

Section D

NGĀ WHAKAPAE ME NGĀ KAUPAPA HERE ASSUMPTIONS AND POLICIES

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



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Significant forecasting assumptions

Introduction

In developing this Long Term Plan (LTP), Council considered the global, national, and local context that we operate in. This resulted in significant assumptions that set out the context on which we based our planning and levels of service for 2021 – 2031.

These assumptions are based on the best information available at the time of developing this LTP. Wherever possible, we will use the most up-to-date information relating to any relevant factors noted in these assumptions to inform decision making. This includes using the Annual Plan process in years between Long Term Plans to revisit any substantial changes to the assumptions if required.

Significant assumptions forecast for the 2021 – 2031 period are summarised in the following table and discussed in more detail in the pages that follow. The level of uncertainty for each assumption is noted, and where there is high uncertainty, comment is made on the potential effects in terms of financial risk resulting from this uncertainty on the LTP.

The main contributions of risk are identified as arising from the impacts of COVID-19, climate change and natural hazards, and Central Government changes to legislation and policy which could impact the role of, and costs to, Local Government.

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ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
① The impacts of COVID-19 will be felt for at least the next three years including in Upper Hutt	Medium	Medium
Global impact ② The impact of climate change and natural hazards could be felt over the Long Term Plan period	Medium	Medium
③ The impact of technological change or disruption will not adversely affect Council's ability to deliver services	Low	Low
④ Three water assets will remain under the control of Council for the next 10 years	High	High
National impact ⑤ Central Government changes to policy and or legislative change [examples: Climate Change response, Local Government reform, Resource Management Act (RMA) reform] will have an impact on Local Government's role, income, and/or expenditure	Medium	Medium-high

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
⑥ Population growth in Upper Hutt will increase over the next 10 years	Low	Medium
⑦ The impact of societal changes and population structure have been adequately planned for in the financial estimates	Low	Low
⑧ The annual return on investments will remain at or around current values (The OCR remains at 0.25% for now, but may reduce further or stay the same. Therefore, we cannot assume that we will receive any significant interest income on investments for at least the first few years of the LTP funds)	Medium	Low
⑨ Depreciation will not affect our rate funding requirement forecasts (Because Upper Hutt City Council does not fund depreciation)	Low	Low
⑩ Council will be able to obtain a credit rating of at least A	Low	High
Local impact ⑪ Funding will be readily available through the Local Government Funding Agency (LGFA) (Central Government are using monetary policy including large scale asset purchases to ensure that funding is accessible)	Low	Low
⑫ Waka Kotahi NZ Transport Agency financial assistance rates will continue as set out by Waka Kotahi NZ Transport Agency for the next three years	Low	Low
⑬ The average debt interest rates for the next ten years will be 3% as projected by PwC	Medium	Medium
⑭ Inflation will occur as estimated in the BERL 2020 report for Local Government sector for the years ending June 2020 to June 2030	Medium	Medium
⑮ The Capex programme planned for the 10 years 2021 – 2031 will be delivered as forecast	Low-medium	Medium-High

1 COVID-19

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The impacts of COVID-19 will be felt for at least the next three years including in Upper Hutt	Medium	Medium

The COVID-19 global pandemic caused worldwide social and economic disruption on a scale that has not been experienced in over one hundred years.

It is assumed that New Zealand could continue to have clusters of COVID-19 outbreaks until such time as sufficient population immunity in New Zealand and in the global population is achieved.

Council expects that the immediate and emerging impacts of COVID-19 on social, economic, cultural, and environmental wellbeing will be felt for at least the next three years and that these impacts must be considered across all of Council's planning and investment decisions in the short to medium term.

A coordinated multi-agency approach is required to ensure the resources of Council and other agencies are used wisely and are targeted to areas of most need. Community participation and transparency of decision-making processes will be particularly important during the next 10 years.

Council will continue to participate in local, regional, and national COVID-19 recovery focused governance and joint working groups to ensure the most appropriate response and supports are used to support recovery and build resilience in our community.

2 Climate change and natural hazards

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The impact of climate change and natural hazards could be felt over the LTP period	Medium	Medium

Upper Hutt will experience the impacts of climate change through increased temperatures, decreased rainfall, extreme weather events,¹ population increase, increased indigenous biodiversity management costs, and an increased likelihood of flood events.² Social and economic impacts are also likely to be experienced in the longer term, for example: community cohesion and wellbeing issues from the displacement of individuals and families; exacerbating inequalities in the community; potential potable water shortages; growing population base due to the retreat away from coastal areas; and financial implications around insurance and disaster relief expenditure.

The community has a growing expectation that Council will engage and deliver on initiatives relating to climate change and sustainability. We will monitor impacts arising from climate change to ensure that we are planning flexibly enough to be able to adapt our plans to meet emerging needs as appropriate. Further work to determine what climate change means for Upper Hutt and the actions that will be needed at the local level is required. This must be undertaken in collaboration with, and in some circumstances led by, local communities.

New Zealand has declared a climate emergency and committed to being carbon neutral by 2050. Council adopted a Sustainability Strategy in 2020

with a key target to be a carbon neutral organisation by 2035. To reduce uncertainty and the impact of climate change we will deliver a Council Corporate Emissions Reduction and Mitigation Plan to ensure the carbon neutral goal is achieved, a Climate change risk profile for Upper Hutt for the next 50 to 100 years, and a Climate Change Mitigation and Adaptation Plan.

Floods, earthquakes, fire, and erosion remain a significant natural hazard risk³ for Upper Hutt and our emergency management response is a statutory requirement under the Civil Defence Emergency Management Act 2002.

The frequency and magnitude of extreme weather events are anticipated to increase over time, and there is a risk of increased closures on transport networks in low lying or slip prone areas. Building resilience into infrastructure has been factored in, resulting in increases to both infrastructure renewals and capital costs.

We will continue to set priorities and apply consistent risk reduction approaches to reduce risk from climate change and natural hazards. We will monitor climate change, natural hazard, and emergency management related regulatory settings to adjust operations and policy throughout the LTP period.

1. Ministry for the Environment. Our atmosphere and climate 2020. Retrieved on 1 January 2021 from mfe.govt.nz/publications/environmental-reporting/our-atmosphere-and-climate-2020/message-readers
2. Upper Hutt City Council. Rautaki Whakauka Sustainability Strategy 2020
3. Greater Wellington Regional Council (May 2019). Wellington Region Natural Hazards Management Strategy.

3 Technological change

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
<p>The impact of technological change or disruption will not adversely affect Council’s ability to deliver services</p> <p>Our world is becoming increasingly digital, thus reshaping the economy of the city, the expectations of our community, and the way Council engages with, understands, and performs its role in the city. Knowledge and a willingness to embrace technology over the next 10 years will be critical.</p> <p>COVID-19 has accelerated changes around virtual working and collaboration which may lead to ongoing changes in how people live, work, and engage in their communities. The ‘digital divide’ between those who have access to digital technology and those that do not may increase. These changes will drive transformation in the provision of, and need for, our services.</p> <p>Technological change has the power to transform the nature of our work. By having an awareness of the opportunity and challenges that technology brings, we will use technological advancements to provide better, more efficient, tailored, services to the community while maintaining security and privacy. Through deepening digital interactions, we can create evidence bases to support continuous improvement.</p>	Low	Low
		<p>Technological change could either enhance or disrupt Local Government function, it is the nature of technology that some of the downstream effects of innovation can be unexpected, and this uncertainty is where the potential risk lies.</p> <p>Few occupations will be automated in the short to medium term but activities within occupations are expected to transform more over time, at all skill levels. New technologies may dislocate some existing employees. Investment in retraining, upskilling, and recruitment to support people detrimentally affected by technological innovation will be required.</p> <p>Predicting future technological trends is highly uncertain and as such we make no specific assumptions about long term technological innovation or take up. We will observe technological change to ensure that we are planning flexibly enough to be able to adapt our plans to meet changing needs as appropriate. We will monitor technological innovation and related regulatory settings to adjust operations and policy over the next 10 years.</p>

4 Three waters reform

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
<p>Three water assets will remain under the control of Council for the next 10 years</p> <p>Central Government is reviewing how to improve the regulation and supply arrangements of drinking water, wastewater, and stormwater (three waters) to better support New Zealand’s prosperity, health, safety, and environment. The creation of Taumata Arowai—the Water Services Regulator, will provide</p>	High	High
		<p>oversight and enforcement of a new drinking water regulatory framework with an additional oversight role for wastewater and stormwater networks.</p> <p>Most three waters assets are owned and delivered by local councils. The here consider broader</p>

questions about the effectiveness of the regulatory regime of the three waters, and the capability and sustainability of water service providers.

Levels of service for three waters may be standardised regionally or nationally. Three waters reform could result in significant resource, programming, and financial implications for Council.

The impacts of the three waters reform have a high level of uncertainty because at the time of writing this LTP, there is insufficient detail about how Central Government intends to progress. Although it has been clearly stated that the idea is reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term. Therefore it's likely that Council owned assets will be transferred to another entity. If this transpired, it will have a significant effect on the total asset value of Council. It is anticipated that if assets are removed from our control then some debt associated with those assets will also be transferred, however at this early stage it is not clear what proportion of debt will be transferred and the method for calculating the apportionment.

We received \$4.7 M funding post-COVID-19 stimulus from Central Government to maintain and improve water networks infrastructure and to support a three-year programme of reform of Local Government water services delivery arrangements. The reform programme is designed to support economic recovery post COVID-19. It aims to address persistent systemic issues facing the three waters sector, through stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance.

For the purposes of the preparation of this LTP, we have decided to assume that the three waters assets will remain in our control and our asset management plans and debt forecasts have been calculated on this assumption. This is believed to be the most prudent approach at this stage because even if assets are transferred, the costs of maintaining them will still fall on the community in some form; it is important to be clear about those ongoing costs. The main risk is that a lesser proportion of debt is transferred than we think is associated with the water assets, and therefore ratepayers will be required to contribute towards debt servicing for assets that are not controlled by Council.

5 Central Government changes to policy or legislation

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
<p>Central Government changes to policy and or legislative change [examples: Climate Change response, Local Government reform, Resource Management Act (RMA) reform] will have an impact on Local Government's role, income, and/or expenditure</p> <p>Central Government's adoption of a wellbeing approach in 2019 amended the purpose of Local Government⁴ to focus on the current and future wellbeing of communities which requires Councils to promote environmental wellbeing of communities in the present and for the future.</p> <p>The Ministry for the Environment is undertaking a comprehensive review of the Resource Management Act 1991, indicating a period of fundamental change to the legislative environment. The new framework is intended to be released in 2021 as a draft and is anticipated to become legislation in 2022. Updated national direction for Urban Development and</p>	Medium	Medium

4. Section 10, Local Government Act 2002 as amended by the Local Government (Community Wellbeing) Amendment Act 2019

Freshwater Management gazetted in 2020 will impact on development capacity, and new national direction for Indigenous Biodiversity and Highly Productive Land is projected to be in place in 2021.

At the local level, Greater Wellington Regional Council’s proposed Natural Resources Plan is close to operative.

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

In April 2021 the Minister of Local Government announced a review into the ‘Future for Local Government’. Broad and cumulative changes are

being progressed as part of the Government’s reform agenda and the purpose of this review (as per Central Government) is to identify how our system of local democracy and governance needs to evolve over the next 30 years in response, to improve the wellbeing of New Zealand communities and the environment, and actively embody the Treaty partnership. The review will take place from April 2021 – 30 April 2023, the first milestone for which is to develop an interim report to be presented to the Minister signalling the probable direction of the review and key next steps. This is to be completed by 30 September 2021.

Given that the review is in its very early stages, we have not factored any matters that could result from the review in this LTP. It is noted in this LTP because it could potentially have a significant impact on the activities, services and funding of Councils.

6 Population growth

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Population growth in Upper Hutt will increase over the next 10 years	Medium	Medium

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We have used the November 2019 Wellington Housing and Business Development Capacity Assessment (HBA) as the most up-to-date population growth projection for our planning assumptions. The HBA projects that Upper Hutt could expect to see population growth of 9,000 to 12,800 people between 2017 and 2047. Upper Hutt’s current population base of 43,980 people, coupled with higher than expected demand for housing, indicates that growth at the high end of the range is the most likely scenario.

