

OTHER STRATEGIES AND POLICIES

2015 FINANCIAL STRATEGY

Council has adopted and followed consistent financial strategies for more than 10 years. The financial strategies have had similar aims:

- strengthening Council's financial position in anticipation of projects and programmes that may need funding in the next 20-30 years
- ensuring rates were affordable to our community and competitive when compared to local authorities with a similar population and a significant urban centre
- delivering services more efficiently than our peer local authorities.

OUR 2015 FINANCIAL STRATEGY

Our Financial Strategy promotes the sustainable funding of services. We maintain \$1.4 billion worth of assets from an annual income of \$140 million - borrowing money to pay for new facilities and infrastructure, and to maintain or upgrade existing facilities. This means we can spread the costs to both present and future ratepayers who will benefit from these facilities. At the same time, we recognise that affordability of rates is a major issue for many people.

Our limits on rate increases and borrowing were reviewed and agreed with the community in June 2014. This allowed new and existing projects to start earlier as part of the programme to rejuvenate the city, funded by an additional one per cent rates increase per annum for three years.

Limits on borrowing were applied in 2014, with debt limited to a maximum of \$100 million in 2020, 2025 and 2030, while the figure fluctuates in the intervening years.

In 2015 the Council increased the investment in walkways and cycleways in particular, and has amended the debt limits to a maximum of \$125 million in 2020, 2025 and 2030. Changing these borrowing limits will allow us to hold future rate increases to the level of inflation, while retaining our Standard & Poor's AA credit rating and continuing to invest in the city with projects that will benefit ratepayers in the years to come. This level of debt remains below the level of Council's annual income and is a prudent method of managing Council's finances for the long term.

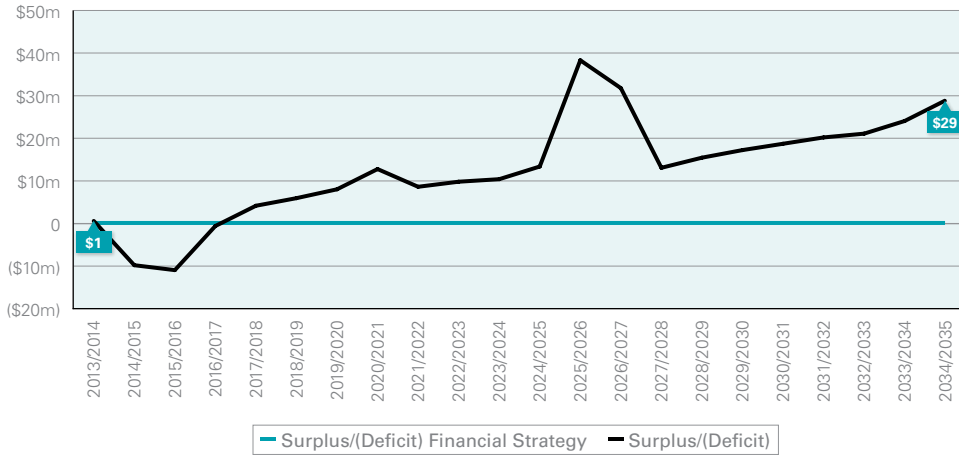
The table below shows the limits, how they will be measured, and the targets. The graphs that follow show current levels and the budgeted and forecast levels for each of those limits.

LIMITS	MEASURE	TARGET
Overall operating result	Surplus each year	Budgeted surplus
Limits on revenue	Increase in rates revenue	2015-2017: An additional 1% per year above Consumer Price Index (CPI) after allowing for estimated growth of 1% ¹ 2017-2018 onwards: No more than CPI after allowing for estimated growth of 1% ¹
Limits on borrowing	Net debt to income	Below 100%
	Net interest to revenue	Below 10%
	Net debt maxima	2020 – \$125 million 2025 – \$125 million 2030 – \$125 million

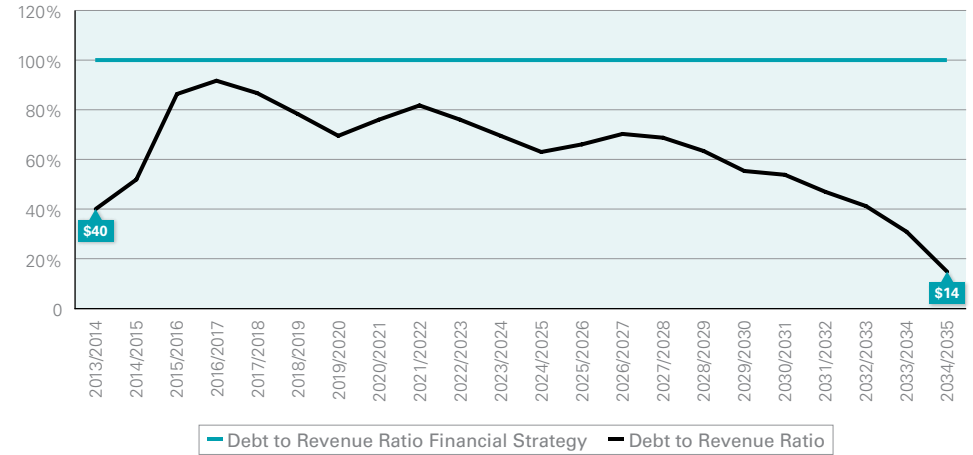
¹ Growth is determined by the actual and forecast increase in rateable property in the city.



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DEBT TO REVENUE RATIO



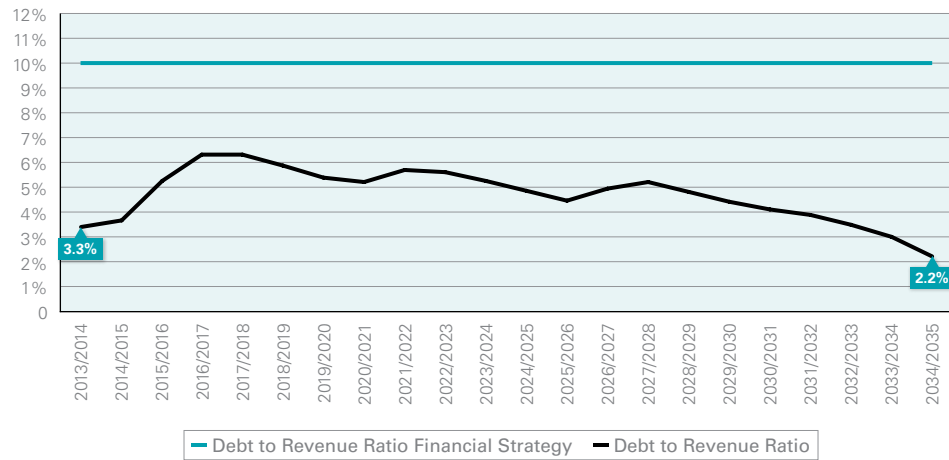
OVERALL OPERATING RESULT

Council’s strategy is to produce financial surpluses each year. The above graph shows deficits for 2014-2015 and 2015-2016 and surpluses beyond those years. The deficits are due to grants being paid to the Community Facilities Trust (CFT) that are required to be treated as operating but are for capital works carried out by the CFT. The peaks in 2025-2026 and 2026-2027 are due to additional subsidies for Roding Network Improvements that are programmed for these years.

LIMITS ON BORROWING - NET DEBT TO REVENUE

Council’s financial strategy is to maintain debt within limits expressed as a percentage of revenue. Debt in each year is not to exceed 100% of total revenue, and is illustrated in the above graph.

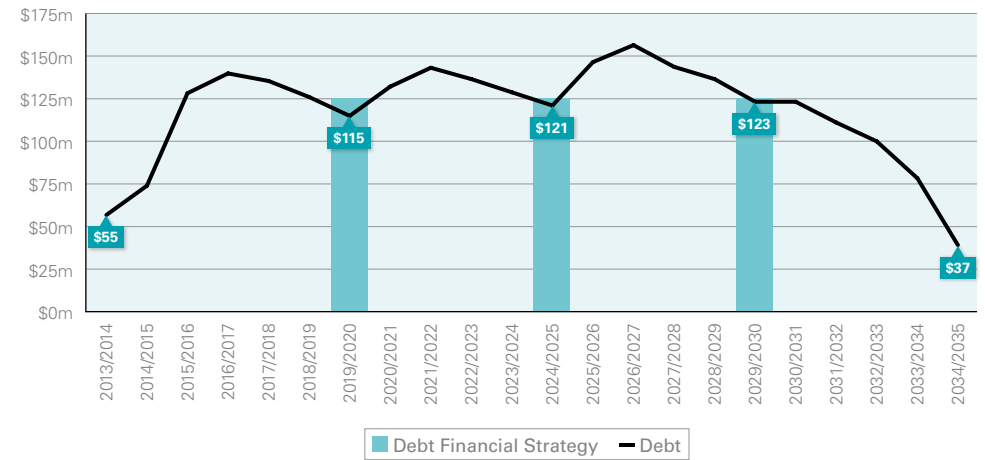
INTEREST EXPENSE TO REVENUE RATIO



LIMITS ON BORROWING - NET INTEREST TO REVENUE

Council's financial strategy is to maintain interest costs within limits expressed as a percentage of revenue. Interest expense is not to exceed 10% of total revenue, and is illustrated in the above graph.

DEBT



LIMITS ON BORROWING - NET DEBT MAXIMA

Council's financial strategy is to maintain debt within limits in 2020, 2025, and 2030. The above graph shows the level of debt in each year, and the debt being within the limits set in each of the key years.

See the Forecast Financial Statements on page 151 for the assumptions we've used in preparing the financial data that supports the Financial Strategy.

The targets in the Financial Strategy represent firm goals for Council. However, there may be instances when the targets are not achieved. There could be several reasons for this.

For example:

- a major adverse event, such as an earthquake or flood, requiring substantial additional expenditure by Council
- economic conditions change such that there is a significant increase in Council costs, or significant reduction in Council revenue
- there are significant new initiatives or projects that have community support despite funding implications.

In any instance such as the above examples, Council will consider alternative options before proposing any temporary breach of Financial Strategy targets. This would include options such as deferring expenditure, surplus asset sales and cost reductions. Ultimately, Council will make all its financial decisions in the best interests of the community.

Affordability remains a top priority for Council. We have a diverse population with varying socio-economic indicators, and the recession and global economy have impacted all sectors of the community.

OUR LEGAL OBLIGATIONS

The Local Government Act 2002 requires us to manage our revenues, expenses, assets, liabilities, investments and general financial dealings prudently. In doing so we're aware of the impact our costs and funding decisions have on our community. We're particularly concerned about the affordability of Council services, and have considered this in proposing our rates, net debt and other limits. We also carefully consider the level of fees and charges. Our Revenue and Financing Policy helps us identify and distribute the costs and benefits of Council services across the different sectors of our community.

We're also required to provide a balanced budget. Revenue raised in the current year should be enough to meet our expenses for that year. Balancing the budget helps allocate the burden of rates and charges between today's ratepayers and those of tomorrow. We also look to fairly allocate development costs between current and future beneficiaries through our development and financial contributions policies.

PLANNING FOR GROWTH

In its medium series of projections Statistics New Zealand is projecting low population growth to 2028 with a decline in the city's population in the period between 2013 and 2043 overall. Average annual growth of -0.1% is projected over the period. There will be fewer young people, fewer people in the traditional working age groups, and growing numbers of people that are 65 years of age and over.

Projections are neither forecasts nor predictions. They provide a useful indication of likely population changes given specific assumptions about the change in components – births, deaths and migration. (Statistics New Zealand, Subnational Population Projections: 2013(base)-2043. Medium series of projections http://www.stats.govt.nz/browse_for_stats/population/estimates_and_projections/SubnationalPopulationProjections_HOTP2013base.aspx. The medium series of projections is considered the most suitable for assessing future population changes.)

