 527 2117
Pinehaven Branch Library	(04) 528 2208
Visitor Information Centre	(04) 527 2141
H ² O Xtream	(04) 527 2113
Recreation & Community Affairs	(04) 527 2131
Expressions Arts & Entertainment Centre	(04) 527 2168