In April 2021, Sense Partners have prepared a report called “Demographic and dwelling forecasts for the Wellington region”. This report will be used to inform the next HBA which is expected to be issued in the latter part of 2021. The report by Sense Partners indicates that there is expected to be strong population growth over the next 30 years in Greater Wellington, and in Upper Hutt specifically, we can expect to see growth of 2.1% annually between 2018

and 2028. This is considerably higher than the 2019 projection. Upper Hutt’s growth rate is set to be one of the highest in the region, with the population forecast to increase by over 25,000 (55%) over 30 years, highlighting the significance of long-term housing sufficiency. Population and demographic information can be found on Council’s People+Places website: peopleandplaces.nz/upper-hutt.

At the time of preparing this LTP, the latest information is not confirmed and the review of the HBA yet to be completed (expected by the latter half of 2021 year). Council has discussed this and considers that the new and increased growth forecast is prudent to bear in mind. However, Council is assured that at this point, our planning and response to growth is adequately catered for within this LTP for the short to medium term and does not require changes as a result of the new growth information becoming available.

In terms of the rating database, Council has estimated that the growth in the rating base will be 1.5% per year for the next 10 years. This is based on historical trend (last 5 years) as well as our growth and housing forecasts. Consenting and building activity also support this assumption.

We will continue to monitor population growth to ensure that we are planning flexibly enough to be able to adapt our plans to meet population growth needs as appropriate. Along with this, we are a partner in the Wellington Regional Growth Framework, Regional Spatial Planning developed

by Local Government, Central Government and iwi partners in the Wellington-Wairarapa-Horowhenua region to provide an agreed regional direction for growth and investment and to delivery on the Urban Growth Agenda objectives of the Government. The framework can be viewed on the Wellington Regional Growth Framework website (wrgf.co.nz).

Information in the HBA related to population, household and dwelling forecasts for the city and each neighbourhood is considered to remain current post COVID-19. The HBA can be viewed on our website: upperhuttcity.com.

7 Societal change factors

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The impact of societal changes and population structure have been adequately planned for in the financial estimates	Low	Low

The median age of Upper Hutt’s population is 39.1 years (slightly higher than the national median of 37.4 years).⁵ Approximately 25% of the population is under 20 years old and 15% is 65 years or over. This is similar to the demographic composition of New Zealand. Upper Hutt’s population of those aged 65 or over grew approximately 13% between 2013 and 2018, this growth is predicted to continue.⁶

An increasingly aging population will present with programme and service needs that differ to Upper Hutt’s significant rangatahi (youth) population. This could result in moderate resource and financial implications for Council over the next 10 years. It could potentially result in an increased volunteer base and provide intergenerational engagement opportunities contributing toward enhanced social and cultural wellbeing in Upper Hutt’s youthful and older populations.

The societal shift towards a more sedentary, high consumption, technology-driven lifestyle presents a growing challenge to the health and wellbeing of Upper Hutt’s residents. Hutt Valley’s higher than (national) average rates of preventable diseases including cardiovascular diseases⁷, respiratory diseases⁸, psychological distress⁹, and increasing rates of obesity¹⁰ and type-2 diabetes¹¹ could result in moderate resource and financial implications for Council throughout the Long Term Plan period.

Accessible, multi-use, flexible facilities, joint ventures, co-design with communities, and collaboration with other agencies will remain important to ensure we are able to meet the needs of our youth and older populations and better understand and support the health and wellbeing needs of our community over the next 10 years.

5. Stats NZ Tatauranga Aotearoa. Place summaries: Upper Hutt City
 6. id. Upper Hutt City Five Year Age Groups. Retrieved on 26 May 2020 from profile.idnz.co.nz/upper-hutt/five-year-age-groups?BMID=30
 7. Cardiovascular Health – New Zealand Health Survey pooled year data 2014 – 2017
 8. Global surveillance, prevention and control of chronic respiratory diseases. World Health Organisation 2007 who.int/publications/i/item/global-surveillance-prevention-and-control-of-chronic-respiratory-diseases
 9. New Zealand Health Survey 2018/19
 10. Obesity statistics, Ministry of Health health.govt.nz/nz-health-statistics/health-statistics-and-data-sets/obesity-statistics
 11. Ministry of Health. Virtual Diabetes Register (VDR)—updated 2017 health.govt.nz/our-work/diseases-and-conditions/diabetes/about-diabetes/virtual-diabetes-register-vdr

Upper Hutt is gradually becoming more ethnically diverse as compared to 2013, however it is less ethnically diverse when compared to the New Zealand average. In 2018, 15.7% of the population identified as Māori (6,924, compared with 5,337 in 2013), 8.4% Asian, 5.7% Pacific peoples, 1% Middle Eastern/Latin American/African, 81.2% European, and 1.7% Other ethnicity.¹² To enhance community health and wellbeing outcomes, connectedness, and a sense of belonging, the changing ethnic diversity of our city will need to be reflected in

the community programmes and services that we deliver and support. Planned community services and activities will need to be reviewed for relevance over the period of the LTP.

We consider that societal changes have been adequately catered for in our LTP 2021 – 2031. Any departure from this assumption can be addressed through the Annual Plan and LTP review process.

8 Forecast return on investment

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The annual return on investments will remain at or around current values	Medium	Low
Council holds shares in companies for strategic rather than return on investment purposes. We currently hold three investments, none of which are expected to provide any investment income over the life of the LTP.		It could reduce further, or stay the same during the LTP period. We cannot assume that we will receive any significant interest income from term deposits for at least the first few years of the LTP.
We hold our excess cash on term deposit with several banks in accordance with the Treasury Management Policy. The Official Cash Rate is 0.25%.		Planning for the LTP 2021 – 2031 period assumes that if we do not receive the predicted income from investments this will have an insignificant impact on our ability to deliver on the LTP.

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9 Depreciation

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Depreciation will not affect our rate funding requirement forecasts	Low	Low
It is assumed that the same rates of depreciation will be applied as were applied in the previous LTP. The amount of depreciation may increase in relation to any revaluation of assets throughout the period of the LTP. This will affect our predicted level of surplus or deficit in the Prospective Statement of Comprehensive Revenue and Expense, however as Council does not rate fund depreciation, it will not impact on the level of funding required from the community.		In order to preserve intergenerational equity, we have chosen to loan fund all capital expenditure and repay the loans over periods in line with the useful lives of the assets. This is an alternative to rate funding depreciation, but it has the same effect in the long term.

12. Stats NZ Tatauranga Aotearoa 2006 – 2018 Census data

10 External credit rating

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
<p>Council will be able to obtain a credit rating of at least A</p> <p>As part of the Financial Strategy, Council needs to borrow more money than is currently permitted under its covenants with the Local Government Funding Authority. In order to increase the debt to revenue ratio limit to 280%, Council will need to obtain a credit rating of at least ‘A’ from an external credit rating agent.</p> <p>The likelihood of being able to obtain such a credit rating is high because of the strong credit rating of the local government sector as a whole, which is supported by the strong institutional framework that operates in New Zealand. Additionally, in the Local Government sector there is a high quality of financial management, budgetary performance, access to liquidity, and underlying security structure</p>	<p>Low</p>	<p>Low</p>

which positively impacts this credit rating outcome that which Council could pursue .

In New Zealand there are 32 Councils which have credit ratings that range between AA+ and A+. As well as being able to obtain a higher debt limit with Local Government Funding Agency it also offers the Council a lower interest rate as a reflection of lower risk.

Whilst the level of uncertainty around this assumption is low, the impact should Council not be able to obtain a credit rating is high, because it would mean Council would not be able to borrow enough to fund its full capital plan.

11 Local Government Funding Agency funding

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
<p>Funding will be readily available through the Local Government Funding Agency</p> <p>The Local Government Funding Agency (LGFA) provides more efficient funding costs and diversified funding sources for New Zealand local authorities.</p> <p>Central Government are using monetary policy including large scale asset purchases to ensure that funding remains accessible by ensuring that there is a ready purchaser of LGFA bonds.</p> <p>Council considers that funding will remain readily available throughout this LTP 2021 – 2031. Any departure from this assumption can be addressed through the Annual Plan and LTP review process.</p>	<p>Low</p>	<p>Low</p>

We also assume that funding will be largely unaffected in the case of interest rates becoming negative. This is because there is a natural offset between the margin on interest rate swaps where a fixed rate is paid, and the margin on the floating rate loans which we would receive if the bank rate were to go negative. Taking the swaps and debt into consideration means that we would be neutral from a borrowing cost perspective.

12 Waka Kotahi NZ Transport Agency funding

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
<p>Waka Kotahi NZ Transport Agency financial assistance rates will continue as set out by Waka Kotahi NZ Transport Agency for the next three years, but are uncertain beyond that as Government changes priorities</p> <p>For approved roading activities the financial assistance rate (FAR) we expect to receive from Waka Kotahi NZ Transport Agency over the LTP period is 51%.</p> <p>Beyond the first three years of the LTP, it is possible that Central Government transport priorities (as signalled by the Government Policy Statement) may change towards public transport, multi modal transport, and active transport. The level of funding</p>	Low	Low
		<p>for network maintenance activities is likely to come under severe pressure.</p> <p>Minor changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme would not materially impact our funding, however, any significant changes could. In such case, it would be resolved through the Annual Plan and LTP review processes.</p>

13 Expected interest rates on debt

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
<p>The average debt interest rates for the next ten years will be 3.0% as projected by PwC</p> <p>Council utilises PwC to obtain expert treasury management advice. The advice provided is that interest rates are predicted to stay low for a long period of time whilst the world grapples with economic recovery.</p> <p>Taking into account Council's debt profile and interest rate hedging requirements as per the Treasury Management Policy, PwC have advised that an interest rate of 3% per annum which includes a buffer for the cost of re-financing is an appropriate 'wholesale' interest rate to use for the LTP period.</p>	Medium	Medium
		<p>Once Council obtains a credit rating, it will be eligible for lower rates of interest on borrowings through the Local Government Funding Agency.</p> <p>All indications are that interest rates will remain low for a prolonged period of time, however there will always be a certain level of uncertainty associated with interest rates, and if they should shift significantly, this will have a material impact on the financial forecasts as there is a significant borrowing programme predicted during the LTP.</p>

14 Inflation

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
Inflation will occur as estimated in the BERL 2020 report for Local Government sector for the years ending June 2020 to June 2030	Low	Low

Council utilises the Local Government Cost Index (LGCI) as its proxy for inflation. The LGCI is specifically based on inputs to Local Government which often creates a higher cost profile than the Consumer Price Index (CPI). This is because Local Government has a higher proportion of costs associated with construction and infrastructure which rise at a higher rate than standard inflation due to demand on services and the cost of importing materials.

We obtain the LGCI figures from the report entitled “Local Government Cost Adjustor Forecasts” prepared by BERL and dated September 2020. Due to the uncertain impacts of COVID-19 this year’s report contained three scenarios; “Mid-scenario”, “Stalled rebuild scenario” and “Faster rebuild scenario”. As per the explanation in the report, we have chosen the “mid-scenario” which is appropriate for most regions in New Zealand and particularly for Upper Hutt, appropriate for areas with higher public sector employment.

We have used the consolidated LGCI (meaning that it encompasses all areas of Council and both capex and opex) to inflate the forecast numbers. The specific inflation percentages used are:

YEAR	1	2	3	4	5	6	7	8	9	10
LGCI	3.7%	2.9%	2.5%	2.5%	2.6%	2.5%	2.6%	2.7%	2.7%	2.6%

It is relatively hard for the economists to predict how the economy will track in this particular climate, and so these scenarios may not prove to be accurate. Therefore, there is a medium level of uncertainty and a medium level of impact on the LTP forecasts if the actual costs indices turn out to be higher or

lower than predicted. The area of most significant impact will be in the infrastructure/construction space where there are high costs which could escalate further pushing up the price of projects and impacting overall works programmes and borrowing.