ECONOMIC GROWTH IN THE CITY HAS BEEN MODEST

Council has responded to these considerations by adopting an Urban Growth Strategy and an Economic Development Plan. Average population growth of 0.6% per annum has been assumed throughout the 10 year period of the Long Term Plan. This is a greater increase in population than Statistics New Zealand is projecting, as a result of the initiatives introduced through the Urban Growth Strategy. The Long Term Plan includes an assumption that population growth and extra development will drive an increase in the rates base (or rateable value) of the city by an average of 1% per annum. If this level of growth and additional rates income is not achieved the Council will be able to reduce growth related expenditure.

MANAGING OUR ASSETS AND DEBT

A major part of our business involves managing over \$1.4 billion of assets from annual income of approximately \$140 million. We use other funding sources such as debt and capital subsidies to fund the maintenance and development of our infrastructure and other assets.

We use asset management practices to sustainably maintain service levels to at least current levels. We balance the wants and needs of today with the demands and replacements required for the future; ensuring we fulfil legal requirements. Council continues its commitment to encouraging a strong, diverse, enterprising business community and protecting the environment through sustainable management of waste, transport, energy, water, urban environment and biodiversity.

We plan to spend approximately \$500 million over the next ten years to maintain and improve existing assets and create some new assets. Capital expenditure to 2032 rises to approximately \$1000 million due to inflation and some large projects, including significant roading network improvements and upgrading the main wastewater pipeline to Pencarrow.

Delays to the timing of projects may impact on service through reducing asset lives or increasing maintenance in any one year. Advancement of the timing of

projects may positively impact service levels, but increase debt servicing costs.

The ability to maintain current levels of service may be affected if there is a change to regional governance arrangements. A new regional governing entity may have different priorities to those currently agreed for our local area. Our strong financial position assists Council to ensure our assets are well maintained and appropriate to our communities' needs in advance of any future changes in governance structure.

We continue to set target levels to restrict net debt. Debt servicing levels are kept at affordable percentages of total operational spend. These targets also seek to fairly apportion funding costs between current and future ratepayers.

This strategy places reliance on retaining existing sources of funding of capital, through debt, subsidies, development contributions and other revenue. We have facilities in place as a safeguard against an inability to refinance existing debt.

We place reliance on a strong financial position to ensure we have capacity to borrow, both for forecast expenditure needs and any unforeseen requirements that may arise. We do this through ensuring appropriate levels of debt in accordance with our strategy limits, with no significant concentrations of debt repayment in any one year, ensuring working capital is maintained to meet ongoing commitments

and surplus cash is invested or used to repay debt. We also focus on collection of monies owed to ensure no concentrations of credit risk exist.

MANAGING OUR REVENUE

We've managed to achieve a net surplus from our operations almost every year. We'll continue to do this and use our surplus to help repay our debt and fund our capital programme. In recent years we've used asset sales to assist repayment of debt and this will continue but at a reducing level.

Revenue is expected to increase over the next 20 years, in accordance with inflation. This will be sufficient to sustain the current levels of service.

We fund operating expenditure from the following sources: general rates, targeted rates, fees and charges, interest and dividends from investments, grants and subsidies, and other operating revenue.

GENERAL RATES

We use capital value as the basis for gathering general rates. Generally, the higher the value of the property, the higher the rates.

General rates are assessed on a differential basis, with a differential applied to Businesses and Utility Networks, reflecting a higher share of the benefits of Council services.

Differentials are also applied to Community Facilities and Rural sectors to reflect their ability to pay and the relative levels of service received. These are incorporated into the Revenue and Financing Policy, which is reviewed regularly.

TARGETED RATES

If Council decides that the cost of a service should be met by a particular group of ratepayers, it may use targeted rates. Council's targeted rate charges include water, wastewater, Jackson Street and recycling.

FEES AND CHARGES

Council levies charges to contribute to the cost of services. Direct benefits attributed to service users are considered a private funding component and are recovered through a fee or charge for that service. Refer to page 186 for a schedule of fees and charges is published on the Council website.

INTEREST AND DIVIDENDS FROM INVESTMENTS

Council obtains specialist advice when considering financial investments and structure. We invest surplus cash from operations on call overnight and gain interest revenue from such investing. Council also gains interest revenue from lending within its group to its Council Controlled Organisations (CCOs). Council charges a market interest rate for this lending. Council may also gain dividend income from shares held in company holdings.

SUBSIDIES

Council receives subsidies of both an operating and a capital nature to partially

fund services and contribute to the cost of capital projects. Council receives government grants to provide services.

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

Development contributions are used to fairly allocate the costs of growth to ensure equity between developers and ratepayers. Financial contributions are required where individual developments give rise to capital expenditure that is not included in the Long Term Plan and for reserves.

Other revenue includes, but is not limited to, proceeds from the sale of assets and other miscellaneous income.

COUNCIL'S POLICY ON GIVING SECURITIES FOR ITS BORROWING

Council secures borrowing by way of a Debenture Trust Deed which provides security over rating income.

COUNCIL'S OBJECTIVES FOR HOLDING AND MANAGING FINANCIAL INVESTMENTS

Council maintains liquidity and credit facilities to minimise financial risk and have secure and cost effective funding sources to meet financial needs.

Council obtains surplus daily cash from its rates instalments and other revenue

generating activities. In managing its liquidity, Council looks to apply surplus cash to reduce its short term borrowings, while ensuring cash requirements until the next rates instalment are provided for. Council will place surplus cash on call or term deposits as appropriate.

Interest Rate Swaps are held to smooth impacts of fluctuating interest rates.

Council lends money to its CCOs at a commercial rate of return. This is typically set at between 100 and 200 basis points above the cost to Council.

COUNCIL'S OBJECTIVES FOR HOLDING AND MANAGING EQUITY INVESTMENTS

Council has investments in several CCOs.

WELLINGTON WATER LIMITED (ASSOCIATE)

This company is owned by Wellington, Hutt City, Upper Hutt City and Porirua City Councils, and Greater Wellington Regional Council.

The nature of the business of the company is to jointly manage the water services for these councils. Our objective for this company is for it to manage, for the long term, the provision of water, wastewater and stormwater services and to operate as a successful business.

A formal return on investment is not anticipated in the near future as the business is managed on a non-profit basis.

SEAVIEW MARINA LIMITED (100% OWNED CCO)

Council holds 100% of the shares issued by Seaview Marina Limited. Council's objective is for it to operate a successful and profitable marina providing berth and associated services, and providing public marine recreation facilities for the enjoyment of the Lower Hutt community, without compromising its commercial objectives and environmental responsibilities.

Return on investment is 5% before tax on shareholders' funds in accordance with the company's Statement of Intent. This return is reinvested within the company.

URBAN PLUS LIMITED (100% OWNED CCO)

Council's objectives for this company are for it to own and operate a portfolio of rental housing, develop property in preparation for sale or lease, and manage Council property and building assets.

Returns are forecast in the company's Statement of Intent.

HUTT CITY COMMUNITY FACILITIES TRUST (CFT)

Council established this charitable trust to manage and develop its leisure and community facilities.

Our objective for CFT is for it to enhance the health and wellbeing of the city's communities through the effective and efficient provision, development and operation of leisure and community facilities throughout Hutt City. This will include securing funding to enable investment and improvement of community facilities, developing new or enhancing existing facilities, administering any facilities vested in CFT, and providing strategic direction, expert advice and championing ongoing investment and development.

No financial return on investment is anticipated at this stage.

CIVIC ASSURANCE

With over \$1 billion in assets, Council needs to have appropriate safeguards in place to protect their value. Appropriate levels of insurance are maintained to safeguard Council from significant loss.

The recent global events have impacted on the stability of the insurance market. Historically, councils have struggled to obtain adequate levels of insurance and many years ago Civic Assurance was

created to fill a gap in the market and provide some level of surety for local government. While the organisation suffered loss through the New Zealand events in Christchurch, Council considers continued investment in Civic Assurance beneficial to provide the sector an alternative to the other insurance options.

The return expected is a dividend as approved by the Board of Directors in addition to providing an avenue for Council to insure its assets. A formal return on investment is not anticipated in the near future while the company rebuilds an equity base.

LOCAL GOVERNMENT FUNDING AGENCY (LGFA)

Debt is a significant funding source for many local authorities. Interest costs are a major item of expenditure for these councils. Hutt City Council has invested in LGFA to help the sector achieve a reduction in the costs of borrowing. While Hutt City Council's debt levels are relatively low, the LGFA provides an additional borrowing source and savings in interest costs.

In addition, the LGFA will provide local authorities with increased certainty of access to funding, including the potential access to longer funding terms.

The return anticipated is through lower borrowing costs and security of longer term funding rather than a formal dividend.

As a shareholder or guarantor Council will have increased exposure to liability for repayment of debt.

SMARTLINX3

Part of the Council's Economic Development Plan included the undertaking of a survey of businesses completed in early 2003, to understand broadband infrastructure needs in Hutt City. The survey indicated a large number of businesses had ongoing issues with either or both access to and the cost of broadband.

An outcome of the survey was the establishment of a business led, Council supported company (Smartlinx3). It was representative of businesses in Hutt City, Upper Hutt City and Porirua City, and the three councils.

Smartlinx3 has deployed broadband assets in the three cities and provided some competition to pricing of broadband services. However, the value of Council's investment in the company has diminished over time. New investment into the company by external organisations has improved prospects for growth.

A formal return on investment is not anticipated in the near future.

REVENUE AND FINANCING POLICY

INTRODUCTION

A wide number of funding sources are available to Council to help fund its activities, ranging from general and targeted rates through to fees and user charges.

This policy outlines Council's approach to funding its activities. It provides information on what funding tools are used and who pays, as well as describing the process used to make these decisions.

The policy sets target funding bands for the two main funding sources (Public and Other) for each activity. The funding bands are:

- High 80-100%
- Medium/High 60-79%
- Medium 40-59%
- Medium/Low 20-39%
- Low 0-19%

This policy should be read in conjunction with the Funding Impact Statement located on page 180 (and in Council's Annual Plan in later years). The Funding Impact Statement is the mechanism used to implement the Revenue and Financing Policy and provides detail on how rates are set.

HOW DOES COUNCIL DECIDE WHAT IS FUNDED FROM WHERE?

Appropriate funding sources are determined using a two-step process on an activity by activity basis.

STEP ONE

The funding needs of Council must be met from what Council determines to be the most appropriate funding source for each activity following consideration of:

- The community outcomes to which the activity contributes
- The distribution of benefits between the community as a whole and any identifiable parts of the community and individuals
- The period over which the benefits are expected to occur
- The extent to which the action or inaction of particular individuals or groups contributes to the need for the activity to take place
- The costs and benefits of funding an activity distinctly from other activities

A more detailed discussion of the use of different funding tools and the reasons for the allocation of costs to various sectors of the community for each activity is provided in Appendix 1 on page 109.

STEP TWO

The second step in the process is for Council to apply its judgement to the overall impact on the community. In exercising this judgement Council considers the following:

- The impact of rates and rates increases on residential properties, and in particular on the affordability of rates and rates increases for low, average and fixed income households
- The impact of rates and rates increases on businesses and on the competitiveness of Hutt City as a business location
- The fairness of rates (and changes in rates) relative to the benefits received for "stand-out" properties with unusually high capital values
- The special characteristics of particular classifications of property - including their purpose and proximity to the city
- The complexity of the rating system and the desirability of improving administrative simplicity

Shifting the "differential factor" for each sector's share of the city's overall capital value is the principal means of achieving the desired overall rates impact on the wider community.



FUNDING OF OPERATING EXPENDITURE

GENERAL RATES

General rates, together with targeted rates, are the largest source of funding for Council.

General rates are used to help fund activities that exhibit strong or dominant public good characteristics. A public good / service is defined as one that demonstrates the following characteristics:

- Non-rival – the enjoyment by one person does not prevent the benefit from being enjoyed by others. An example is street lighting
- Non-excludable – no person or group can easily be prevented from enjoying the benefit. An example is a beach or park

In these cases, all ratepayers pay towards the cost of the activity. Where the activity also provides private benefits, rates are used to fund the balance of costs after the potential for user charges has been exhausted.

Council sets general rates based on the capital value of properties. Capital value is used because, in the main, it reflects ability to pay better than the alternatives of land value or annual value.

What each ratepayer pays depends on the capital value of their property relative to the value of other properties, and on the share of the general rate that has been allocated to each sector of the community

(Residential, Business, Utilities and Rural). Council has determined that for most activities, the general rates funded costs should be allocated to each sector of the community in line with each sector's percentage share of the capital value of the city. For most activities, there is little evidence to support alternative approaches where one sector should be carrying a greater or lesser proportional share.

However there are two exceptions.

1. Roading and Traffic - general rates are weighted towards the business and utility sectors because of the particularly high use of the roads (or road space) by these sectors. Trip generation data is used as an indicator of the cause and benefit of this activity's costs – this data shows that the business/utility and residential sector trip generation is 72% and 28% respectively. The share of general rates costs are allocated accordingly.
2. Stormwater - is weighted towards the business/utility sector to reflect the fact that it accounts for approximately 37% of the city's impervious area (after making an allowance for roads). The share of general rates costs for Stormwater are allocated on this basis.

To achieve the desired weighting of general rates allocation towards the business and utility sectors in these cases the Council increases each sector's assumed share of the overall capital value of the city.

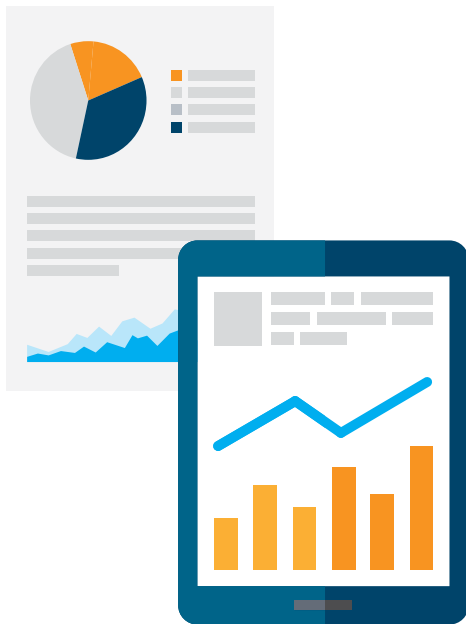
Appendix 2 provides more detail of Council's operating costs and the allocation of general rates costs to various sectors of the community.

UNIFORM ANNUAL GENERAL CHARGES

Council also has the option to levy a uniform annual general charge (UAGC). A UAGC recovers a portion of general rates costs as a fixed amount per property. Such fixed charges tend to have a disproportionate impact on low income households as the charges make up a higher proportion of such a household's income. For this reason, Council does not currently propose using a UAGC. Council does, however, use fixed charges for some targeted rates.

TARGETED RATES

Targeted rates are used where Council has decided that the cost of a service or function should be met by a particular group of ratepayers (possibly even all ratepayers) or in order to provide greater transparency about the use of the funding. There is considerable scope to set rates for a specific function (e.g. water) or target a rate on a specific geographic area (e.g. Jackson Street) or set different levels of rates for different property types (e.g. promotion levy targeted on business central properties). The targeted rates charged by Hutt City Council are:



- Water supply, per property
- Wastewater services, per pan
- Jackson Street upgrade project, per business property in Jackson Street
- Recycling, per property

FEES AND CHARGES

User charges are used where there are strong private benefits from an activity and it is feasible to collect fees.

User charges contribute to the cost of some facilities (such as swimming pools) and also fully or partly meet the cost of regulatory services, such as those under the Building and Resource Management Acts.

Similarly, Council has the ability to fine people and businesses for certain rule infringements. The amount of income derived through these fines depends on the level of noncompliance and the amount of effort Council puts into enforcement activities.

OTHER FUNDING SOURCES

The other main funding sources for operating expenditure are grants and subsidies. New Zealand Transport Agency funding assistance for road maintenance makes up the majority of this funding.

Council does not use borrowing, proceeds from asset sales or development or reserve contributions to help fund operating expenditure.

FUNDING OF CAPITAL EXPENDITURE

Council funds capital expenditure mainly from borrowing and then spreads the repayment of that borrowing over several years. This enables Council to better match funding with the period over which benefits will be derived from assets and helps ensure intergenerational equity. Borrowing and repayments are managed within the framework specified in the Liability Management Policy.

In some cases other funds are available to finance capital expenditure. Such other funds include:

- Council reserves, including reserves comprising development contributions under the LGA, and financial contributions under the Resource Management Act 1991 (see Council's Development Contributions Policy)
- Contributions towards capital expenditure from other parties such as the New Zealand Transport Agency (in relation to certain roading projects) and Upper Hutt City Council (in relation to joint wastewater activities)
- Annual revenue collected through rates to cover depreciation charges
- Proceeds from the sale of assets, not otherwise used for debt reduction
- Operating surpluses

DIFFERENTIAL FACTOR

The general rate payable on each category of property is expressed as a rate in the dollar of capital value. The different rates in the dollar for different categories of property are determined as a result of the review described above. These different rates in the dollar for different property categories are known as "differential factors" and are agreed following the completion of Step Two of the process (which is designed to allow the Council to apply its judgement on the overall impact on the community).

Following a Revenue and Financing review undertaken by Council in 2012 it determined the following differential factors for each category of property:

- Residential: 1.0
- Business: 2.3
- Business Central: 2.3
- Utility Networks: 2.3
- Rural: 0.8
- Community Facilities 1: 1.0
- Community Facilities 2: 0.5
- Community Facilities 3: 2.3

In 2012 the Council commenced a 10 year shift in the differential to achieve these ratios.

The underlying objectives of the transition are to:

- Lower the allocation of rates to the rural sector to a level where the rural

differential is equal to 0.8. This change has been made on the basis that rural properties often experience a lower level of service because of the longer distances between rural properties and Council facilities

- Provide two special categories of community facilities and rate them at a lower differential to recognise the community benefits provided by such facilities. The two categories are community facilities 1 and community facilities 2 and are defined in the Funding Impact Statement, along with the differential to apply to each. A third category of community facilities is also defined but no adjustment has been made to the differential to be levied on this category
- Standardise the differential for all other non-residential properties so that such properties are rated on the same basis

The differential policy was reviewed by Councillors during the preparation of the Long Term Plan 2015-2025 and it was decided to continue with both the current target differential factors and the 10 year transition.

REVIEW

The overall Revenue and Financing Policy (including the differential factors) will be reconsidered every three years as part of the Long Term Plan preparation.

REVENUE AND FINANCING POLICY BY MAJOR ACTIVITY

APPENDIX 1

ACTIVITY	OUTCOME	FUNDING SOURCE PROPORTION	FUNDING RATIONALE [LGA 2002 SECTION 101(3) (A)] Who benefits (community as a whole, or individuals, group or users, exacerbators), intergenerational benefits, reasons for funding the activity separately)
<p>Libraries</p> <p>Council provides, maintains and manages eight libraries in the city. These are run as a single city-wide service. Their primary role is to provide written and recorded material such as books, audio-visual resources and access to online information. Library services are used for many purposes including learning, research and entertainment.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • A strong and diverse economy • An accessible and connected city • Healthy people • Actively engaged in community activities • Strong and inclusive communities 	<p>Public – High Other – Low</p>	<p>Who benefits: While there are identifiable private benefits from the provision of library services, the Council views the open and low cost access to information and books as being in the best interest of the city as a whole. The library system is an efficient way for the community to pool their reading and information resources and it is unlikely it could continue to exist if it operated on a strictly user pays system. Rather charges are levied for late returns, internet access and DVD hire, but these contribute only a small amount towards total operating cost.</p> <p>Who pays: No particular sector or group is considered to drive these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>
<p>Museums</p> <p>Council operates two museums. The Dowse displays art, craft and other cultural materials. The Petone Settlers Museum specialises in the social history of the lower Hutt Valley and Petone. These institutions are open to the public at no charge, other than for special exhibitions.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A strong and diverse economy • An accessible and connected city • Actively engaged in community activities • Strong and inclusive communities 	<p>Public – High Other – Low</p>	<p>Who benefits: The Council believes that the support of the arts, recognition of our social history and cultural endeavours is an important component in making the city a vibrant and attractive city, as well as providing a means for the community to express a sense of self and place. While individual visitors to these facilities do gain private benefits, collecting an entry fee would be inefficient due to the costs associated with establishing and operating a door charge system. Council recognises the contribution the Dowse Foundation and donors are making to the city through the extensive community fundraising activities.</p> <p>Who pays: No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>
<p>Aquatics and Recreation</p> <p>Council provides and maintains six swimming pools in the city as part of its portfolio of recreational facilities. Recreational programmes are community-based programmes designed to encourage residents to engage in a range of recreational activities. These services are provided to promote health and enjoyment and stimulate the community's interest in different recreational opportunities.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • A strong and diverse economy • An accessible and connected city • Healthy people • Actively engaged in community activities 	<p>Public – Medium Other – Medium</p>	<p>Who benefits: Fees and charges contribute a significant portion of the income for this activity. This reflects the fact that individuals benefit from the personal fitness and enjoyment they derive from using the facilities. However it also recognises that there are positive benefits for the community when the population is fit and actively engaged. The pool also provides quality and accessible tuition in essential water safety and life skills, which produces both private and public benefits. To this extent funding from general rates is a key source of income for this activity.</p> <p>Who pays: No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>

APPENDIX 1

ACTIVITY	OUTCOME	FUNDING SOURCE PROPORTION	FUNDING RATIONALE [LGA 2002 SECTION 101(3) (A)] Who benefits (community as a whole, or individuals, group or users, exacerbators), intergenerational benefits, reasons for funding the activity separately)
<p>Parks and Reserves</p> <p>Council provides and maintains passive recreational facilities in the city for the enjoyment and well-being of the public, free of charge. Sports fields are provided and maintained through charges to sports codes. Recreation areas are both natural and created, with the majority of effort targeted at maintenance and retaining areas in their natural state. This activity also includes Council's cemeteries.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • Healthy people • A healthy natural environment • Actively engaged in community activities • A healthy and attractive built environment 	<p>Public – High Other – Low</p>	<p>Who benefits: Parks and Reserves: Council views the active participation of residents in outdoor activities as beneficial to the whole community. Some degree of user charging is appropriate, however affordability for sporting clubs is now a factor in limiting participation. The actions of sports codes contribute to the need for Council to undertake the maintenance of sports fields. This is therefore an example of the exacerbator principle.</p> <p>Cemeteries: There is a significant private benefit in this service to the families of deceased people where burials and interment services are provided. There is also an ongoing community benefit in providing for the respectful treatment of deceased people who form part of the community's heritage and whakapapa.</p> <p>While it is recognised that the rural sector often provides its own recreational land, Council considers that this sector is also a beneficiary from this activity and should share the general rates cost.</p> <p>Lands purchased for sports grounds and reserves provide substantial intergenerational benefits.</p> <p>Who pays: No particular sector or group is considered to derive benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>
<p>Community Safety and Connections</p> <p>Council has a policy of identifying and understanding its communities and their issues. Through greater knowledge of local needs Council is able to respond suitably to social issues affecting members and groups of communities it represents. The support Council contributes assists groups to achieve their goals when it would not otherwise have been possible owing to lack of resources. This support includes facilitation, advocacy, consultation and allocation of grants to community organisations and groups. These services are carried out through Council's Community Services Group or through private contracts.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • Healthy people • Actively engaged in community activities • Strong and inclusive communities • A well-governed city 	<p>Public – High Other – Low</p>	<p>Who benefits: In most cases community support or grants are targeted towards the most disadvantaged groups in society. Targeting intervention at the most disadvantaged groups does provide individual benefits for those people. However the very nature of this service means that the recipients cannot be expected to shoulder the cost. By lifting the status of our most disadvantaged groups, the whole community benefits through greater social cohesion, higher productivity, and less demand for remedial services. Therefore this activity is appropriately funded from the general rate.</p> <p>There is an intergenerational aspect to this activity, in that the social policy framework was developed over a few years but its benefits will occur over a longer period.</p> <p>Who pays: No particular sector or group is considered to derive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>
<p>Community Facilities Development</p> <p>Council has underway a significant rejuvenation plan and programme for its community facilities. It plans to develop strategic and integrated community hubs across the city. The developments are predominantly aimed at increasing community participation and improving the wellbeing of Hutt City residents.</p> <p>Communities Facility developments are generally being done through the Community Facilities Trust, for which Council contributes funding by way of annual grant funding.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • A strong and diverse economy • An accessible and connected city • Healthy people • Actively engaged in community activities • Strong and inclusive communities 	<p>Public – High Other – Low</p>	<p>Who benefits: While there are identifiable private benefits from the provision of community facilities, the Council views the open and low cost access to community facilities as being in the best interest of the city as a whole.</p> <p>Who pays: No particular sector or group is considered to derive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>