15 Capex programme

ASSUMPTION	LEVEL OF UNCERTAINTY	IMPACT ON INTEGRITY OF LTP
The Capex programme planned for the 10 years 2021 – 2031 will be delivered as forecast	Low-medium	Medium-high

This Long Term Plan projects a total capital expenditure spend of \$359 M across the 10 years which is an increase from the last LTP particularly in the first 3 years. This covers renewals of infrastructure, replacement of old assets with new, and our bigger projects to increase service levels, such as the Civic Centre and H₂O Xstream upgrades. There is always an inherent level of risk in delivering a capital programme, particularly one that is substantially increased, however we have taken steps to mitigate risks such as:

- ⦿ Legacy projects have suffered from lack of scope definition. Future projects are subjected to a more rigorous business case analysis at inception.
- ⦿ Project budgets and risks are actively monitored and managed.
- ⦿ Procurement methodology based upon delivering project outcomes in best possible manner are utilised (such as early contractor involvement).
- ⦿ In 2018, a Project Management Office was established internally at Council consisting of three to four project managers depending on workloads and a programme manager. This was in order to have greater control over the delivery and quality control of major projects. This approach has resulted in the successful delivery of two recent major projects being the Whirinaki Whare Taonga extension, and the Maidstone Max redevelopment.
- ⦿ As support for the Project Management Office, a new role of Infrastructure and Project Accountant was created in the Finance Team in order to assist with monitoring and reporting from a financial perspective.

There is always some uncertainty with regard to delivering the capital programme set out due to matters that can be beyond Council’s control. Council has undertaken a risk assessment based on objective criteria as to the likelihood of Council being able to complete the capital programme as planned. Overall Council has assessed the level of uncertainty as low-medium

In the *Land transport* activity group, Waka Kotahi NZ Transport Agency (Waka Kotahi) funding processes impact on actual delivery timeframes (i.e. some major works programmed being delayed due to Waka Kotahi business case processes). Favourable conditions have resulted in improved performance for the current year to catch up on some deferrals and gives us confidence in our proposed LTP programme (subject to Waka Kotahi funding).

For three waters, there is a consistent gap in Wellington Water’s ability to deliver capital works programme in any given year. Our response has been to reduce budgets and programmes to what is considered a more achievable level (based on actuals) and based on assessed risks and priorities.

To ensure that delay in implementation of capital programmes does not unduly impact the ratepayers financially, we have changed the forecasting and financial process to only rate for repayments and interest the year after the project has commenced.

Revenue and Financing Policy

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Introduction

Under section 102 of the Local Government Act (2002) (LGA), all local authorities must adopt a Revenue and Financing Policy (RFP).

The RFP provides details of Council's policies for the funding of operating and capital expenditure and provides predictability and certainty about sources and levels of funding available to Council. It clearly and transparently explains the rationale for, and

the process of, selecting various tools to fund each significant activity of Council.

The application of the RFP is reflected in the Funding Impact Statement for a particular financial year. To understand the rating impact of the policy it must be read in conjunction with the Funding Impact Statement.

Requirements of the LGA

Adopting a RFP is a requirement of the LGA and the LGA outlines the components that must be included in a RFP. As per the LGA the RFP must include the local authority's policies in respect of the funding of

operating expenses and capital expenditure from sources listed. A RFP must also show how the local authority has, in relation to the sources of funding identified, complied with section 101(3).

Section 101(3) states that the funding needs of the local authority must be met from sources determined appropriate by the local authority, following consideration of (for each activity to be funded):

- ① the community outcomes to which the activity primarily contributes
- ② the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals

- ③ the period in or over which those benefits are expected to occur
- ④ the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- ⑤ the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Additionally, the overall impact of any allocation of liability for revenue needs on the community must be considered.

Policy statement

Funding of operational expenditure

Where expenditure does not create a new asset for future use, or extend the lifetime or usefulness of an existing asset, it is classed as operating expenditure. Operating expenditure pays for Council's day-to-day operations and services, from maintaining local roads and providing street lighting to looking after parks and issuing building consents and liquor licenses.

Council funds operating expenditure from the following sources:

- ④ General rates
- ④ Targeted rates
- ④ Fees and charges
- ④ Interest and dividends from investments
- ④ Borrowing
- ④ Subsidies and grants
- ④ Other sources including lease income, cash reserves, restricted or special funds, surpluses from previous financial years

Council may choose to not fully fund operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years.

Council has determined the proportion of operating expenditure to be funded from each of the sources above, and the method for apportioning rates and other charges.

Funding of capital expenditure

Capital expenditure is the spending on creation of a new asset, or extending the lifetime of an existing asset. Capital expenditure can also be incurred to improve the level of service provided by the asset.

Council funds capital expenditure from the following sources:

- ④ General rates
- ④ Targeted rates
- ④ Borrowing
- ④ Proceeds from asset sales

- ◉ Development contributions
- ◉ Financial contributions
- ◉ Grants and subsidies
- ◉ Other sources including restricted or special funds, surpluses from previous financial years

Council funds the renewal of assets, and new capital expenditure items from borrowings. Council’s cumulative objective is to maintain a relatively uniform annual cost over time.

Loan funding is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and also to enable the costs of major developments to be borne by those who benefit from the asset. This is known as the ‘intergenerational equity principle’ and means the

costs of maintaining or improving any asset should be recovered from those that benefit over the period the benefits of that expenditure accrue. This is particularly relevant for assets as the assets provide benefits over their entire life which is long term.

Policy development process

In developing the RFP and determining the appropriate funding sources for each activity, Council considered a range of factors including assessing each activity against the principles laid out in the LGA. The factors considered are described below.

Community outcomes

These are outcomes that a local authority aims to achieve in meeting the current and future needs of its communities and to deliver on the four wellbeings for its communities. The LGA requires Councils to identify the community outcomes (COs) to which each activity contributes when determining funding sources.

For each activity, the RFP lists the outcomes to which the activity primarily contributes. The community outcomes are noted below.



TAIAO
Environment

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



PAPŌRI ME TE AHUREA
Social and cultural

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



ŌHANGA
Economy

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



TŪĀPAPA
Infrastructure

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

Distribution of benefits

The LGA requires costs to be allocated in respect to where benefits lie. In assessing the distribution of benefits for each activity, Council considered whether the benefits flowed to the city as a whole (public benefit), to individuals (users or exacerbators), or to identifiable parts of the community (parts of the community or specific group/s within the community like rural or business groups). This is discussed in the activity analysis section.

Period of benefits (intergenerational equity)

Council must also consider intergenerational equity, the principle that costs of any expenditure should be recovered over the time that the benefits of the expenditure accrue. This principle applies particularly to capital expenditure and results in infrastructural costs being spread more evenly across the life of the asset and the different ratepayers who benefit from it. Intergenerational equity issues arising in relation to capital

expenditure and investments are discussed in the policy statement section of this policy. As operational expenditure is funded annually (except where borrowing is used to fund operational expenditure with a long term benefit) there are no intergenerational equity issues to be considered and therefore the period of benefit is not discussed in the activity analysis section.

Exacerbator pays

Council must assess the extent to which each activity is undertaken to remedy the negative effects of the actions or inactions of an individual or group. It is important to note that the actions themselves may not be negative or 'bad' but they may have negative effects on the whole community.

This principle is particularly relevant to Council's regulatory functions and other activities taken to mitigate the adverse effects on the environment. The principle suggests that Council should, where practical, recover costs directly from the individual or group that contributes to the deterioration of a situation or to a cost that is a direct result of their actions. This principle is discussed for relevant activities in the activity analysis section.

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Costs and benefits

This consideration includes transparency, accountability, and some assessment of the cost efficiency and practicality of funding a particular activity separately.

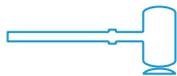
Transparency and accountability are most evident when an activity is distinctly funded. This allows rate payers, or payers of user charges, to see how much money is being raised for and spent on the activity. However, funding every activity on such a distinct basis would be administratively complex.

Council agreed that the level of activities presented in the activity analysis section of this policy is the best balance between transparency and administrative costs. The merit of identifying and accounting for each activity separately from other activities enables the following:

- ① More transparent disclosure and accountability of projects and funding to the Upper Hutt community.

- ② Greater opportunity for the Upper Hutt community to have input on decisions, proposals, issues, and matters through consultation.
- ③ Identification of how the activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- ④ Improved monitoring of the activity in terms of how well Council is achieving its COs annually.
- ⑤ Identification of costs required to support the activity in terms of time involved planning, monitoring, accounting, reporting and administration.

Council delivers its operations and carries out services under nine groups of activities.



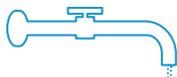
Leadership



Community and recreation



Economic development



Water supply



Wastewater



Stormwater



Land transport



Sustainability



Planning and regulatory

For the purposes of this RFP, and for the reasons noted above, the nine groups of activities are further broken down into 23 activities/functions.

Overall impact of the funding mechanisms selected

Following the consideration of the five matters discussed above, the benefits of each activity become apparent. Once this consideration is complete and indicative cost allocations compiled, the final step in Council’s process of developing this

policy has been to consolidate the results of the activity analysis and consider the overall impact of any allocation of liability for revenue needs on the community. The impact is assessed on the current and future interests of the community.

Benefits allocation and funding mechanism

For each activity, Council allocated appropriate funding mechanisms based on where benefit for each activity lies. The benefit and funding mechanism allocation is included in the ‘analysis of activities and funding conclusions’ section of this policy.

Use of funding mechanisms

Funding sources available to a local authority are set out in the LGA and the Local Government (Rating) Act 2002 (LGRA). For funding mechanisms used by Council a description of the funding source and how it is applied is provided below.

GENERAL RATES

The General rate is set under Section 13(2)(a) of the LGRA. It has been used to fund the following activities:

- Leadership
- City planning
- Parks and reserves
- Subsidised land transport
- Environmental health
- H₂O Xstream
- Non-subsidised land transport
- Liquor licensing
- Library
- Water supply
- Parking enforcement
- Whirinaki Whare Taonga
- Wastewater
- Building control
- Property
- Stormwater
- Animal control
- Akatārawa Cemetery
- Sustainability
- Community services
- Economic development
- Waste
- Emergency management

General rates are calculated on the capital value of all rateable properties in the city and assessed on a differential basis.

Council agreed that for activities where a city benefit was identified, funding for that benefit through a differential general rate would be the most efficient, equitable and transparent method. The general rate is an appropriate funding source for a city-wide benefit. The differential categories for the general rate are discussed in the following section. This reasoning has not been repeated throughout the rest of the policy unless Council has made an exception to it for an activity.

Under differential rating, all land (which may be a rating unit or part of a rating unit) is allocated to one or more of the following categories.¹³

Residential or Standard

A rating unit or part rating unit will be allocated to the *Standard* category to the extent that it does not meet all of the criteria for inclusion in any other category.

Residential High Value

A rating unit or part rating unit will be allocated to the *Residential High Value* category for rating purposes if it contains a single dwelling only and has a capital value of \$1,200,000 or more and:

- is situated in a residential zone; or
- is situated in any other zone, and has an area of less than 30 ha and is being used, principally, for a residential activity.
- is situated in a rural zone and has an area of less than 30 ha; or

13. Differential categories have changed from the previous RFP. *Rural High Value* is removed, the scale is removed from *Residential High Value* and a new category, *Corrections Facility*, is introduced.

Business

A rating unit or part rating unit in the Business zone or in the Special Activities zone will be allocated to the *Business* category for rating purposes, unless:

- ⦿ it has been allocated to the *Utilities* category; or
- ⦿ it has been allocated to the *Standard* category (or the *Residential High Value* category) because it is being used, principally, as a single residential dwelling (used principally for private residential purposes).

A rating unit or part rating unit will be allocated to the *Business* category for rating purposes if it is situated in a residential, rural or open space zone and has not been allocated to the *Utilities* category but is being used, principally, for a business activity.

- ⦿ Where the business activity is the principal activity on a rating unit, the whole rating unit will be allocated to the *Business* category.
- ⦿ Where the business activity is **not** the principal activity on a rating unit, but takes place in a physically discrete part of the rating unit, that part will be allocated to the *Business* category.