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Regulatory Services			
<p>The Regulatory Services team provides inspection, auditing, enforcement and education that ensures Council's policies and regulations are being complied with.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • A strong and diverse economy • An accessible and connected city • Healthy people • A healthy natural environment • A healthy and attractive built environment 	<p>Public – Medium Other – Medium</p>	<p>Who Benefits: Environmental Inspections & Enforcement: The service acts to control the negative effects of non-compliance by individuals or groups, nearly all of which are businesses. There is also a general public benefit in the assurance of a safe environment.</p> <p>Animal Control: Animal control is primarily the dog control function with a small amount of service involved with general livestock control. Dog registration fees are a targeted form of cost recovery for this activity. An animal control function is necessary in order to ensure the public is safe from the negative effects of animal ownership. At one level, the activity can be considered an exacerbator issue, as the actions of animal owners create the need for the service. Often, it can be hard to track down an animal's owner – or the animal may be a stray – so recouping the costs of this activity is difficult.</p> <p>Who pays: These activities protect the public interests of both residents and business. After maximising user charges, the public good portion of this activity cost is allocated in proportion to each sector's share of the total capital value of the city.</p>
Emergency Management			
<p>Council develops and implements city-wide emergency management plans, and promotes community preparedness for emergencies. Plans are also in place for dealing with and preventing rural fires. Council maintains the in-house capacity to co-ordinate responses to both civil defence and rural fire emergencies. There is a legal requirement under the Forest and Rural Fires Act and the Civil Defence Act for Council to perform these functions.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • Strong and inclusive communities 	<p>Public –High Other – Low</p>	<p>Who benefits: The whole community benefits from this activity. It is triggered where the disruption to community life is such that a coordinated community response is required.</p> <p>The work regarding rural fire response and prevention applies largely to Council-owned land and therefore any benefits apply to the community. A rural fire response is necessary to deal with fires lit accidentally or deliberately. Where the person responsible for starting a rural fire is identified, they are dealt with through the courts and compensation is obtained where possible.</p> <p>Who pays: No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>

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<p>Roading and Traffic</p> <p>The roading and traffic activity consists of five sub-functions – roading and footpaths, street cleaning, street lighting, traffic management and parking. Council provides, maintains and cleans sealed roads and footpaths throughout the city. Traffic control measures are utilised to ensure the efficient and safe movement of motor vehicles, cyclists, pedestrians and other forms of transport. Street lighting is provided to ensure the safety and security of road and footpath users at night.</p> <p>Parking involves the provision, maintenance and regulation of on-street and off-street carparks in the commercial areas of the city. The location and regulation of carparks is designed to ensure fair, easy and efficient access to the city's commercial areas.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • A strong and diverse economy • An accessible and connected city • Healthy people • A healthy and attractive built environment 	<p>Public – Med/High Other – Med/Low</p>	<p>Who benefits:</p> <p>Roading: Many of the benefits of roading networks accrue to individuals or businesses. To a large extent, this is reflected in the subsidies received by Council from government for roading, which are ultimately funded from fuel excise, road user charges, and vehicle registration charges. However, for the balance of costs which Council must cover, Council has no direct means to charge individual users of the local network on a user-pays basis. Consequently, rates revenue is used to fund Council's share of these costs. Most roading expenditure in the city relates to the ongoing maintenance of the existing network and assets, with only moderate expenditure on improvements. Most of the expenditure is therefore funded directly from rates revenue (and government subsidies) rather than through borrowing. However, major projects with benefits over several decades, or very high costs, will be debt funded, along with an approximate contribution from development contributions charges where possible. This helps ease the immediate burden on rates, helps to ensure intergenerational equity, and ensure growth costs are borne by developers.</p> <p>Street Cleaning: Street cleaning has a range of benefits widely dispersed amongst the community, and for which there is little ability or sense in charging individuals for the benefits they receive. The need to undertake street cleaning is partially caused by the actions of individuals littering or dumping and is thus an exacerbator issue. However, it is very difficult to police this activity, and consequently few costs are able to be recovered this way.</p> <p>Parking: The benefits of on-street parking largely accrue to the individuals or groups involved. However charging and actively monitoring parking in most areas, such as most urban neighbourhoods, is simply not practical or cost effective – although some time restrictions may still apply. Consequently, a large proportion of the cost is simply absorbed into the roading budget, and funded accordingly. In areas with a high concentration of parking demand, it becomes necessary and cost-effective to manage parking, allowing much of the cost associated with these parks to be recouped through parking charges and/or fines.</p> <p>The benefits of road facilities are ongoing and spread over the long term. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p> <p>Who pays: Trip generation is used as an indicator of both the cause and benefit of this activity's costs. Trip generation of the business / utility and residential sectors is estimated at 72% / 28% respectively. The shares of general rates costs are allocated to these sectors on this same basis.</p>

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<p>Water Supply</p> <p>This activity involves the supply of high quality drinkable water for domestic and commercial use. Council purchases bulk water from Greater Wellington Regional Council, and this accounts for 56% of the total cost of water supply to the city. Water is then distributed around the city through the local pipe network. Council's ownership of the pipe network is historical. There is a legal requirement for Council to retain control of these assets.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A strong and diverse economy • An accessible and connected city • Healthy people • A healthy natural environment • Strong and inclusive communities 	<p>Public – Low Other – High</p>	<p>Who benefits: Much of the benefit from this activity is considered to be private to the people who obtain and use the water. Public health benefits arise out of the treatment of water borne diseases.</p> <p>Water leakage and unaccounted for water accounts for a portion of total water use. This cost is spread evenly across all users.</p> <p>There are ongoing benefits as long as infrastructure is maintained. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p> <p>Who pays: In the absence of metering, targeted rates can be seen as a proxy for user charges. All connections are charged the targeted rate, and this is assumed to cover the supply of the average residential user. Commercial water users are charged on a metered rate for water consumption.</p>
<p>Wastewater</p> <p>Council ensures the treatment and disposal of household and commercial effluent according to regional and national environmental standards. A new treatment plant was commissioned in 2002 to ensure effluent is treated to higher standards.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A strong and diverse economy • An accessible and connected city • Healthy people • A healthy natural environment • Strong and inclusive communities 	<p>Public – Low Other – High</p>	<p>Who benefits: The removal of wastewater largely benefits the person whose wastewater is removed. However the public also benefits through improved public health and an unpolluted environment. The operation of many social and commercial activities would be curtailed if raw effluent was not properly dealt with.</p> <p>There is also a significant exacerbator component to the treatment of wastewater, as people cause costs through their action (for example commercial businesses that produce trade waste) or inaction (for example not installing a dual flush toilet).</p> <p>Some revenue is collected from the Upper Hutt City Council as an operating contribution towards the shared service.</p> <p>The benefits of wastewater services are ongoing and spread over the long term. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p> <p>Who pays: In the absence of metering of water supplied as a proxy for water discharged, targeted rates can be seen as a proxy for user charges.</p>

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<p>Stormwater</p> <p>Council operates an effective drainage system to protect property from flooding damage. Stormwater infrastructure includes pipe networks, street-side gutters, retention dams and open watercourses. These are provided and maintained according to the reasonable costs of managing foreseeable flooding events. There is a legal requirement for Council to retain control of these assets.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • A strong and diverse economy • An accessible and connected city • Healthy people • A healthy natural environment • Strong and inclusive communities • A healthy and attractive built environment 	<p>Public – High Other – Low</p>	<p>Who benefits: Stormwater reticulation, watercourses, major storm events and watercourse quality management, addressed under this activity, are partly for private benefit but mainly for public benefit. This is in terms of dealing with public spaces and the public stormwater system, minimising damage from severe flooding and conducting monitoring and pollution control for the community at large. Economies of scale associated with the provision of the overall system are also recognised.</p> <p>Buildings and pavements increase the necessity for stormwater management and in this respect the built-up areas can be considered to exacerbate the problem.</p> <p>The benefits accrue over a long period, and hence costs need to be appropriately allocated between current and future users. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p> <p>Who pays: The business sector is estimated to represent around 37% of the city’s impervious area after allowing for a proportion of road stormwater allocated to the business sector on the same basis as the roading activity. General rates allocation to the business sector is twice this sector’s share of the city capital value.</p>
<p>Solid Waste</p> <p>Council contracts out the collection of residential solid waste and household recycling. It also owns a landfill for the disposal of the city’s refuse.</p> <p>Council wishes to promote recycling and waste reduction and to provide for the disposal of the city’s solid waste.</p> <p>Commercial operators also provide waste and recycling collection services so that ratepayers have options other than Council services.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • Healthy people • A healthy natural environment 	<p>Public – Low Other – High</p>	<p>Who benefits: The primary benefits of this activity are private benefits to people whose refuse is disposed of, and this is the classic example of polluter pays.</p> <p>Council provides kerbside recycling which is funded through a targeted rate. Recycling produces public benefits through sustainable resource use and through the deferral of costs involved in replacing landfills.</p> <p>There are also public benefits in ensuring that refuse is disposed of appropriately. The consequences of poorly dealt with waste are immediate public health effects. Longer term health effects can also result from interaction with contaminated sites.</p> <p>The benefits of this activity are ongoing and spread over a long period. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p> <p>Who pays: The solid waste function makes an overall surplus, particularly as a result of landfill activities. This return on investment compensates Council as a whole and the whole ratepayer base for the long-term business risks of landfill operation and aftercare. Any surplus is therefore used to offset general rates.</p>

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<p>Environmental Policy</p> <p>Council develops district plan policy and makes changes to the district plan in line with national and regional policy changes and also in line with expectations of the local community. The district plan provides the “rules” by which individuals and businesses can build and undertake activity within the city.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • A strong and diverse economy • An accessible and connected city • Healthy people • A healthy natural environment • A healthy and attractive built environment 	<p>Public – High Other – Low</p>	<p>Who benefits: Environmental Policy: District planning has a mix of private and public benefits, as well as encouraging optimal resource use over time. The District Plan is determined by the community in terms of the Resource Management Act. It therefore applies to, and represents the environmental aspirations of the community as a whole.</p> <p>Who pays: These activities protect the public interests of both residents and business. After maximising user charges (which are minimal and in some years non-existent), the public good portion of this activity cost is allocated in proportion to each sector’s share of the total capital value of the city.</p>
<p>Environmental Consents</p> <p>The Environmental Consents Division is responsible for the regulatory consents and compliance functions for building work in Lower Hutt, for general advice to the public on consenting matters, for co-ordinating LIM applications for Council and for advice on environmentally sustainable residential design and products.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A safe community • A strong and diverse economy • An accessible and connected city • Healthy people • A healthy natural environment • A healthy and attractive built environment 	<p>Public – Medium Other – Medium</p>	<p>Who Benefits: Environmental Consents: The environmental consents activity is undertaken to ensure that public welfare is not jeopardised by the actions of individuals or groups now or in the future.</p> <p>Building Consents: Current charges for building consents are already considered to be significant. High charges may restrict development activity in the city.</p> <p>Who pays: These activities protect the public interests of both residents and business. After maximising user charges, the public good portion of this activity cost is allocated in proportion to each sector’s share of the total capital value of the city.</p>
<p>Local Urban Environment</p> <p>Council aims to develop an urban environment that will help to attract people and investment and enhance the city’s image. The public space of the city is managed and developed by Council on behalf of the community. The benefits of preserving buildings of architectural, heritage and historic value are to both the community as a whole and the owner or occupier. Council purchases the public benefit of this on behalf of the community.</p>	<p>This activity contributes to all Community Outcomes.</p>	<p>Public – Med/High Other – Med/Low</p>	<p>Who benefits: Council aims to carry out improvements to public areas to improve the amenity value of the city. Most of the benefits from this activity accrue to the community as a whole. Certain parts of the community, such as business owners, may gain distinct private benefits as a result of council work in shopping areas etc.</p> <p>Benefits are ongoing, and work particularly around the preservation of heritage elements is intended for the benefit of future generations. These intergenerational benefits support the ongoing use of debt financing for associated capital works.</p> <p>Who pays: No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector’s share of the total capital value of the city.</p>

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<p>Economic Development</p> <p>Council has a leading role in fostering the city's growth in a number of ways.</p> <p>These are through creating a business-friendly environment, facilitating the expansion and creation of local businesses and employment, increasing tourism to the city and contributing to regional growth through regional economic development initiatives. Individual businesses generally have insufficient incentives to explore opportunities that benefit the city as a whole as well as themselves. The city's businesses and residents benefit from Council's support of the business sector and from the promotion of the city as a place to visit.</p>	<p>This activity contributes primarily to the following Community Outcomes:</p> <ul style="list-style-type: none"> • A strong and diverse economy • An accessible and connected city • Strong and inclusive communities 	<p>Public – Med/High Other – Med/Low</p>	<p>Who benefits: These projects are targeted at regional cooperation and growth industries. The general economic development function of Council aims to increase jobs and wealth for the benefit of the whole city in the long term.</p> <p>Who pays: No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>
<p>City Promotions</p> <p>Council undertakes a number of activities in this area including external communications (eg to residents and businesses), marketing and promotions, web based information and local and national level events.</p> <p>Council does this to ensure that all parts of the community have the information they require about Council, are aware of what is happening in the city, can do business with us online and have access to community and other events.</p>	<p>This activity contributes to all Community Outcomes.</p>	<p>Public – Med/High Other – Med/Low</p>	<p>Who benefits: The beneficiaries of this activity are the people, businesses and organisations in the city who benefit from having access to information, doing business on line with us and who attend or are part of events.</p> <p>Who pays: The City applies for and receives some grant funding to help with specific events in the city. No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees (minimal). The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>
<p>Elected Members</p> <p>Council is an elected body that governs the direction and objectives of the activities it is responsible for on behalf of the city. Community representatives on Community Boards and Community Committees are part of Council and provide local input into governance issues. Council is required by law to have elected members.</p>	<p>This activity contributes to all Community Outcomes.</p>	<p>Public – High Other – Low</p>	<p>Who benefits: The beneficiaries of this activity are the people and organisations in the city who benefit through the democratic governance of the city's affairs.</p> <p>Who pays: No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>

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<p>Advice and Support</p> <p>This activity involves the processes of policy formation, consultation and public accountability on behalf of Council. The most public examples of this are the annual planning and reporting processes and the development of the city's strategic plans. Professional advice and support are necessary to assist the community and their representatives on Council, Community Boards and Community Committees to make informed decisions on behalf of the community.</p>	<p>This activity contributes to all Community Outcomes.</p>	<p>Public – High Other – Low</p>	<p>Who benefits: The beneficiaries of this activity are the people and organisations in the city who benefit through the democratic governance of the city's affairs.</p> <p>Who pays: No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>
<p>Support Services</p> <p>This activity incorporates the organisational support functions that help Council to provide its other activities in the most efficient and effective manner. It includes:</p> <ul style="list-style-type: none"> • Human Resources Management • Financial Management • Corporate Strategy and Risk • General Counsel • Communication and Marketing • Information Services 	<p>This activity contributes to all Community Outcomes.</p>	<p>Public – High Other – Low</p>	<p>Who benefits: The entire community benefits from the Council being run as an efficient organisation.</p> <p>Who pays: No particular sector or group is considered to drive or benefit from these costs beyond those groups that can be targeted by user fees. The public good portion of this activity cost is therefore allocated in proportion to each sector's share of the total capital value of the city.</p>

REVENUE AND FINANCING POLICY

APPENDIX 2

REVENUE AND FINANCING POLICY BY ACTIVITY

	GROSS EXPENDITURE	GROSS REVENUE	CAPITAL SUBSIDIES	OTHER REVENUE	LOAN FUNDED	TARGETED RATE	GENERAL RATE	RATE TYPE												TOTAL %
								RESIDENTIAL	BUSINESS						COMMUNITY FACILITIES					
								RES %	ACCOM %	CENTRAL %	OSGATE %	EASTB %	SURB %	TOT BUS %	UTILITIES %	RURAL %	CF1	CF2	CF3	
Libraries	9,893	621	-	621			9,272	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Museums	4,458	842	-	842			3,616	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Aquatics and Recreation	12,288	5,986	-	5,986			6,302	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Parks and Reserves	13,032	1,969	-	1,969			11,063	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Community Safety and Connections	2,434	89	-	89			2,345	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Community Facilities Development	12,462	-	-	-	10,929		1,533	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Regulatory Services	4,209	2,321	-	2,321			1,888	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Emergency Management	824	-	-	-			824	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Roading and Traffic	28,596	17,154	8,081	9,073			11,442	27.4%	1.4%	9.1%	6.5%	0.4%	40.8%	58.2%	11.9%	0.6%	0.4%	1.1%	0.4%	100.0%
Water Supply	15,356	2,485	149	2,336		12,871	-	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Wastewater	20,786	4,135	520	3,615		16,651	-	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Stormwater	7,147	178	-	178			6,969	61.7%	0.7%	4.6%	3.3%	0.2%	20.9%	29.7%	6.3%	1.3%	0.2%	0.6%	0.2%	100.0%
Solid Waste	7,589	12,900	-	12,900		1,337	-6,648	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Environmental Policy	1,678	-	-	-			1,678	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Environmental Consents	5,108	2,898	-	2,898			2,210	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Local Urban Environment	4,178	300	-	300			3,878	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Economic Development	5,131	150	-	150		132	4,849	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
City Promotions	960	676	-	676			284	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Elected Members	1,826	-	-	-			1,826	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Advice and Support	4,360	-	-	-			4,360	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Support Services	-1,099	2,109	-	2,109			-3,208	78.4%	0.4%	2.5%	1.8%	0.1%	11.3%	16.1%	3.4%	1.6%	0.1%	0.3%	0.1%	100.0%
Total	161,217	54,813	8,750	46,063	10,929	30,991	64,483													
Total Rates	95,475																			
Gross Revenue	54,813																			
Gross Expenditure	161,217																			
Deficit	-10,929																			

INFRASTRUCTURE STRATEGY 2015-2045

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FOREWORD FROM THE MAYOR

I am pleased to present Hutt City Council's 'Infrastructure Strategy 2015-2045', another important strategy to move Hutt City forward. This strategy builds on the groundwork laid by Council's 'Integrated Vision for Hutt City – Making Our City A Great Place to Live, Work and Play'. The 'Integrated Vision' was published in 2014. It outlines the possibilities open to us based on our existing strengths, it addresses issues that we face, and provides a vision for achieving our true potential. To support the 'Integrated Vision' we have developed four underpinning strategies.

The 'Urban Growth Strategy', launched in early 2014, addresses the built aspects of the city and how we will grow and develop to meet the city's housing and business needs. The 'Environmental Sustainability Strategy', completed in December 2014, provides direction to ensure the city's environment is in a sound state for both current and future generations. The 'Leisure and Wellbeing Strategy' will be completed in early 2015 to address the wellbeing of our people, and how to provide wonderful leisure opportunities for this city.

INFRASTRUCTURE

Infrastructure underpins the quality of life we value and includes essential services that are often taken for granted such as water, sewage, stormwater, flood protection, roads and footpaths. These services ensure that the daily lives of our residents, visitors, businesses and communities are supported and protected, and provide the foundation for a multitude of activities to occur – from housing to manufacturing, recreation to public transport. We have a good understanding of our infrastructure, its current condition, the levels of service it is required to provide, and what needs to be done to properly manage and maintain infrastructure out to the end of the century.

This 'Infrastructure Strategy' outlines the core infrastructure that our city relies on and the challenges and issues we face with it, and how we will manage our infrastructure in light of these challenges and issues. It is vital that we manage our infrastructure in a way that ensures it is able to meet the needs of current and future residents, businesses and visitors. This strategy plots a pathway for achieving this outcome.

INFRASTRUCTURE UNDERPINS THE QUALITY OF LIFE WE VALUE AND INCLUDES ESSENTIAL SERVICES THAT ARE OFTEN TAKEN FOR GRANTED SUCH AS WATER, SEWAGE, STORMWATER, FLOOD PROTECTION, ROADS AND FOOTPATHS.



Ray Wallace
MAYOR – Lower Hutt, June 2015

I. CONTEXT

INTRODUCTION

This 'Infrastructure Strategy' is incorporated into the '2015-25 Long Term Plan' (LTP) and is intended to:

- Identify significant infrastructure issues for Lower Hutt over at least a 30-year period.
- Identify the principal option(s) for managing those issues, and the implications of those option(s).
- Decide on the most likely option for responding to these issues.

Capital investment for long-lived assets typically consists of high replacement costs – including planning, design and construction. This significant peak in expenditure is normally followed by long periods where relatively low investment is required. This 'Infrastructure Strategy' provides the opportunity to consider the best way to manage and allocate this capital investment.

At a national level, sustained investment is needed over the next 20-30 years for the replacement and upgrading of ageing infrastructure. It is estimated that an infrastructure funding gap (the capital investment required compared to the projected revenues) of \$11.5 billion nationally will occur over the next 10 years.

However, for Hutt City Council the situation is less pressing – our core infrastructure

has been managed well over many years, and we do not anticipate any significant unplanned capital investment over the next three decades.

AN INFRASTRUCTURE VISION

Council has an important stewardship role for city infrastructure over the long term. The infrastructure vision incorporated within this strategy is:

Infrastructure is resilient, fit for purpose, affordable and meets the needs of today without compromising the needs of tomorrow.

Building on this vision, Council and its community should aim to develop long-term goals and underpinning principles for guiding the strategic management of infrastructure. The proposed principles are to:

- Protect people, property and the environment.
- Contribute to creating liveable communities that allow for a wide range of activities to take place.
- Ensure infrastructure is resilient for the long-term and adaptable to changing circumstances.
- Increase community understanding and awareness of infrastructure services and issues facing them.
- Ensure robust information underpins long-term infrastructure decisions and that it is cost-effective.

- Ensure that infrastructure complies with all appropriate regulations or standards.
- Collaborate with stakeholders and partners to ensure joint outcomes are achieved.

It is likely that over the course of the next 30 years (the period of this Strategy) significant changes in the operating environment will occur. These changes will include developments in technology, service delivery costs, desired service levels, population and employment trends, changes in governance and administration, or impacts from climate change. Many of these factors and their impact become increasingly uncertain over time – meaning that infrastructure decisions will need to be made that are robust for a range of possible futures.

¹ Waugh Infrastructure report, *Infrastructure Management Forecasting the Changes to 2030 (2013)*: waughinfrastructure.com/wp-content/uploads/2013/06/Waugh-Infrastructure-Management-%E2%80%93-Forecasting-the-Changes-to-2030-Ingenuity-Conference-2013-Dunedin.pdf

ABOUT HUTT CITY

GEOGRAPHY

Hutt City encompasses a total area of 38,000 hectares, stretching from Haywards Hill and Stokes Valley in the north to Turakirae Head in the south. It is bounded to the west by Belmont Regional Park and to the east by the Rimutaka Forest Park.

The Hutt River (Te Awa Kairangi) is a defining element of the city, rising in the southern Tararua Range it flows south-west along the Wellington Fault until it reaches Lower Hutt, where it turns south to Wellington Harbour. The river's headwaters are a major catchment for the region's water supply. Tributaries to the Hutt River within Lower Hutt include Stokes Valley Stream and Awamutu Stream. Other important rivers and streams in the district include the Wainuiomata River, Korokoro Stream, Waiwhetu Stream, and the Orongorongo River.