For the purposes of this definition:

The following **are not** business activities:

- ⦿ farming activities
- ⦿ intensive animal farming
- ⦿ forestry
- ⦿ Wellington Racing Club

The following **are** business activities:

- ⦿ commercial sawmills and timber yards
- ⦿ farm products processing plants
- ⦿ retail nurseries and garden centres
- ⦿ veterinary hospitals and clinics

Utilities

Regardless of zoning and notwithstanding that it may meet the requirements for inclusion in another category, a rating unit or part rating unit will be allocated to the *Utilities* category for rating purposes to the extent that:

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

Three Waters Utility

A rating unit or part rating unit will be allocated to the *Three Waters Utility* category for rating purposes to the extent that it:

- ⦿ Meets the criteria in Utilities above, and
- ⦿ It is used solely for the purpose of:
 - ⦿ Draining stormwater, or
 - ⦿ Draining wastewater from Upper Hutt City and its district into the bulk sewer line, or
 - ⦿ Supplying potable water to Upper Hutt City and its district, but not used to carry water directly from the reservoirs owned by Greater Wellington Regional Council.

Rural

A rating unit or part rating unit will be allocated to the *Rural* category for rating purposes to the extent that:

- ⦿ it is situated in a rural zone; and
- ⦿ has an area of 30 ha or more.

If Council is satisfied that:

- ⦿ the same ratepayer is recorded as owner of more than one rating unit; and
- ⦿ are being used as one property principally for a farming activity; and
- ⦿ all the rating units are situated in a rural zone; and
- ⦿ the rating units have a combined total area of 30 ha or more.

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

Corrections Facility

A rating unit will be allocated to this category if it is used primarily by the Department of Corrections for the housing of inmates under their care.

These categories are based on the use the land is put to and are defined as above.

All categories are allocated a differential based on a factor of 100 for the *Standard* differential category. The factors for each differential will be defined annually in the Funding Impact Statement of the Annual Plan for that financial year. However, more generally:

- ⦿ Where different parts of a rating unit fall into different categories, the rating unit will be apportioned accordingly.

- ⦿ Using *Standard* as a base:
 - ⦿ The *Rural* category’s rating differential will be set lower.
 - ⦿ *Business, Utilities, and Corrections Facility* rating differential will be higher.
 - ⦿ *Residential High Value* differential will be set lower.

The *Rural* category’s rating differential will be set lower than the *Standard* category’s differential because of the perceived distance of land in this category from Council services. Activities identified by Council as benefiting *Rural* less include Animal Control, Liquor Licensing, Environmental Health, Parking Enforcement, and Parks and Reserves.

The *Business, Utilities, and Corrections Facility* differentials will be set higher than the *Standard* category in consideration of the benefits of Council services derived by these categories and that the overall benefits of well maintained Council services and facilities and a thriving community on these categories is high. There are also services such as Parking Enforcement and Economic Development which accrue additional benefits to the *Business* category.

The *Residential High Value* differential is set lower than the *Standard* category to prevent properties in these categories from assuming a disproportionate rates burden. Council agrees there should be a limit to how much of the general rate burden is borne by the higher residential properties as the benefit of Council activities does not increase equally with house value.

TARGETED RATES

A targeted rate is set under sections 16 or 19 of the LGRA and has been used to fund the activities Water Supply, Wastewater, and Stormwater.

A targeted rate is used according to the RFP when Council considers a targeted rate would enable a higher transparency in funding allocation for an activity, or Council considers that a targeted rate is fairer due to specific benefit groups/categories being able to be identified.

From time-to-time it is necessary for Council to provide activities, services or facilities that only, or primarily, benefit specific ratepayers or small groups of ratepayers. Therefore, Council may set a targeted rate to provide such activities, services or facilities. Targeted rates will be assessed against the rating units owned by the ratepayers who are to benefit.

FEES AND CHARGES

Fees and charges will be used where the level of benefit can be isolated to specific users or beneficiary or exacerbators of the service/activity can be distinctly identified. User fees represent the fairest method to seek a contribution from identified beneficiaries/exacerbators.

The RFP includes the percentage of fees and charges Council aspires to collect for the relevant activity. The percentage is decided giving due consideration to the affordability of those fees. The actual fees and charges collected by Council will vary depending on a number of external factors.

INTEREST AND DIVIDENDS FROM INVESTMENTS

Council receives limited interest from cash investments. Any interest received can be used to offset the rate required in the year received. Any dividends received can also be used to offset rates.

BORROWING

Council uses borrowing for capital expenditure. Council may use borrowing for operational expenses where the expense contributes to a longer term outcome. Borrowing is managed by the provisions of Council's Treasury Risk Management Policy (TRMP). Funding mechanisms to fund capital development are set out within the TRMP.

Council may be obliged to utilise overdraft facilities and/or loan funding in order to carry out essential repairs and restore core services and operations in the event of a major civil emergency.

PROCEEDS FROM ASSET SALES

Funds from asset sales are applied first to offset borrowing in the relevant activity from which the asset was sold and secondly for repayment of existing term debt.

DEVELOPMENT CONTRIBUTIONS AND FINANCIAL CONTRIBUTIONS

Development contributions are to be used as a funding source for capital expenditure resulting from growth for community facilities, in accordance with Council's Development Contributions Policy.

Council will continue to use Resource Management Act (RMA) based financial contributions in some circumstances.

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SUBSIDIES AND GRANTS

Each year Council receives funding from Waka Kotahi NZ Transport Agency as part of the overall replacement and renewal programme for the city's roading infrastructure.

Council pursues other subsidy and grant funding available from Central Government wherever it is considered appropriate.

OTHER

Other funding sources used include lease income, cash reserves, surplus from previous financial periods and special/restricted funds.

Use of surpluses from previous financial periods

Where Council has recorded an actual surplus in one financial period it may pass this benefit to ratepayers in a subsequent period. A surplus may arise from the recognition of additional income or through savings in expenditure.

For capital surpluses, the amount retained will be carried forward to fund the associated capital expenditure. For operational surpluses, the amount retained will go to an operational reserve to offset rates in future periods.

Funding of expenditure from restricted or special funds

Certain operating and capital expenditure items may be funded from restricted or special funds. Restricted and special funds are those reserves within Council’s equity that are subject to special conditions of use, whether under statute or accepted as binding by Council, and that may not be revised without reference to the courts or a third party. Transfers may be made only for specified purposes or when specified conditions are met.

The following restricted and special funds are available for use by Council:

- ⦿ **Trusts and bequests.** From time to time Council may be the recipient/holder of trusts monies and/or bequests. These funds can only be used for the express purposes for which they were provided to Council.
- ⦿ **Other reserves.** Restricted funds are also included in other reserves, funds, renewals and contingency accounts. Subject to meeting any specified conditions associated with these reserves Council may expend money, of an operating or capital nature, from these reserves.

DEFINITION OF SUIP

SUIP is an acronym for ‘separately used or inhabited part’ of a rating unit. For the purposes of the RFP, the definition of SUIP is set out in Council’s Funding Impact Statement (see page 221).

Analysis of activities and funding conclusions

The table below summarises how the operating expenditure associated with each of Council’s activities are funded through applying the requirements of section 101(3) of the LGA with more detail following. More explanation for each activity group can be found in Section B—*Groups of activities*.

ACTIVITY	FUNDING SOURCES			
	GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
Leadership	100%	0%	0%	0%
Subsidised land transport	49%	0%	0%	51%
Non-subsidised land transport	95%	0%	5%	0%
Water supply	0%	80%	20%	0%
Wastewater	0%	90%	10%	0%
Stormwater	0%	100%	0%	0%
Sustainability	100%	0%	0%	0%
Waste	70%	0%	0%	30%
City planning	60%	0%	40%	0%
Environmental health	70%	0%	30%	0%
Liquor licensing	30%	0%	70%	0%
Parking enforcement	20%	0%	80%	0%

ACTIVITY	FUNDING SOURCES			
	GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
Building control	25%	0%	75%	0%
Animal control	20%	0%	80%	0%
Community services	90%	0%	0%	10%
Emergency management	100%	0%	0%	0%
Parks and reserves	80%	0%	20%	0%
H ₂ O Xtream	55%	0%	45%	0%
Library	85%	0%	15%	0%
Whirinaki Whare Taonga	100%	0%	0%	0%
Property	80%	0%	20%	0%
Akatārawa Cemetery	20%	0%	80%	0%
Economic development	100%	0%	0%	0%

Special funds can be used to fund up to 100% of projects (this is not repeated throughout the individual activity analysis).

Leadership

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The activity is completely for public good and for the benefit of all of Upper Hutt City. Benefits of effective strategy, policy development, good governance and representation, and the monitoring of Council activities and performance is of benefit to the entire city.

FUNDING MECHANISMS OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

The most appropriate method of funding for this activity is 100% general rate. There is no scope for user fees nor a mechanism to fund for the national/regional benefit of the activity.

Subsidised land transport¹⁴

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



TŪĀPAPA
Infrastructure

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The city's land transport network is part of the national and regional transport network. Efficient and sustainable development of the network within the city contributes to the economic and social wellbeing of the entire nation as it is used by travellers, goods transporters, and others who may not live in the city.

All residents and properties within the city can be identified as direct beneficiaries of the service as provision of roads enables access and transport to people and organisations within the city. The wellbeing benefits of maintaining efficient transport facilities accrue to all residents in one way or another and it is a public benefit.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
49%	0%	0%	51%

National benefit is funded through Waka Kotahi NZ Transport Agency subsidy, Council resolved that the city-wide benefit (public benefit) would be most efficiently and transparently funded through the general rate.

Non-subsidised land transport^{14, 15}

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



TŪĀPAPA
Infrastructure

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Maintenance of transport services to provide for convenience and pedestrian safety has a city wide benefit in that all residents use or visit the urban centre. Users of particular services gain immediate benefits while using the service e.g. parking, but the service is generally available to the public. Other users/applicants are those requiring Corridor Access Requests to carry out public road works in Upper Hutt.

14. This is a change from the previous RFP. Land transport has been split into Subsidised land transport and Non-subsidised land transport.

15. The funding allocation for Non-subsidised land transport has also changed.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
95%	0%	5%	0%

Council resolved the most transparent and efficient manner to fund the activity is through the general rate and a small proportion of fees and charges for where specific user benefits accrue (like corridor access requests).

Water supply

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy



TŪĀPAPA
Infrastructure

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

All residents and properties connected to or able to connect to the supply system have been assessed as a direct beneficiary of the service (specific group).

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
0%	80%	20%	0%

As the majority of the benefit of the Water Supply activity is to those who are connected to or are able to connect to the reticulated water supply, Council resolved that about 80% of the total cost of the activity should be through two targeted rates applied to these properties (including all SUIPs):

- 20% for fire protection purposes, set per dollar on a capital value basis.
- Around 60% for the general water supply service, through a uniform annual charge.

The targeted rates apply to ‘serviced properties’ connected to the water supply. If the rating unit can be, but is not supplied with water and is situated within 100 metres of any part of the water works, it is deemed a ‘serviceable property’ and 50% of the full charges will be made.

The remaining revenue required to provide the general water supply, is through user charge, based on the quantity of water used, as calculated by water meters installed on the properties concerned and authorised by the Water Supply Bylaw, and specified in the Schedule of Fees and Charges.

Wastewater

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



TŪĀPAPA
Infrastructure

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Sewer collection and treatment reduces the possibility of health problems such as the spread of communicable diseases resulting from open sewer or inadequate septic tank facilities, the benefits of which can be attributed to the community as a whole. Inadequate sewer disposal facilities can also detract from the aesthetic nature of the community and impact on receiving waterways. Community

benefit can vary depending on demand. High users include premises with multiple pans.

Individual users connected to or able to connect to the reticulated system can be identified as direct beneficiaries of the service as well as those needing to dispose of trade waste.

FUNDING MECHANISM OF THE ACTIVITY

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GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
0%	90%	10%	0%
Council resolved the most efficient, transparent, and effective manner for funding this activity is mostly through a targeted rate, by way of uniform annual charge, set on each water closet (pan) or urinal connected to a public sewage drain. The charge will be assessed on a scale of charges in accordance with the number of water closets (pans) or urinals at present on each property (including all SUIP).		Council will assess schools on a formula basis, outlined in Council’s Funding Impact Statement.	
		Each residential property and SUIPs are deemed to have one pan or urinal per SUIP, such that only one charge will be made per property or SUIP, irrespective of the number of pans or urinals.	
A charge will be set for the first pan or urinal and for every second pan or urinal thereafter. In addition,		10% of the Wastewater activity is funded through fees and charges (trade waste charges, levied at businesses).	