Hutt City's coastline stretches around Wellington Harbour from Petone Beach to Pencarrow Head, and continues outside the harbour to Baring Head and on past Turakirae Head to Windy Point (south of Mt Mathews). The Wellington Fault runs through the city and numerous other faults are also present in the area and across the wider region.

POPULATION

Since the early 1980s the city's population has been largely static, the 2013 national census showing 0.55% growth in the city since 2006. The 2013 population was estimated as 102,900 people, and Statistics New Zealand predicts this population will be subject to slight decline over the next 30 years. However, Council's 'Urban Growth Strategy' (2012-2032) sets a target population of at least 110,000 people living in the city by 2032.

Lower Hutt has a diverse community with relatively high levels of inequality and areas of deprivation – particularly in the north-east of the city. Increasing ethnic diversity is anticipated with a continuing decline in the European population and increases in the proportion of Māori, Asian and Pacific populations. Whilst the population overall continues to age, both Māori and Pacific populations will retain a considerably younger profile.

SETTLEMENT AND CITY DEVELOPMENT

Within months of the first European immigrants settling at Petone in 1840 it was flooded by the Hutt River. Ongoing flooding, together with the 1855 earthquake and tsunami prompted many early settlers to shift to Wellington. To manage the risk of flooding, stop-banks were developed on both banks of the Hutt River, extending through the city.

The Lower Hutt area was mainly developed for agriculture and horticulture until the 1920s, when the New Zealand Government bought large tracts of land for housing. In the mid-1940s state housing for 20,000 people was built in the north-eastern suburbs of the city (Epuni, Naenae, Taita), and a new suburban rail line connected people to workplaces further down the valley and in Wellington City. Subsequent development radiated out from the Hutt Valley flood plain.

From the 1960s, middle-class home buyers headed for the western hill suburbs – necessitating supporting infrastructure development in those areas. Maungaraki was developed by the then city council for private housing, and was the largest local government subdivision in New Zealand, involving significant earthmoving to cut hilltops and fill valleys. Today, the main commercial centres are Lower Hutt and Petone, while residential suburbs are located on the western hills, Eastbourne, Wainuiomata, the valley floor, and eastern suburbs.



Hutt City Suburbs and Wards

THIS STRATEGY

Our long-term approach is to maintain and operate the existing system to a high standard to meet legislative requirements and community expectations and to enhance the infrastructure to meet anticipated future needs. This Strategy takes a 'multi-asset' approach – looking across different types of infrastructure, rather than within a single category – and aims to ensure that Hutt City is managing and building the right long-term infrastructure in the right place, at the right price. This Strategy also provides the opportunity to consider a range of challenges, including:

- Interdependencies between different infrastructure types.
- Overall infrastructure resilience to risks, hazards and shocks.
- Changing demand for services or changes to levels of service.
- Ongoing affordability across a range of infrastructure types.

Operational issues related to each category of infrastructure are dealt with in Council Asset Management Plans (AMP's). This Strategy aims to provide an assessment of issues facing key infrastructure, and the way that Council will address these issues. The direction provided through this Strategy – alongside other key Council strategies – will have significant

implications for the city's future and affect decision-making within Council and across the city, including for:

- Asset management planning.
- District Plan changes.
- Council expenditure and prioritisation.
- Long Term Plans and Annual Plans.
- Responding to risks in areas such as natural hazards and climate change.

INFRASTRUCTURE INCLUDED IN THIS STRATEGY

This Strategy includes all of the mandatory categories required under the Local Government Act (LGA), namely:

- Water supply.
- Wastewater (sewage treatment and disposal).
- Stormwater drainage.
- Roads and footpaths.
- Flood protection.

In this Strategy, flood protection is incorporated within the stormwater drainage category. Flood protection of the Hutt River is also covered in the Wellington Regional Council Infrastructure Strategy for major waterways.

Infrastructure networks in Hutt City are not isolated from activity occurring at a regional and national level, and some of our infrastructure is shared or co-managed with other councils in the region. Hutt City Council works closely and collaboratively with appropriate organisations to ensure consistency, efficiency and effectiveness in our respective work. Council elected to only include the mandatory categories of infrastructure in this Strategy. Additional categories may be included in future iterations of the Strategy. Categories of infrastructure that are not included within this Strategy include:

- **Council owned/managed:** Parks and gardens, libraries, swimming pools, halls and community facilities, playgrounds.
- **Regionally owned/managed:** 'Bulk' water supply infrastructure, flood protection, public transport, coastal management, emergency management services.
- **Government owned/managed:** Rail corridors, state highways and bridges, schools, hospitals, conservation land, social services, emergency services.
- **Privately owned/managed:** Utilities – electricity, gas, telecommunications.

INFRASTRUCTURE NETWORKS

Hutt City has a series of well-developed and modern infrastructure networks and the overall condition of these networks is good. The total capital replacement value for Council owned infrastructure included in this Strategy is \$1.8 billion, while each year Council spends around \$138 million on managing infrastructure. The extent of Council infrastructure networks in this Strategy is as follows:

INFRASTRUCTURE CATEGORY	TOTAL LENGTH	ESTIMATED VALUE ²	KEY COMPONENTS	LEVELS OF SERVICE	CONDITION AND LIFESPAN
Wastewater	681 km (pipelines)	\$544m	<ul style="list-style-type: none"> • Treatment plant • Sewage trunk mains 	<ul style="list-style-type: none"> • Residents' satisfaction • No resource consent infringements • Reliability of service • Prompt issue response 	68% of wastewater pipes are rated moderate or better condition. Around 60% of pipes are due to reach the end of their useful life within the next 40 years.
Water supply	677 km (pipes)	\$255m	<ul style="list-style-type: none"> • Reservoirs • Water mains • Pump stations 	<ul style="list-style-type: none"> • Residents' satisfaction • Compliance with NZ Drinking Water Standards • Quality of water (measured by Ministry of Health) • Reliability of service • Prompt issue response • Maintain consumption levels 	Nearly 75% of the network is rated moderate or better condition. Around 65% of pipes have a remaining life of 40 years or less.
Stormwater	548 km (pipes)	\$311m	<ul style="list-style-type: none"> • Stormwater mains • Pump stations 	<ul style="list-style-type: none"> • Residents' satisfaction • Reliability of service • Achieve water quality at main recreational beaches • Prompt issue response • Network upgrading aims to accommodate a 10-50 year 'average recurrence interval' (the average period between exceeding this level of rainfall) 	Over 90% of the stormwater network is rated as moderate or better. The lifespan of stormwater assets varies between type of asset. For example, minor culverts have an estimated average design life of 100 years, while major culverts generally last 80 years. The majority of stormwater pipes will not need replacing for over 40 years, with many pipes still good for 70 years or more.
Local roads and footpaths	481 km (roads) 728 km (footpaths)	\$734m	<ul style="list-style-type: none"> • Roadways and bridges • The eight bridges in the district that cross the Hutt River are, from south to north: <ul style="list-style-type: none"> – Waione St (or 'Estuary') Bridge – Ava Rail Bridge – Ewen Bridge – Melling Bridge – Kennedy Good/Avalon Bridge – Taita Rail Bridge – Silverstream Rail Bridge – Silverstream Road Bridge 	<ul style="list-style-type: none"> • Residents' satisfaction • 'Quality of ride' measured by the percentage of the road network meeting roughness standards. • Accident trend (measured by NZTA). 	NZTA's 'Road Condition Index', which measures the condition of the road surface in relation to road safety, has shown an improving trend in Hutt City. Lifespans vary between various roading assets: for streetlights it is 25 years, while a bridge may last five times as long; chipseal has an average lifetime of 12 years; asphaltic concrete lasts for about 15 years.

² Estimated value is the replacement value for all assets in category valued at 31 Dec 2011 (10 March 2011 for roading), excluding land value. Wastewater includes approximately \$44m owned by Upper Hutt City Council.

Current and planned investment in our infrastructure means that the proportion of pipes rated as poor will drop markedly in coming decades. Most of our infrastructure was built in two tranches in the 1930's and 1950's. The average age is over 30 years while average life expectancy varies from 10-80 years, depending on the infrastructure type. The lifespan of an individual infrastructure asset can be estimated and programmes are put in place to renew or replace the asset at the end of its economic life. However, for some assets their long life and extremely high replacement values means that techniques are often applied to extend their economic life and they are likely to be maintained in perpetuity. When multiple assets in urban areas have overlapping upgrading, renewal and maintenance schedules, the assets' combined lifespans are effectively eternal.

KEY INFRASTRUCTURE NETWORKS

The following section provides further information on each of the key infrastructure categories included in this Strategy.

WASTEWATER

The main functions of the wastewater system are to collect, treat and dispose of wastewater from residential and business properties, and industrial liquid wastes (or trade wastes). The wastewater system

consists of a network of pipes connecting to each property, which in turn discharge into a system of larger-diameter trunk sewer pipes.

There are two main trunk sewer pipelines for the Hutt Valley – one follows the western Hutt River stopbank, and the second passes through the eastern suburbs of Taita and Naenae, before following the rail corridor through to Moera. The trunk sewers convey wastewater from Lower Hutt and Upper Hutt to the treatment plant at Seaview. Treated effluent from the Seaview plant is then conveyed to an outfall at Pencarrow Head.

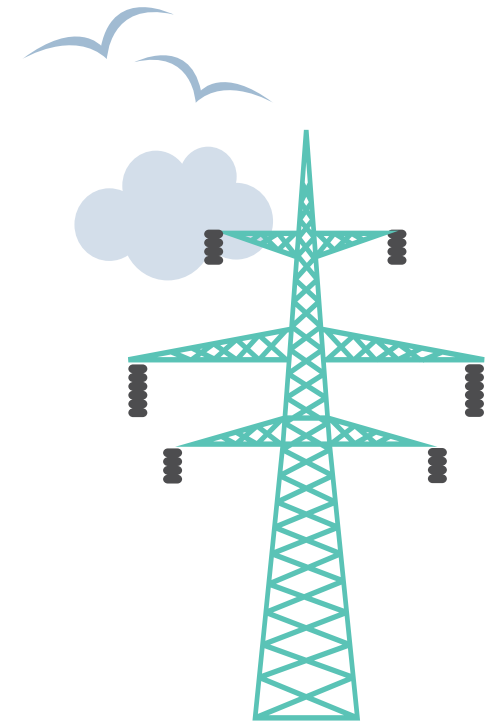
During wet weather, there is the possibility of stormwater entering the wastewater system (inflow), or groundwater entering the wastewater system (infiltration), leading to possible overloading of the system and consequent overflows which present health, water recreation and water quality issues. Existing infiltration/inflow reduction strategies, including pipeline inspection and renewal programmes, are designed to minimise the entry of stormwater or groundwater to the wastewater system. It is estimated that these strategies will achieve a reduction in average storm water volumes in the wastewater system from 20 per cent down to 15 per cent over the next 20 years. Critical assets are identified in the Asset Management Plan (AMP) and include large diameter pipes, trunk pipes, the Seaview Wastewater Treatment Plant,

and the Silverstream Storage Tank. Seven out of the 22 pumping stations in the Hutt City wastewater network are identified as critical. It is assumed that critical assets will be replaced close to or at first failure and that non-critical assets will be repaired at first failure. A further 10-20 years of life is expected from these non-critical repaired assets before replacement.

WATER SUPPLY

Bulk water is purchased from the Regional Council and comes from several sources including the Te Marua Lakes, the Wainuiomata and Orongorongo Rivers, and the Waiwhetu Aquifer. The Regional Council estimates that an additional water supply source for the region will be required by about 2035.

Hutt City's water supply system consists of a network of water mains, pumping stations, and reservoirs. All of this water meets the required public health standards. Most areas of the city meet expected standards for water storage (in reservoirs or storage lakes) and water pressure, while some areas for improvement have been identified in Asset Management Plans. Critical assets are identified in the AMP and include large diameter pipes, together with all reservoirs and pumping stations. Good health outcomes are achieved through careful management of the water supply and distribution infrastructure.



STORMWATER

The stormwater system manages surface water run-off to minimize flooding, damage from flooding, and adverse effects on the quality of receiving water. The primary stormwater system consists of pipes, open drains, retention dams and pumping stations. Stormwater is directed through streams, rivers, channels and pipes to the harbour. 'Secondary flow-paths' are provided in some areas to accommodate floodwaters when the primary system is overloaded.

The majority of the existing stormwater infrastructure was designed to accommodate a five-year "average recurrence interval" rainfall event. As such, some of the infrastructure may be overloaded when more severe rainfall is experienced. Service level expectations are now higher than when the system was designed, and general replacement or renewals are now built to a 10-year average recurrence interval standard.

Council is continuously upgrading the network as part of its asset renewal and development programme, this includes funding hydraulic modelling to inform catchment management plans and to prioritise investment decisions. When stormwater upgrades are undertaken, factors such as increased rainfall due to climate change are considered and the

design is modified appropriately. Under the proposed Greater Wellington Draft Natural Resources Plan, councils will be required to hold resource consents for stormwater discharges. This may require upgrades to the network to meet environmental standards, and could increase the need to consider alternate stormwater management approaches (e.g. raingardens, swales) when developing new areas of the city. Critical assets are identified in the AMP and include large diameter pipes, pipelines that operate under pressure, pipes located beneath buildings, stormwater intakes and flap gates on stormwater pipelines. Two of the fourteen pumping stations have been identified as critical.

FLOOD PROTECTION

Flood protection is important for city planning and development based on management of risk. Components of a robust flood protection system include stopbanks to prevent the occurrence of flooding, stormwater management to drain water away effectively and efficiently, and landuse controls to minimise exposure of property or infrastructure to flood risk.

A key planning requirement is to understand the likelihood and consequence of a flood that goes beyond agreed levels of flood protection. Avoiding building in high hazard

areas is one way of managing flood risk in the long-term. Flood protection in urban areas takes place via stormwater management (the responsibility of Hutt City Council) and through management of flood risk for significant waterways (primarily the responsibility of the Greater Wellington Regional Council (GWRC)). Hutt City Council works in collaboration with GWRC to develop and implement "catchment environmental strategies" (currently in place for the Hutt River) and Floodplain Management Plans (currently in place for the Hutt River and under development for the Waiwhetu Stream). The two Councils are also currently working on a major project to upgrade the CBD stopbank and enhance the river promenade.

ROADING AND FOOTPATHS

The purpose of the roading network is to provide for safe, convenient and efficient transportation through the city. Appropriately designed road and footpath networks can enhance living environments enabling Hutt City residents to interact and achieve social, economic, educational and other goals. The needs of all road users are recognised, including pedestrians and cyclists.

As well as roads and footpaths, roading assets include carparks, walkways, bridges, subways, street lighting, seawalls, and

items such as parking meters. Of our total infrastructure value in this category, about 50 per cent is pavements (roads and footpaths), 20 per cent is bridges, and the remainder consists of streetlights, parking meters, signage, and so on.

Hutt City Council is taking a leading and progressive approach nationally in managing its roads and footpaths, including our advanced pavement deterioration modelling and our assessments of bridges for seismic strengthening. Critical assets include key strategic or arterial routes and bridges within Hutt City.

2. SIGNIFICANT INFRASTRUCTURE ISSUES, MANAGEMENT OPTIONS AND IMPLICATIONS

The significant infrastructure issues identified for Hutt City, together with the principal options for managing those issues and the implications of those options are outlined in the following section.

NATURAL HAZARDS

Much of Hutt City is located on a floodplain and large parts of the city are vulnerable to natural hazards. Natural hazard risks in Lower Hutt include:

- **Landslide/slope failure:** Western Hills, Eastbourne and Bays, and Wainuiomata Hill Road are most vulnerable.
- **Flooding:** Parts of the Hutt Valley flood plain could be subject to damaging flooding in the event of stopbank failure or overtopping.
- **Earthquake:** Fault rupture could cause catastrophic subsidence in Petone, and liquefaction in low elevation floodplain areas.
- **Tsunami:** Initial wave and ongoing wave oscillation within the harbour (seiche) could lead to major flooding to the Hutt Valley and significant damage to coastal infrastructure.

While the risk of a natural hazard event changes little over time, the exposure of property and infrastructure increases as investment grows in an area.

Infrastructure effects: Impacts of a significant natural hazard event are likely to be felt across multiple categories of infrastructure and reinstating services could take a significant period of time. 'Lifelines' reports³ estimate that following a major seismic event water supply may be disrupted for 20-30 days, and Lower Hutt road connections to Wellington CBD, Upper Hutt and Kapiti Coast may be disrupted for 8-12 weeks. A key roading issue is a lack of resilience for connections from Lower Hutt to Wellington City and Wainuiomata (ie, single access routes). For flood risk, a key planning requirement is to understand the likelihood and consequence of a flood that goes beyond agreed flood protection/stopbank levels. When flooding occurs, stormwater could inundate areas where people live, posing health risks through human contact with potentially contaminated water.

Principal management options: Current practices include strengthening at-risk infrastructure, robust emergency preparedness and responses and insurance provisions. Emergency responses for water supply may include desalination, a cross-harbour pipeline, or emergency storage of treated water. Insurance options include market cover, or self-insurance (setting aside funds for covering foreseeable events). Council aims to maintain appropriate

levels of insurance to safeguard against significant losses. Current practices also include providing backup networks (such as the stormwater secondary network) or redundancy (eg, the provision of portable generating capacity to ensure that pumping stations can continue to operate if electricity supply is lost). To deal with the highest risk areas – such as those exposed to large subsidence in an earthquake, Council Asset Management Plans identify critical and at-risk assets, and the means for mitigating risk or providing redundancy.

Implications of options: Current practices increase the resilience of individual components of infrastructure networks to natural hazards, and prepare communities for hazard events. However, resilience in parts of Hutt City may reduce as increased development and investment occurs in at-risk areas.

Council response: Significant work has already been carried out to ensure asset preservation, for example many bridges and reservoirs in the district have been seismically strengthened, or are identified for such work. Some existing or proposed projects, such as the Cross Valley Link roading work, will help us to achieve increased resilience. Council is continuing to carry out a range of projects to ensure that we are managing risks from natural hazards. Projects that will occur during the course of this Strategy include:

- **Bridge seismic strengthening:** \$1.6m is funded to strengthen three remaining bridges requiring works with work planned for 2015/16 (2 bridges) and 2020/21 (1 bridge).
- **Network resilience:** \$2.9m is allocated to increasing the ability of the roading network to withstand shocks. Construction is planned for 2020/21.
- **Critical water supply pipelines seismic upgrade:** \$19.3m is funded for ensuring security of supply through upgrading of outdated or critical pipes between 2015-45.
- **Water reservoir seismic upgrades:** \$4.4m is allocated for seismic strengthening works to be carried out to five reservoirs with work to take place between 2015-32.
- **Water main renewals:** \$3.1m is funded for earthquake resilience upgrades to connect two water systems with work planned for 2015/16, 2022/23, 2023/24, and 2029/30.

Further work is proposed to ensure that Council is as well prepared as possible to deal with the potential effects of natural hazards on our infrastructure – refer to the section on 'Implications for further work' in this document.

³ *Lifeline utilities restoration times for metropolitan Wellington following a Wellington Fault earthquake* (November 2012) <http://www.getprepared.org.nz/sites/default/files/uploads/WwLG%20Restoration%20times%20report%202013.pdf>; *Restoring Wellington's transport links after a major earthquake* (March 2013); <http://www.getprepared.org.nz/sites/default/files/uploads/WwLG%20Transport%20Access%20Report%202013.pdf>

CLIMATE CHANGE

Changing temperatures and rainfall patterns, sea level rise and the likelihood of more intense storms and extreme weather events, such as heavier rainfall and drought periods, are likely to place increased pressures on our infrastructure, including increasing the likelihood of flooding.

The Ministry for the Environment recommends that councils plan for sea level rise of between 50 and 80cm by the 2090's, and continued rise beyond that. By 2050 sea level is expected to have risen by an additional 30cm on top of the 20cm that has already been observed.

Council's 'Long Term Plan 2015-2025' (LTP) contains statements relating to the effects of climate change in the Storm Water Management and Economic Outlook sections. In addition, Asset Management Plans take account of climate change using Government guidance⁴.

Infrastructure effects: Increased drought periods may put pressure on water supply infrastructure, while more intense storms may exceed the capacity of some stormwater systems.

Sea level rise is likely to be a greater concern, increasing incidence of flooding, and damaging or threatening the viability of coastal infrastructure in the long-term.

For example, it may compromise the ability of the stormwater network to drain efficiently, lead to increasing severity of damage to seawalls and coastal roads, public and private property, and other infrastructure such as wharves.

Parts of the city are likely to experience reduced resilience as increased development and investment occurs in at-risk areas.

Principal management options: Increased storm intensity and associated flood risk is being managed by replacing pipes with larger diameter ones with greater capacity in appropriate locations. Increasing the number of pump stations to handle greater water volumes is also an option, as is investment in peak flow storage.

For water supply, increased incidence of drought is being factored into estimates for projections of bulk water supply at the regional level. For sea level rise, there is the option of building protective or mitigating structures such as sea walls, which may deliver added benefits such as footpaths or cycleways. Other options include dune restoration, planning restrictions, and planning for a managed retreat in areas where there is no economically viable solution. Council could also invest in education, collaboration and communication to enhance community engagement and

increase understanding and acceptance of risk.

Implications of options: Increased risk of asset failure or damage means increasing costs in the medium to long term.

Council response: Climate change effects are currently under consideration for the work to upgrade the Hutt River stopbanks between Boulcott and Ewen Bridge, where recent studies indicate that a 1 in 440 year event could become a 1 in 50 year event by the end of this century due to climate change. More work is likely to be needed in other areas to determine the likely impacts of climate change and the costs and benefits of various response options, and this will form part of our programme for addressing climate change and resilience (referred to in Council's 'Environmental Sustainability Strategy'). Further work is proposed to ensure that Council is as well prepared as possible to deal with the potential effects of climate change on our infrastructure – refer to the section on 'Implications for Further Work' in this document.



⁴ MfE, *Climate Change Effects and Impacts Assessment – A Guidance Manual for Local Government in New Zealand* (2008). <http://www.mfe.govt.nz/sites/default/files/climate-change-effect-impacts-assessment-may08.pdf>

ENVIRONMENTAL PRESSURES

Achieving a balance between infrastructure provision, cost and sound environmental management can be challenging.

Pressures on the environment can be due to the construction or operation of infrastructure and may include:

- Greenhouse gas emissions from transport and buildings
- Water depletion
- Pollution from sewer and stormwater discharge
- Wastewater odour or waste disposal
- Environmental degradation and biodiversity loss
- Changes to natural waterways (impacting on recreational, biodiversity and landscape values).

Infrastructure effects: Stormwater and wastewater can carry contaminants which may be transferred into rivers, streams and the marine environment. Some elements of infrastructure operation can restrict ecological processes (eg, piped or channelled waterways making fish spawning difficult), while others require significant energy or resource inputs (eg, pumping and treatment of water). Environmental concerns will increasingly influence the management of roading

assets. As technologies such as electric vehicles gain traction, there will be pressure for councils to provide adequate support services (eg. charging stations). The active transport (walking and cycling) lobby will also stimulate roading services to adapt how they provide services. These changes will also provide opportunities to improve community outcomes, such as the overall health of residents.

Principal management options: River and sea water quality are measured for levels of contamination, which reflect how well the city has been keeping stormwater free of these substances. The better this is managed, the more desirable rivers and beaches are for swimming, dog-walking and other recreational activities. Council is also beginning to explore alternative service delivery methods with improved environmental outcomes, such as Low Impact Urban Design (LIUD). In the future technological improvements or more stringent pollution controls are likely to deliver improved environmental outcomes.

Implications of options: Expectations within the community are that higher standards of environmental protection will be achieved over time, particularly for stormwater and wastewater. There is increasing recognition that approaches such as LIUD will offer reduced costs and greater sustainability for the long-term.

Council response: Stormwater and wastewater requirements already exist to contain and minimise adverse environmental effects. Health and high quality are core elements of water supply. For roads and footpaths, minimising greenhouse gas emissions is a key element of project efficiency and effectiveness (as considered by NZTA). Council's 'Environmental Sustainability Strategy' outlines goals for leadership, protection and enhancement of the environment, and these concepts are adopted in this Infrastructure Strategy.