Stormwater

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



TŪĀPAPA
Infrastructure

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Properties and SUIPs identified as benefiting from the Stormwater activity are those within the Upper Hutt Urban Drainage District (the details of which are contained in the Funding Impact Statement for the financial year) and the public in general. Stormwater activity offers both immediate benefits for those connected to the system as well as ongoing benefits for the wider community in terms of reduced flooding and protection of other property through flooding. Properties in built up areas tend to either directly access the stormwater system or put pressure on the system due to their proximity to the system. Urbanisation results in the

establishment of significant impervious surfaces such as rooves, roads, and other hard surfaces that cover the land. These surfaces prevent rainfall from soaking into the ground and cause impacts related to the increased stormwater runoff from those surfaces. Impervious surfaces also convey contaminants into the stormwater network.

City-wide benefits arising from the Stormwater activity include general public health benefits and roads remaining passable during times of heavy rain and flooding.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
0%	100%	0%	0%

Council resolved that the most effective, equitable, and transparent method to fund the Stormwater activity is through a targeted rate.

The targeted rate is to be levied on capital value for all rating units within the Upper Hutt Urban Drainage District (see pages 218 – 222).

A differential is applied to the targeted rate where 'Business' properties are set higher than other properties in consideration of the higher benefit derived by businesses of the stormwater network.

Sustainability¹⁶

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



TŪĀPAPA
Infrastructure

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Achieving a more sustainable community benefits the entire city of Upper Hutt as well as the country.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

There is no funding available at the national level for this activity. Given the benefit of this activity to all residents, Council resolved to fund sustainability fully through the general rate. Council will seek to obtain grants where possible.

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Waste¹⁶

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



TŪĀPAPA
Infrastructure

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Provision of services provide benefit to the entire city as well as individual users derived from access to the landfill and the community recycling station, and in maintaining public health standards. All residents of the city benefit from general advice and education provided as part of this activity and in having a clean, litter free environment.

Effective waste management provides not only environmental, but economic benefits as well, that accrue to the nation as a whole. Effective and appropriate disposal of solid waste helps protect public health and the environment for all New Zealanders.

16. This is a change from the previous RFP. Sustainability has been split into Sustainability and Waste.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
70%	0%	0%	30%

Since all residents benefit from provision of this service, Council resolved a combination of general rate and the Waste Levy to be the most efficient, effective, and transparent funding mechanism available to this allocation.

City planning¹⁷

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

There is a city-wide benefit to District Plan administration through ensuring that the sustainable management of physical and natural resources are developed in a planned and organised way. Sustainable land use and growth planning seeks to uphold and protect outcomes that are important to the entire city. Every resident and ratepayer in the city has the opportunity to be involved in Council's planning processes.

Individuals and specific groups benefit from specific information or resource consents, which enables them to carry out certain developments.

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FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
60%	0%	40%	0%

Council resolved the most efficient, effective and transparent funding of this activity is to have the city-wide benefit funded through the general rate and the user benefit funded through fees and charges.

17. Funding allocation for this activity has changed from the previous RFP.

Environmental health¹⁸

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Environmental health delivers city-wide benefits by ensuring minimum health standards, such as premises being licensed and safe, healthy and hygienic for the public to use, and providing advice and education. Noise control services also contribute to healthy living.

Individuals and organisations applying for a licence to operate under specific regulations are the direct beneficiaries of this service. There is also a cost involved in responding to the actions of offenders. This includes investigating complaints, non-compliance with licenses and regulations, and prosecution of offenders.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
70%	0%	30%	0%

Council resolved fees and charges should cover 30% of the funding for this activity. Some of the user/applicant benefit is funded through the general rate as not all costs are able to be recovered through fees and charges.

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Liquor licensing¹⁹

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Council acknowledge there is some city wide benefit through ensuring licences are complied with, sellers of alcohol have certain qualifications etc, which contributes towards public safety and well-being. General advice and education is also provided. The majority of the benefit of this activity is to those requiring liquor licensing. A small exacerbator cost exists through responding to actions of offenders such as through investigating complaints, non-compliance with licences and regulations and prosecution of offenders.

18. Funding allocation for this activity has changed from the previous RFP.

19. This is a change from the previous RFP. Gambling has been removed from Liquor Licensing.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
30%	0%	70%	0%

Council resolved that the majority of this activity should be funded through fees and charges to capture the large user benefit and the exacerbator portion. Some of the user/applicant benefit is funded through the general rate as not all costs are able to be recovered through fees and charges due to liquor licensing fees being set by law and not covering the full administration cost. City-wide benefit is also captured through the general rate.

Parking enforcement²⁰

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The Parking enforcement activity has a large element of individuals exacerbating the need for the activity through parking inappropriately. Businesses in the CBD and the public in general benefit from this activity through having parking available throughout the day and through not having vehicles inappropriately parked throughout the wider city. There is also a safety benefit through the checking of warrants of fitness.

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FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
20%	0%	80%	0%

As a large amount of the activity is the result of action from individuals, it is appropriate the majority of funding for the activity is through infringement fees levied at the offenders. The general rate is used to fund the benefit to businesses and the general public.

20. Funding allocation for this activity has changed from the previous RFP.

Building control

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The activity is mandatory and the city-wide benefit is through ensuring minimum building standards are met and that buildings are safe for use. Individuals and groups applying for a building consent, inspection, compliance certificates, and advice are the direct beneficiaries of this service. There are some costs incurred through responding to the actions of offenders. This includes costs associated with non-compliance with consents and building warrants of fitness.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
25%	0%	75%	0%

Council resolved that the most efficient, effective and transparent method to fund this activity is through the general rate for the city-wide benefit and the rest through fees and charges levied at individuals.

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Animal control

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The city-wide benefit is derived from general advice given to the public, education, and public safety. Individuals applying for and maintaining dog registration and receiving education are the direct beneficiaries of this service. There is some cost associated with responding to the actions of offenders. This includes investigating complaints, impounding animals, and prosecuting offenders.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
20%	0%	80%	0%

Council resolved the most efficient, effective, and transparent manner to fund this activity is to capture the user/applicant and exacerbator components through fees and charges. The benefit to the city from public safety is captured through funding from the general rate.

Community services²¹

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

This activity has city-wide benefit in promoting an informed, connected, safe, healthy, and resilient community. Having a central and neutral service providing encouragement, advice, facilitation, information, coordination, and training benefits everyone.

There is user/applicant benefit to participants in events and activities and to sports, leisure, and cultural groups as well as to sponsors advertising at particular events.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
90%	0%	0%	10%

Council resolved that a safe, healthy, and strong community is a vital outcome for the whole city to achieve, therefore the majority of the activity should be funded through the general rate.

As this activity meets national government priorities and objectives, it is appropriate that some funding comes from grants and subsidies.

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Emergency management

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

Emergency Management has been assessed to have an element of national/regional benefit, by way that this service provides safety and general wellbeing to the national public under a national civil defence and emergency management network. Emergency Management is considered to have a high city-wide benefit for the safety and wellbeing of all people within the city.

21. This is a change from the previous RFP. Activation has been merged into Community Services.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

Council is expected to contribute resources to carry out emergency management operations. Central Government will assist with the reimbursement of costs in the event of an actual emergency; however the ongoing operation of this service is the responsibility of Council. As this activity benefits the whole city, Council resolved that the general rate is the most appropriate funding mechanism.

Parks and reserves

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

There is a large city-wide benefit to this activity as the benefits of providing recreational spaces and facilities for the community is of benefit to the entire city. There is some community specific benefit involved as those living in urban areas may derive more benefit from them than those in rural areas. User/applicant benefit arises from groups gaining exclusive access of a facility either for an ongoing or a short amount of time and the small exacerbator cost arises from increased maintenance requirements where facilities have been harmed in some way.

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FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
80%	0%	20%	0%

The most appropriate funding for the majority of the activity was resolved to be the general rate. Where groups have exclusive use of a facility, fees and charges are obtained.



H2O Xtream²²

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

There is some regional benefit from this activity as people travel from around the region to visit H2O Xtream. This activity is assessed to have a benefit to the wider city as anyone wanting to use the facility has access to it. It provides for leisure, training or health needs of the entire city and builds a safe and healthy community through opportunities to enjoy aquatic exercise. There is also city-wide benefit arising through the promotion of the city, and the attraction of visitors to Upper Hutt.

Individual users, clubs, schools, and sponsor advertising onsite are direct beneficiaries of the service.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
55%	0%	45%	0%

As those using and advertising at the facility benefit from its availability some funding through user fees and charges is appropriate. The city-wide and regional benefit is most appropriately funded through the general rate.

Library

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The Library activity provides a degree of benefit to the wider city as a whole relating to enhancing the knowledge and skills of the population and through providing enjoyment. Benefits also include the promotion of knowledge building, social interaction, and the provision of services to people with special needs.

Borrowers, information seekers, and users of other library services are the direct beneficiaries of the activity. Exacerbators are those damaging or losing books.

22. Funding allocation for this activity has changed from the previous RFP.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
85%	0%	15%	0%

Council resolved the general rate to be the most appropriate, efficient, and transparent funding tool for the city-wide benefit of the activity. Although the user benefit for this service is high, funding this allocation fully through fees and charges would be detrimental to usage as it would make fees prohibitively high for users. Additionally, Council has resolved to not charge overdue fines. Council has an obligation to provide free membership to library services for Upper Hutt residents. Therefore, Council resolved to partly fund the user benefit through the general rate with 15% of the activity funded through fees and charges.

Whirinaki Whare Taonga

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

The city benefits from this activity through the creation of a community with a strong identity through providing access to a venue where people can express themselves through the arts and performance, as well as through physical leisure activities.

Users of the facility, including performers, exhibitors, individuals, businesses, schools, groups, organisations, and sponsors are direct beneficiaries of this function.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

Council resolved that funding of this activity through the general rate is the most appropriate method in order to enable general access to this service, regardless of personal circumstance.

Property

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

This activity is assessed to have some city-wide benefit as the land and buildings are retained and maintained by Council either with strategic intent or as investments which provide benefit to the city as a whole. There is user benefit through lessees and users of property.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
80%	0%	20%	0%

Council resolved fees and charges to be the most efficient and transparently lawful method of funding for the user benefit of this activity. However, the Civic Centre housing Council employees and the Council Chambers is for public good. Therefore, Council resolved for the majority of this activity to be funded through the general rate.

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Akatārawa Cemetery

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



TAIAO
Environment



PAPŌRI ME TE AHUREA
Social and cultural

DISTRIBUTION OF BENEFITS OF THE ACTIVITY

This activity is assessed to provide a degree of benefit to the wider city as a whole. City-wide benefit results from the promotion of public health and sanitary disposal of the deceased. It also contributes to the cultural wellbeing of all people in the city. The direct benefit of this service is to the friends and families of the deceased.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
20%	0%	80%	0%

Council resolved user fees and charges to be the most efficient, effective, and transparently lawful method to fund the user benefit allocation and the general rate as the most appropriate method to fund the city-wide benefit.

Economic Development²³

COMMUNITY OUTCOMES THE ACTIVITY CONTRIBUTES TO



PAPŌRI ME TE AHUREA
Social and cultural



ŌHANGA
Economy

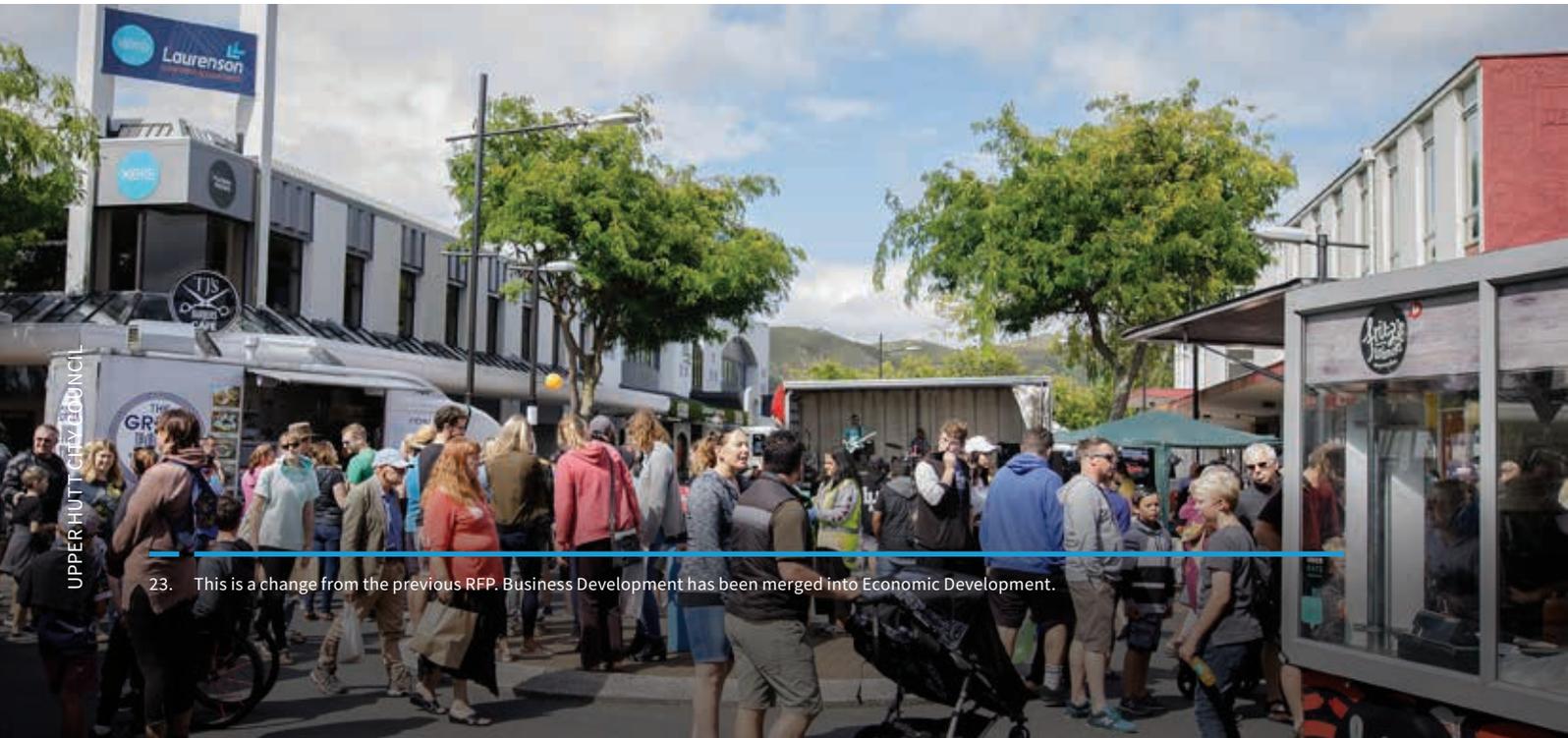
DISTRIBUTION OF BENEFITS OF THE ACTIVITY

There is an element of national/regional benefit that results from attracting visitors to the city. New Zealand as a whole and particularly the region will benefit from services and events which attract overseas and local visitors. The visitor industry has a city-wide benefit as it gives effect to the economic development and employment in the city as a whole. Attracting more people and businesses into Upper Hutt ensures its ongoing vitality and a thriving business community is important to the wellbeing of the city as a whole.

FUNDING MECHANISM OF THE ACTIVITY

GENERAL RATE	TARGETED RATE	FEES AND CHARGES	GRANTS AND SUBSIDIES
100%	0%	0%	0%

There is no funding mechanism for the national/regional benefit of the activity. Although some sectors or groups obtain particular benefits from the services provided, these benefits are not material when compared to the benefits generated for the community as a whole. As a thriving business community and city, promotion is vital to city wellbeing, Council resolved that all of this activity would be funded through the general rate.



23. This is a change from the previous RFP. Business Development has been merged into Economic Development.

Significance and Engagement Policy

Purpose

Upper Hutt City Council engages with our community every day and in many different ways. It can be a one-way simple communication to keep people informed, or it can be a two-way process of consultations or engagement.

The policy has been developed to provide certainty on:

- When and how Council will engage or consult with communities.
- What Council will take into account when deciding what is significant.
- When the community will have a direct opportunity to contribute to decision-making.

Our aim is to have the right conversation with the right people about the right issues before making significant decisions.

This policy outlines the types of things that you can expect to be consulted about, such as the key issues in the Long Term Plan and Annual Plan, a decision that will change a service that you expect and value, or something that will add cost to the ratepayer.

The policy guides Council’s assessment of whether an issue or proposal is important (significant) to the community. It gives certainty and clarity that those important decisions will be treated in an agreed way with the community, and that Council will follow the local government rules of engagement and meet the purpose of local government:

“to enable democratic local decision-making and action by, and on behalf of, communities...”

—Local Government Act 2002

Scope

Many decisions made by Council are governed by specific Acts outside the Local Government Act 2002. These Acts prescribe the decision-making and consultation procedure required. Consequently, there are some decision-making processes that are not within the scope of this Significance and Engagement Policy. These include:

- Resource Management Act 1991
- Land Transport Act 1998
- Civil Defence Emergency Management Act 2002
- Local Electoral Act 2001

In addition, this policy will not apply and engagement will not be required where:

- ⦿ in the opinion of the Council, failure to make a decision urgently would result in unreasonable or significant damage to property, or risk to people’s health and safety;
- ⦿ there are any physical alterations to strategic assets that are required to prevent an immediate hazardous situation arising;
- ⦿ Council must repair an asset to ensure public health and safety due to damage from an emergency or unforeseen situation;
- ⦿ Council is required to act with urgency due to a crisis.

In addition, Council is required to undertake a special consultative procedure on certain matters, as set out in Section 83 of the Local Government Act 2002 (LGA) regardless of whether they are considered significant as part of this policy.

Where Council makes a decision that is significantly inconsistent with this policy, the steps identified in s80 of the LGA will be applied.

Review of the Policy

The Policy may be amended from time to time. Council will consider making amendments when we prepare a Long Term Plan (i.e. every three years).

Amending the policy requires consultation unless Council considers it has sufficient information about community interests and preferences to enable the purpose of the policy to be achieved, without consultation.

Application of the Significance and Engagement Policy

This policy applies to any proposal or decision before Council.

This policy is applied in two steps:

STEP 1: Determine the significance of the proposal/decision.

STEP 2: Determine whether there is a requirement to engage or not (guided by the level of significance), and if so, the level of engagement.

Council will determine the appropriate time to make the above assessment. This may differ depending on the issue and the type of decision and process. Significance and engagement may be reassessed as a matter progresses.

STEP 1 Determining the degree of significance

To determine the degree of significance of an issue, proposal or other matter Council must:

- 1 Assess the matter against the significance principles outlined below; and
- 2 Apply the criteria to assess the degree of significance.

SIGNIFICANCE PRINCIPLES

Council will first assess the matter against the following principles:

- The likely impact of the decision on present and future interests of the community.
- Level of impact on Māori, Māori culture, traditions and values, and their relationship to land and water.
- Possible environmental, social, and cultural impacts.
- How the decision aligns with historical Council decisions.
- The potential effect on delivering Council's strategic aspirations.
- The impacts on Council's capacity to meet its statutory responsibilities now and in the future.
- If the matter has already been clearly described in the Long Term Plan (LTP), including the nature and extent of the proposed action.
- If it is an operational matter.

SIGNIFICANCE AS A CONTINUUM

Significance can be thought of as a continuum. At one end are matters that are 'not important' (low or no significance) such as a minor technical amendment to a Council policy. At the other end of the continuum are matters deemed to be 'critical' (very high significance) such as a new project that requires substantial, discretionary funding, or a proposed policy change which may significantly change the application of a policy.



Source: Society of Local Government Managers (SOLGM) Significance and Engagement Policies guide 2014

CRITERIA TO ASSESS THE DEGREE OF SIGNIFICANCE

Council will use the criteria in the table below when determining the degree of significance of a proposal, issue or matter:

- A Consistency with a prior decision or decisions
- B Transfer of ownership or control of strategic assets
- C Levels of public interest are known
- D Community (as a whole or part)

E Level(s) of service provided by Council and Council’s capacity

G Level of financial consequence

F Reversibility

Council will assess the degree of significance of a proposal or decision on a case-by-case basis using the table below and determine the level of significance of a proposal or decision to be high, medium or low.

1 If the proposal or decision triggers two or more of the criteria which are under the high significance level column, the level of significance will be deemed to be **high** (i.e. the proposal or decision will be deemed significant).

3 If the level of significance of a proposal or decision is not deemed to be high (under clause 3) or low (under clause 4), the level of significance will be deemed to be **medium**.

2 If the proposal or decision triggers three or more criteria which are under the low significance level column, the level of significance will be deemed to be **low**.

Where the significance of a proposal or decision is unclear against any of the criterion, Council will treat that criterion as being more, rather than less significant.

DETERMINING SIGNIFICANCE

CRITERIA	HIGH SIGNIFICANCE	MEDIUM SIGNIFICANCE	LOW SIGNIFICANCE
A Consistency with a prior decision or decisions (i.e. proposal or decision which is consistent with current policies and strategies).	Decision or proposal is significantly inconsistent. (e.g. a decision or proposal that retires a Council adopted strategy)	Decision or proposal is consistent but with some notable variations. (e.g. a decision or proposal contrary to a public places policy allowing restaurants to use entire width of public footpaths for outdoor entertainment)	Decision or proposal is consistent. (e.g. adopting a public places bylaw to enforce a public places policy)
B Involves the transfer of ownership or control of strategic assets to or from the Council.	Majority transfer (i.e. more than 51% or transfer in its entirety). (e.g. a full transfer of an asset)	Minority transfer (e.g. a 30% share transfer of an asset)	Nominal or no transfer
C Levels of public interest known.	High levels of public interest known. (e.g. the adoption of a psychoactive substance policy)	Moderate levels of public interest known. (e.g. adoption of an event sponsorship policy)	Low levels of public interest known. (e.g. adoption of an elected member support policy)

CRITERIA	HIGH SIGNIFICANCE	MEDIUM SIGNIFICANCE	LOW SIGNIFICANCE
D The degree to which the issue affects the community or the city of Upper Hutt.	Impacts a large proportion of the community. (i.e. a change in the rubbish collection timeframes)	Impacts a subgroup or groups within the community. (i.e. the creation of a neighbourhood playground)	Impacts an individual person or household. (i.e. the removal of a street tree)
E The extent to which a decision significantly alters the intended level of service provision for a group of Council activities (including a decision to commence or cease any such group of activity) or significantly affects the capacity of Council in relation to any activity identified in the Long Term Plan.	Ceasing or commencing a service. (i.e. the closure of a facility)	A more than nominal alteration of a service. (i.e. the digitisation of most hard copy books at the public libraries)	A nominal or no alteration of a service. (i.e. the undertaking of a tender with a different contractor)
F Ability to reverse the decision.	Highly difficult. (e.g. constructing a purpose built building, or where Council is legally obliged or committed through contractual arrangements)	Moderately difficult. (e.g. adoption of a Speed Limit Bylaw)	Low difficulty. (e.g. a minor amendment to a policy)
G Level of financial consequences in relation to unbudgeted operating cost or capital cost in the Long Term Plan.	Unbudgeted operating cost(s) greater than 5% of total expenses for the financial year of the proposal/decision. (e.g. a \$3.1 M unbudgeted increase in lease costs) AND/OR Unbudgeted capital cost(s) greater than 1% of total assets in the financial year of the proposal/decision. (e.g. the construction of an \$8.38 M unbudgeted building)		

STEP 2 Determining engagement

To determine whether engagement is required on an issue, proposal or other matter—and if so—the extent of engagement, Council will:

- 1 Assess the matter against the engagement principles outlined below; and
- 2 Apply the ‘Determining engagement’ assessment.

ENGAGEMENT PRINCIPLES

- The significance of a matter will influence the time and resource Council will invest in evaluating options and obtaining the views of affected and interested parties. Engagement may be required at various stages of the decision-making process and may take different forms depending on the stage. Both significance and the form of engagement will be assessed on a case-by-case basis.
- Council will consider the extent of engagement that is necessary to understand the community’s view before a particular decision is made and the form of engagement that might be required. In linking the level of significance to the level of engagement, a balance must be struck between the costs of engagement and the value it will add to the decision-making process.
- Council acknowledges the unique status of Māori and aims to engage with the wider Māori community to ensure their views are appropriately represented in the decision-making process. Council is committed to providing relevant information to inform Māori contribution and improve their access to Council’s engagement and decision-making processes. Council is building relationships with local organisations representing Māori, iwi, and mana whenua.
- Feedback provided by the community to date has identified that the majority of the Upper Hutt community prefers online engagement/communication, and that due to time constraints people must feel strongly about a matter before they will engage with Council.
- With this in mind, Council has moved toward a more effective process of engagement which includes a higher level of digital communication across platforms such as our website and Facebook, in an effort to reach a wider cross-section of the community.

DETERMINING ENGAGEMENT ASSESSMENT

SIGNIFICANCE

WHAT WE'LL DO

① For matters of low degree of significance	When a matter is assessed as having low or no significance, Council will inform the community once a decision is made and is being implemented.
② For matters that have a medium degree of significance	<p>When a matter is considered to have significance but not regarded as significant, Council is required to make a formal resolution before action may be taken. This requirement excludes matters already covered by the Long Term Plan.</p> <p>A formal resolution is to be obtained by presenting a report to Council, which addresses the requirements identified in the LGA s77 – s81.</p> <p>The report to Council will include an assessment of the degree of significance of the issue, and whether engagement and/or consultation is recommended. If engagement and/or consultation are recommended, then an engagement plan will be included in the report.</p>
③ For all matters identified as having a high degree of significance	<p>If an issue is determined as having a high degree of significance, then it is significant and the issue will be considered by Council.</p> <p>This decision requires a report to Council outlining the assessment of the degree of significance of the issues, the degree of engagement proposed, the engagement plan proposed, and a recommendation.</p> <p>Council will apply the principles of consultation (LGA s82) and be guided by the operational guidelines in Schedule 1.</p>
④ Consider if the Special Consultative Procedure is appropriate	<p>Review the issue, proposal or other matter to determine if any of these factors exist:</p> <ul style="list-style-type: none">Development of, review, or amendments to the Long Term PlanPreparation of the Annual PlanIt is considered that the Special Consultative Procedure is relevant and required. <p>If yes, then follow the Special Consultative Procedure in line with LGA s83 – 87.</p>
⑤ Consultation and/or engagement	Council will apply the principles of consultation (LGA s82) and use the operational guidelines in Schedule 1.

Strategic assets

Defined in s5 of the Local Government Act 2002, an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority’s capacity to achieve or promote any outcome that the local authority determines to be important to the current or future wellbeing of the community. As the Significance and Engagement Policy sets out Council’s preference about engagement on decisions relating to specific issues, including assets, Council is required to state what its Strategic Assets are at the time of adoption of this policy.

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

- Upper Hutt City primary (regional) and secondary (district) arterial roading routes
- Upper Hutt Civic Centre
- Whirinaki Whare Taonga
- H2O Xtream
- The Central Library and Pinehaven Library
- Harcourt Park, Trentham Memorial Park, and Maidstone Park
- Upper Hutt City water supply network
- Upper Hutt City stormwater network
- Upper Hutt City wastewater network, including the Upper Hutt City Council share of the Hutt Valley Wastewater network
- Akatārawa Cemetery

For the removal of doubt, each strategic asset is listed as a whole entity, and the term ‘strategic asset’ does not apply to the individual elements of that asset.



Schedule 1

Community engagement—operational guidelines

Once the level of significance of an issue, proposal or decision has been determined, Council will consider the level and form of community engagement. Depending on the matter being considered and the stakeholders involved, the preferred method(s) or combination of engagement tools will be identified and applied to meet the goals of the specific engagement.

In the course of reaching decisions on a particular issue or proposal at different times and stages, Council may use a variety of engagement techniques. The engagement methods may be adapted, based on a range of other factors,

including but not limited to history and public awareness of the issue, stakeholder involvement, timing related to other events or engagement, and budgets.

Council will build on existing relationships and networks with individuals and communities, and look to extend the range of parties involved in the community engagement as appropriate.

Council refers to the International Association of Public Participation (IAP2) engagement spectrum (below) as a basis for methods of engagement before making a decision.

IAP2'S SPECTRUM OF PUBLIC PARTICIPATION

IAP2's Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.



INCREASING IMPACT ON THE DECISION					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.

Credit: Reproduced with permission from the International Association for Public Participation (IAP2) Federation—www.iap2.org

Council will consider engagement methods and tools relative to the level of significance. These will support community participation through an engagement spectrum approach, as set out in the following table.

Differing levels and methods of engagement may be required during the varying phases of consideration and decision-making on an issue or proposal. Council will review the suitability and effectiveness of the engagement strategy and methods as the process proceeds.

Schedule 2

Examples of engagement activities

Adapted from the IAP2 Spectrum of Public Participation

ENGAGEMENT LEVEL	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
What is involved?	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities, and/or solutions.	To obtain public feedback on analysis, alternatives, and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Examples of tools the Council might use.	<ul style="list-style-type: none"> • Email newsletter to local communities and networks • Information flyers • Public notices/info in local newspaper and on the Council website • Use of social media 	<ul style="list-style-type: none"> • Formal submissions and hearings or the Special Consultative Procedure • Focus groups • Community meetings • Online opportunities to submit ideas/feedback • Rates inserts • Display boards 	<ul style="list-style-type: none"> • Workshops • Focus/ stakeholder group meetings • Public meetings, drop-in sessions • Online surveys/forums • Displays at public venues 	<ul style="list-style-type: none"> • Pre-consultation • Working groups (involving community experts) • Community Advisory Groups (involving community representatives) • Forums 	<ul style="list-style-type: none"> • Binding referendum • Local body elections • Delegation of some decision-making to a community
Note: these tools may be applicable across many levels of engagement.					
When the community is likely to be involved.	Once a decision is made and is being implemented.	Once Council has determined an initial preferred position it would endeavour to provide the community with sufficient time to participate and respond.	The community or specific communities could be engaged throughout the process, or at specific stages of the process as appropriate.	The community or specific communities will be engaged from the outset, including the development of alternatives to the identification of the preferred solution.	The community or communities will be engaged throughout the process to ensure ownership of the development of alternatives, identification of the preferred solution(s) and delegated decision-making on the preferred solution.

Schedule 3

What is the Special Consultative Procedure?

This is a formal consultation process that must be carried out in certain circumstances. Council may also decide to use the special consultative procedure, if it wishes, for any other significant decisions.

The law requires us to use the Special Consultative Procedure for:

- ⦿ Making, amending or revoking a bylaw.²⁴
- ⦿ Other acts if expressly required by laws.
- ⦿ Adopting and amending our Long Term Plan.

Under the Special Consultative Procedure we must:

- ⦿ Develop a Statement of Proposal and if considered necessary, a Summary, and make them widely available.
- ⦿ Ensure people are given the opportunity to present their views to Council at a hearing.
- ⦿ Allow a minimum feedback period of one month.

Hearings and feedback

- ⦿ Hearings will generally be held in Upper Hutt City Council Chambers, 838-842 Fergusson Drive, Upper Hutt.
- ⦿ Following the conclusion of the consultation and/or engagement process, Council will be required to make a decision.
- ⦿ Council can allow any person to present their views to the local authority by way of audio link or audio-visual link.
- ⦿ Once a decision has been made, the community will be informed of the decision made using a method appropriate to the nature of the consultation (for example this may range from public notices to direct communication to submitters).
- ⦿ If we're asked to do so, Council may enable interpretation for/to New Zealand's other official languages—Te Reo Māori and New Zealand Sign Language—where practical.

24. According to the Local Government Act 2002 Part 8 Section 156, Council does not need to use the Special Consultative Procedure if the change is minor or a correction of an error which does not affect existing rights. In such case, the change can be made by resolution, publicly notified.

Schedule 4

Definitions

Activity	Refers to the list of Council Activities identified in the Long Term Plan, which is a service or function provided by, or on behalf of, Council.
Community	A community, for the purposes of this policy, is a group of people with a shared or common interest, identity, experience or values. For example, cultural, social, environmental, business, financial, neighbourhood, political or spatial groups. ‘The community’ refers to all of the people that are a part of the diverse communities in Upper Hutt.
Decisions	Refers to the decisions of Council by formal resolution at Council and Council Committee meetings. It also refers to decisions made by officers or others under delegated authority.
Engagement	Is a term used to describe the process of establishing relationships, sharing information, and seeking feedback from the community to inform and assist decision-making. Engagement is an important part of participatory democracy within which there is a continuum of community involvement.
Having significance	Significance is a continuum and as an issue moves along the spectrum (from low to high) Council assigns it an incremental level of significance. If a matter is determined to ‘have significance’ then it will require a formal resolution from Council before action can be taken.
Not significant	The issue/decision does not trigger the policy criteria or thresholds.
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 Plan, Annual Plan or relevant legislation.
Significant	In relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or matter has a high degree of significance.
Significance	The degree of importance of an issue, proposal, decision, or matter, as assessed by Council, in terms of its likely impact on, and likely consequences for: <ol style="list-style-type: none"> ① the district or region; ② any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter; ③ the capacity of the local authority to perform its role, and the financial and other costs of doing so (as described by the LGA).
Special Consultative Procedure	This is a formal process which enables the community to have a say on a significant decision. Council will take the community’s views into account before making a decision. This is a more formal process than inviting feedback. There are rules about how we undertake special consultation (see Schedule 3: Comments are treated as formal submissions which will be made publicly available and submitters can choose to present their views at a hearing before elected members).
Strategic aspirations	Refers to any high level, direction setting goal or document that Council aims to deliver, including the city vision priority areas, which represent the community outcomes for the city.
Strategic asset	An asset or group of assets as defined in LGA s5.

Policy statement on CCOs

Upper Hutt City Council has two Council Controlled Organisations (CCOs). Under Section 6 of the Local Government Act 2002:

- ① **Expressions Arts and Entertainment Trust** is a CCO because Council has the right to appoint 50% or more of the trustees.
- ② **Wellington Water Limited** is a CCO because one or more local authorities hold more than 50% of the shares in the company.

For the purposes of financial reporting, only Expressions Arts and Entertainment Trust (the Trust) is consolidated into the group financial statements of Upper Hutt City Council because it meets the criteria under the accounting standard *PBE IPSAS 35 Consolidated Financial Statements*, whereas Wellington Water Limited (WWL) does not meet the criteria. This is due to the element of ‘control.’ Council is deemed to control the Trust for financial reporting purposes, but as a minority shareholder in WWL, Council is not deemed to have control in the company.

Council’s involvement with these two CCOs is to progress Council’s vision:

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

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Expressions Arts and Entertainment Trust

The Trust (soon to be renamed as Whirinaki Whare Taonga Trust) is a charitable trust established in 2001. The lease and management agreement between the Trust and Council states that *“The Council took the initiative to establish the Expressions Arts and Entertainment Charitable Trust as a Charitable Trust having the general purpose of being for the advancement of, and education in, cultural activities, the arts, recreation, and leisure, and the more specific purpose of operating Expressions as a complex, suitable for use and purposes associated with cultural activities, the arts, recreation and leisure, as well as performances, exhibitions, conferences and other activities of a cultural, artistic,*

recreational or leisure nature.” This is a summation of the objectives listed in the original Trust Deed.

In the 2021 – 2023 Statement of Intent, the purpose of the Trust is to *“engage, enrich, inspire and connect people with arts, culture, and events in the Upper Hutt community.”* The Trust operates out of a Council owned, purpose built facility—Whirinaki Whare Taonga—which includes galleries, a theatre, a recreation hall, and café. Council’s interest in the Trust is in its contribution to Council’s **Social and cultural** community outcome—*“We celebrate our whānau, heritage and culture. We’re a caring, safe and healthy community”*—and **Economy**

outcome—“*We’re a city of opportunity. We attract new investment and offer opportunities for people and businesses to prosper. Our city centre is alive, attractive and vibrant.*”

Council supports the Trust through provision of the physical facility, and through an annual operational grant. As the Trust is a registered charity, Council does not receive any financial return from its activities. The benefit from supporting the Trust is in its contribution to Council’s community outcomes.

The Trust prepares an annual Statement of Intent which is approved by the board and presented to Council. This is reported against twice yearly which is presented to the board and to Council. The 2021 – 2023 Statement of Intent states that the objectives of the Trust are:

- ① To provide arts, culture, and event opportunities, and education for the people in Upper Hutt and beyond.
- ② To be an integral part of the Upper Hutt community, attracting local, national, and international audiences.
- ③ To facilitate and promote the use of the facility, bringing to life art, culture, history, and recreation.
- ④ To be the welcoming face and point of contact for visitors to Upper Hutt.
- ⑤ To provide stewardship, education, and promotion of the Pumpkin Cottage Collection.
- ⑥ To celebrate and showcase our local Upper Hutt stories.

Key performance targets for the Trust as per the Statement of Intent are broken down by objective below:

OBJECTIVE 1 To provide arts, culture, and event opportunities and education for the people in Upper Hutt, and beyond

1.1 Present a dynamic, responsive, balanced, and excellent exhibition programme which showcases a broad range of creative practice.

- Measures**
- Fourteen (14) exhibitions are presented annually.
 - Present a significant exhibition (block buster) annually.
 - At least two (2) of the 14 exhibitions will have an interactive or alternative engagement elements specifically aimed at children and family audiences.

1.2 Provide a platform to tell and record local historical/cultural stories.

- Measure**
- An exhibition with a local Upper Hutt social/cultural history focus will be presented annually in the Gillies Gallery.

1.3 Develop touring exhibitions to enhance the artistic reputation of the city.

- Measure**
- One (1) exhibition will tour every two (2) years.

1.4 Strive to meet the cultural, artistic, and recreational needs of the Upper Hutt community and contribute to their wellbeing.

Measures 90% of respondents are satisfied or very satisfied with the range and quality of events and exhibitions at Whirinaki Whare Taonga as outlined in Council's community surveys.

Visitors tell us about the positive impact their participation in exhibitions, experiences, and programme has had on them.

1.5 Provide access to programmes which connect people to their culture and which provide connection for increased wellbeing.

Measure Five (5) performing arts programmes are presented. This may include Expressions Live!, Classical Expressions, Queen's Birthday Music Festival, Theatre@Whirinaki Whare Taonga season, and Late Nite Sound Bite (non-classical) music programme.

OBJECTIVE 2 To be an integral part of the Upper Hutt community attracting local and national audiences

2.1 Attract audiences to the Centre from across different demographic groups and cater for a diverse range of interests and expectations.

Measure A minimum of two (2) exhibitions annually will reflect the diverse and distinctive communities of Upper Hutt.

2.2 Respond to community arts-based initiatives and develop and strengthen community partnerships.

Measures Present four (4) community art exhibitions in either the Rotary Foyer, the Link Gallery or the Heretaunga Rotary Gallery.

Connect and collaborate with the local arts community through regular networking activities.

Provide opportunities for local and national artists to sell work with at least four (4) exhibitions having works for sale.

2.3 Offer an attractive and meaningful exhibition-based public programme that aids interpretation of the exhibition programme and engages and educates the visitor.

Measures One public programme is delivered for each exhibition (14).

A regular gallery programme for preschool children 'Tiny Taonga' (previously Little Expressions) is presented.

2.4 Offer a curriculum-based education programme throughout the year.

Measure Education programmes are presented to at least 3000 students each year as per our Ministry of Education LEOTC contract.

2.5 Offer an annual arts award in collaboration with the Upper Hutt City Council Young Achievers Awards.

Measure An annual art award is provided.

2.6 Work with local musical and theatrical groups to use the facility as a central point of contact for venue hire, ticketing, and promotion.

Measure Liaise with two (2) local performance arts groups.

2.7 Operate a *Friends of Whirinaki Whare Taonga* loyalty programme.

Measure Four (4) *Friends of Whirinaki Whare Taonga* events are held annually and four (4) newsletters presented annually.

OBJECTIVE 3 To facilitate and promote the use of the facility, bringing to life art, culture, and events

3.1 Maximise overall attendance at the facility.

Measure 100,000 visitors to the Centre during 2021 – 2022 (by Whirinaki Whare Taonga in-house monitoring).

3.2 Ensure The Professionals Recreation Hall is responsive to the needs of active recreation and sports hirers, working in collaboration with Council's Recreation Services division.

Measure Monitor hours of active recreation use.

3.3 Manage the café on-site licence in order to attract facility usage.

Measure A café licensee is retained on site.

3.4 Develop and promote the use of the facility and its assets as a venue for hire.

Measures Actively promote the facility to potential hirers, both commercial and community.

A new website is developed in conjunction with the rebranding (budget reliant).

The Whirinaki Whare Taonga website usage data and online activity is reported.

3.5 Generate operational revenue from venue hire, venue hire services, café lease, gallery sales commission, in-house events, ticketing services, sponsorship, grants and donations.

Measure Budget revenues are met as per budget.

3.6 Maintain governance, administrative, financial, reporting, and operational systems to protect the facility, its assets, its visitors, and its staff.

Measures Operate the facility consistent with practices in the ETVNZ and National Services Te Paerangi New Zealand Museum Standards.

Statement of Intent and Half Yearly Report due 28 February within the year and Audited Annual Report due 30 September for the previous year to Council.

All activities adhere to the Trust objectives; policies are reviewed as per the policy review plan using a risk based approach.

The board receives regular information about health, safety, and staff wellbeing, performance, and/or issues and mitigations implemented and reported in the Director's reports.

The team actively looks for opportunities to adopt environmental sustainability practices throughout their operations, reported on in the Director's reports.

OBJECTIVE 4 To be the welcoming face and point of contact for visitors to Upper Hutt

4.1 Manage the i-SITE facility and maintain all standards set by i-SITE New Zealand to maintain the membership of the recognised i-SITE brand and to be the welcoming handshake to visitors to Upper Hutt.

Measures	Assist and advise 10,000 customers per year
	Actively promote the city of Upper Hutt within the facility and at outreach events in and around the region.
	Retain a Qualmark status.
	Reports are received to the satisfaction of Council’s Director Strategy, Partnerships and Growth.

OBJECTIVE 5 To provide stewardship, education, and promotion of the Pumpkin Cottage Collection

5.1 Build the Pumpkin Cottage Collection and proactively promote access to the Pumpkin Cottage Collection.

Measures	Potential gifts have been accessed.
	Measure: One (1) exhibition every two years features work from the Collection.
	Measure: A curriculum based Pumpkin Cottage education programme is offered to local schools.

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OBJECTIVE 6 To celebrate and showcase our local Upper Hutt stories

6.1 Provide a platform to tell and record local historical/cultural stories.

Measure	An exhibition with a local Upper Hutt social/cultural history focus will be presented annually.
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6.2 Local iwi and the Ōrongomai Marae community are involved with curatorial practice and presentation of programmes through consultation and engagement, as per the principles of the Treaty of Waitangi.

Measures	Advisory Trustee from Ōrongomai Marae is appointed to the Trust’s board.
	One (1) activity is presented with Ōrongomai Marae biennially which actively engages Māori audiences.
	Te Reo is visible across the facility.

6.3 Work towards the opportunities of the possible inclusion of heritage buildings into the operations of the Trust.

Measure	A feasibility study is completed into conserving and increasing access into the publicly-owned heritage properties of Golder Cottage and The Blockhouse.
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Wellington Water Limited (WWL)

In 2008, a review of Council’s infrastructure services was undertaken. The review found that:

- Qualified engineers were in short supply globally, and the employee value proposition of local authorities in New Zealand does not match the attraction of high paying overseas jobs.
- Staff at Council were overloaded and the cost of consultants to fill the gap were increasing.
- Increased strategic planning and capacity to draft reports, estimates, and analyses was required.

In response, it was decided to outsource the water and drainage management services to Capacity Infrastructure Services Limited (Capacity) which was a Council Controlled Trading Organisation (CCTO), jointly owned by Wellington City Council and Hutt City Council. The proposal from Capacity was expected to save money and provide the capacity required.

In 2012, a proposal was received by Council from Capacity recommending that Capacity transforms into an outcome focussed business model, and to incorporate Upper Hutt City Council and Porirua City Council as shareholders. The key issues the recommendation sought to address were:

- lack of efficiency in costs and service level management;
- limited scope for pursuing options for adopting a ‘whole of network’ approach; and
- lack of transparency and accountability within the regional water industry arising from the retention of cost and reputation risks by Councils;
- getting ahead of the Central Government consolidation agenda.

WWL was established in September 2014 and is now owned by Hutt, Porirua, Upper Hutt, and Wellington city councils, South Wairarapa District Council, and Greater Wellington Regional Council. The councils are all shareholders, but do not receive dividends as the purpose of the company is to provide a service to the shareholder councils rather than to provide a financial return. WWL’s role is to manage the drinking water, wastewater, and stormwater services of its council owners.

A representative from each council sits on the Wellington Water Committee that provides overall leadership and direction for the company. The company is governed by a board of independent directors.

WWL supports Council’s **Infrastructure** community outcome—“*We have reliable and efficient networks, and infrastructure that supports our city.*” and **Environment** community outcome—“*We are immersed in natural beauty. We care for and protect our river, our stunning parks and our natural environment.*”

Outcomes

The long term outcomes that WWL seeks to achieve are:

- ⦿ Safe drinking water is readily available to customers (across the Wellington region) and our treatment services protect people from wastewater contaminants.
- ⦿ The region's networks are resilient; they operate effectively irrespective of natural shocks and environmental factors.
- ⦿ The way we work results in a balance in the interests of water, people, and the environment.
- ⦿ We have a capable, adaptive, and collaborative workforce using innovative practices and exchanges of knowledge to drive optimal performance.

Strategic priorities

The strategic priorities for WWL, which are set in conjunction with shareholder Councils, are:

- ⦿ Looking after existing three waters assets.
- ⦿ Improving water quality.
- ⦿ Supporting growth so there are no adverse environmental impacts.
- ⦿ Reducing carbon emissions.
- ⦿ Reducing water consumption.

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Performance

The performance of WWL is monitored through performance measures articulated in the 2020 – 2023 Statement of Intent, prepared by WWL and reported in its Annual Report:

Customer experience	
1	The percentage of customers rating their experience of our performance as 'Satisfied' or higher steadily improves.
2	Drinking-water supply is reliable and fully meets drinking-water standards (defined) and wholesome water standards (defined).
Plan, operate and maintain, renew	
3	Through the long-term planning process and with input from the customer panel and our mana whenua partners, we provide a ten-year 'three waters plan' for each of our councils. Councils rate our input as timely, evidence based, and clear on risk.
4	Condition assessment programmes are scheduled in our forward service plans in the 2020/21 financial year for very-high-criticality pipeline assets, and the remainder are scheduled for completion in 2021/22.
5	We will achieve no less than 85 per cent of planned renewals.
6 DIA*	(1) Performance measure 1 (safety of drinking water) The extent to which the local authority's drinking water supply complies with: a) part 4 of the drinking-water standards (bacteria compliance criteria); and b) part 5 of the drinking-water standards (protozoal compliance criteria).
7 DIA	(2) Performance measure 1 (system and adequacy) The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.
8	Wet-weather overflows in the wastewater system (from wastewater pump stations or network) are fewer than 250 per year.

Plan, operate and maintain, renew

9
DIA

(4) Performance measure 4 (customer satisfaction)

The total number of complaints received by the local authority about any of the following:
 a) drinking water clarity;
 b) drinking water taste;
 c) drinking water odour;
 d) drinking water pressure or flow;
 e) continuity of supply; and
 f) the local authority's response to any of these issues
 expressed per 1000 connections to the local authority's networked reticulation system.

10
DIA

(4) Performance measure 4 (customer satisfaction)

The total number of complaints received by the territorial authority about any of the following:
 a) sewage odour;
 b) sewerage system faults;
 c) sewerage system blockages; and
 d) the territorial authority's response to issues with its sewerage system,
 expressed per 1000 connections to the territorial authority's sewerage system.

11

The public is informed through on-site signage and social media of environmental water quality risks within 24 hours of an incident being notified and agreed with the appropriate agencies.

12

We do not incur any abatement notices, infringement notices, enforcement orders, or convictions when carrying out planned maintenance, operational, and renewal activities.

13
DIA

(2) Performance measure 2 (discharge compliance)

Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:
 a) abatement notices;
 b) infringement notices;
 c) enforcement orders; and
 d) convictions
 received by the territorial authority in relation to those resource consents.

Looking after existing assets

14

Projects focused on emission reductions are submitted via councils long-term plan process.

15

Future growth studies are developed for the growth cells identified by councils.