POPULATION AND DEMOGRAPHIC CHANGE

Description: Statistics New Zealand indicates that an ageing population will dampen population growth, but there will be more households, partly because of the trend to fewer people per household. For Lower Hutt the ageing population is expected to result in:

- A shift toward one and two person households and a fall in the average household size from around 2.7 people today to around 2.4 in 2032
- A fall of around 5000 working-age people in all areas of the city between 2006 and 2032.

Council's 'Urban Growth Strategy' aims for a total population of 110,000 by 2032 (growth of 0.6% p.a.), with an additional 6,000 homes over the same time period. It is expected that population growth would be concentrated in some areas of the central valley and Western Hills areas. This anticipated level of growth is used in the LTP and in this Strategy.

Infrastructure effects: Much of our infrastructure demand is driven by the number of households, and not from the total population. A drop in population is not likely to have much impact on infrastructure needs. Treasury⁵ notes that some areas of public spending are likely to expand as a result of population ageing, while other areas of expenditure may shrink. A recent report from the Auditor General⁶ finds that an ageing population may mean that household incomes will be under increasing pressure. Demand for some services such as public transport and quality footpaths may increase, while the possibility of pressure on infrastructure and service affordability could lead to changed expectations for services and levels of service provided.

Principal management options: Identified options include the introduction of additional demand management initiatives, altering funding mechanisms, enabling modular or scalable infrastructure services, or increasing involvement of community volunteers.

5 The Economics of Population Ageing (2002) <http://www.treasury.govt.nz/publications/research-policy/wp/2002/02-05/twp02-05.pdf>

6 Water and Roads: Funding and Management Challenges, <http://www.oag.govt.nz/2014/assets/docs/water-and-roads.pdf>

Implications of options: If development doesn't occur as anticipated then Council is not committed to spending on additional infrastructure services, the work will only take place if development is assured. There is little risk to our infrastructure with an ageing population, as there are no major spending requirements identified that are not already included within the LTP. Councils 'Financial Strategy' limits rate increases to the rate of increase of the Consumers Price Index (CPI), and Council has no intention or need to impose larger rate increases on our ratepayers. We also have a strong credit rating which means Council can afford to increase the level of borrowings if required.

Council response: The Treasury report finds that the economic implications of population ageing across New Zealand are pervasive, complex, and inherently uncertain and would benefit from further research focus. This suggests the need for Hutt City to more specifically identify the likely effect of an ageing population on our rates income and long-term expenditure. Further work is proposed to ensure that Council is as well prepared as possible to deal with the potential effects of population changes on our infrastructure – refer to the section on 'Implications for Further Work' in this document.

MANAGING HUTT CITY INFRASTRUCTURE

CHANGESTO LEVELS OF SERVICE

Hutt City Council requires levels of service to be of a high standard for quality, responsiveness and timeliness, as agreed through community consultation and asset management processes. There are a number of indicators for monitoring the performance and service provided by city infrastructure, as follows:

LTP performance measures: Performance measures published in the LTP and reported on in the 'Hutt City Council Annual Report' enable the community to judge the standard of the infrastructure service.

Customer standards: Quality and service availability, target response times for addressing problems with service provision, and courtesy, e.g. keeping property owners informed of system maintenance or other works.

Activity standards: Activity standards cover aspects of activity likely to be of concern to the community, such as service quality, customer focus, cost-effectiveness, environmental performance and compliance with legal and industry standards.

Management indicators: Indicators relating to the performance of particular assets (e.g. pump stations), and the performance of service contracts.

For stormwater, wastewater, water supply and roading Hutt City Council consistently achieves satisfactory service levels (as indicated through LTP measures). Council looks to improve levels of service in response to community expectations, and it is always important to take a consistent and robust approach to considering changes. Any planned increases or decreases in levels of service will need to be well justified and ensure that risks are managed. Key factors in determining changes to levels of service include criticality, lifespan, condition, level of risk exposure and cost implications.

Some of our planned work relates to increasing the level of service provided above current levels. For example, for the stormwater network some of the renewals spending is for increased capacity of pipes (ie. replacing with larger diameter pipes). Work on Awamutu Stream is an example where channel widening and deepening, and increased stormwater pumping station capacity will be developed to reduce the likelihood of flooding in that area. For the wastewater system there is work being done to deliver increased levels of service, particularly for discharges to Waiwhetu Stream, in anticipation of new regional plan requirements for discharges to water. For the roading and footpaths category there are a number of projects that will deliver increased levels of service, including the proposed Cross Valley Link

(CVL) and the potential Petone-Grenada road – delivering improved travel times between Lower Hutt and Porirua, Kapiti and Wellington City. The potential for a replacement Melling Bridge will also improve levels of service for the Lower Hutt CBD.

Expectations for levels of service from public infrastructure are likely to vary over time as communities change, and include consideration of cultural needs and provision of services to vulnerable members of the community. It is likely that the public will desire an increased role in determining the extent and spend on key infrastructure in coming decades. There may be growing demand for increasing levels of service at lower cost (eg, higher levels of flood protection). Some of this may be able to be met through development of more efficient and cost-effective technologies and capital investments, including shared service models.

MAINTAINING OR IMPROVING PUBLIC HEALTH AND ENVIRONMENTAL EFFECTS

Public health outcomes are managed on an operational basis through compliance with appropriate legislation and standards for water delivery, stormwater and wastewater management, and for safety of our roads and footpaths. In this Strategy, Council intends to continue its focus on ensuring that public health and environmental standards

are met or exceeded, and continue to work actively with Regional Public Health and other health authorities to achieve this.

INFRASTRUCTURE RESILIENCE

Infrastructure resilience encompasses both shock events (such as earthquakes) and emergent risks (such as climate change impacts). In its widest sense, infrastructure will need to be resilient across economic, environmental, social and cultural elements. Strengthening resilience has a strong link to improving health and wellbeing, enabling a strong economy and communities and is likely to be cost-effective in the long-term.

A key task is to improve both Council and community understanding of risk and apply appropriate risk management measures. This might involve, for example, identifying the proximity of key infrastructure to high-risk areas such as faultlines, steep banks, flooding, vulnerability to liquefaction, or areas affected by sea level rise. Building resilience is not always about making things stronger. In some instances there may be the need to investigate the relocation, duplication, increased redundancy or operational changes for infrastructure in the highest risk areas. Investigations take place through development of Asset Management Plans, to identify risks and appropriate responses.

Council's Asset Management Policy states that asset management will be undertaken using a risk-based approach, and will be cost effective and sustainable in the long-term. Key outcomes Council aims to achieve include reducing risk, increasing resilience, and minimising physical and social losses. Resilience is a key consideration for how, when and where investment should take place.

Council is both responsive and proactive in the way that its infrastructure is managed, depending on the criticality of the infrastructure. Clearly Council aims to avoid failure of critical infrastructure, however, failure of less critical infrastructure such as smaller pipes, minor roads, footpaths and so on may have little impact overall.

There will frequently be a requirement for one category of infrastructure to rely on another, for example where the failure of one may have serious repercussions for the other. The National Infrastructure Advisory Board states that "understanding the interdependence between assets and managing the demand across the whole system is crucial"⁷.

At the asset level Activity Risk Management Plans outline the risks associated with providing infrastructure services, and the risk management activities associated with their operation, maintenance and

management. Resilience is increasingly being incorporated into AMPs, including via contingency and emergency planning. For the roading network Council has commissioned a resilience study to examine parts of the network at risk from earthquake and other hazards, as well as possible mitigation measures.

IMPLICATIONS FOR FURTHER WORK

Stemming from the issues identified in this Strategy the following focus areas are proposed as the basis for specific projects within the initial three-year period of the LTP (2015-2018). The implementation of such projects will require specific programme, project, or activity plans, and may require funding through future Annual Planning or LTP processes.

SPATIAL PLANNING

Many aspects of our infrastructure vary due to geographical/spatial factors. For example, natural hazard risks are greater in close proximity to faultlines and sea level rise risk is greatest close to the coast. Both the Government's Infrastructure Efficiency Expert Advisory Group (IEEAG) and the National Infrastructure Unit of Treasury support a spatial planning approach.

A regional spatial planning approach is currently being investigated with



⁷ National Infrastructure Advisory Board, *Demand Management* (2013), infrastructure.govt.nz/plan/2011implementation/niab-demand-management-thinkpiece-sep13.pdf

participation from Hutt City Council. The regional approach will encompass factors such as risk and resilience, growth and demand, and economic and demographic factors. Infrastructure would form one of the key elements of such a spatial plan, but the scope of such work would be wider than infrastructure only. This might involve, for example, identifying the proximity of key infrastructure and other activities to high-risk areas such as faultlines, steep banks, flooding, vulnerability to liquefaction, or areas affected by sea level rise.

In 2015, the Parliamentary Commissioner for the Environment will be releasing a report showing which areas of the coastline around the country are most vulnerable to sea level rise and assessing the risk to the infrastructure in those areas. The outcomes of this report may be beneficial for spatial and coastal planning for Hutt City. Until this work is further progressed, the implications for infrastructure are unknown, but will be considered in future iterations of this strategy.

ANALYSIS AND MODELLING

Council Asset Management Plans should continue to develop new or enhanced modelling tools, which allow Council to:

- Evaluate long-term infrastructure investment options including capital spend and 'whole of life costs'

- Develop methodologies to strike the balance between cost (including asset replacement or renewal), level of service and risk exposure
- Assess long-term risk/resilience issues based on multiple hazards, disruptions, likely challenges or changes expected. Robust scenario modelling would inform Council of the impacts for alternate options, for example, investigating if managed retreat approaches would ever be needed in areas prone to increasing flood risk
- Establish how level of service adjustments may be made between infrastructure categories or geographic areas (this is related to the criticality of assets outlined in AMP's)
- Prioritise infrastructure expenditure based on criticality and condition of assets. For underground pipes, predictive modelling is used together with observation and testing to identify pipe condition. If failure starts to occur then preventative or responsive action is taken and modelling is adjusted accordingly
- Update, improve and add to existing future demand models
- Identify the possible effects of an ageing population on our rates income and long-term expenditure.

COMMUNICATION AND ENGAGEMENT

It is recognised nationally that better efforts are needed to plan, fund and deliver infrastructure in conjunction with the community to ensure that key projects and decisions reflect community values. This involves improved consultation and engagement with the public and key stakeholders. Council's Asset Management Policy outlines the need to engage with residents and work in partnership with others, become an environmental sustainability leader, and respond to a changing social and economic climate.

Council carries out in-depth community consultation on major infrastructure projects, issues or proposed changes to levels of service. Council has also adopted a 'Community Engagement Strategy' that outlines our philosophy and our commitment to the community, and aims to enhance public engagement through applying best practice. This includes developing ongoing dialogue with stakeholders on key strategic, planning or policy matters. It is expected that this will lead to more effective community engagement across all Council activities over coming years.



3. MOST LIKELY SCENARIO FOR MANAGING HUTT CITY'S INFRASTRUCTURE

SIGNIFICANT DECISIONS ABOUT CAPITAL EXPENDITURE HUTT CITY EXPECTS TO MAKE

We have a good understanding of our infrastructure’s current condition, the levels of service it is required to provide, and what needs to be done to properly manage and maintain infrastructure out to the end of the century. Decisions have already been made on a wide range of key projects for infrastructure investment, and funding allocated within the LTP. There are only a handful of identified projects where significant decisions are still to be made, or where the investment improves levels of service as follows:

INFRASTRUCTURE	PROJECT	SCALE OF COSTS	DECISION/DESCRIPTION	TIMING	PRINCIPAL OPTIONS TO CONSIDER
Roading and footpaths	Cross Valley Link (CVL)	\$1.0m (project feasibility)	The project feasibility investigation will inform full cost estimates and options for development.	Investigation and design study in 2017/18 Decision in 2018/19	Bring feasibility work back to 2015/16. We would seek to work with NZTA to deliver this in conjunction with other major projects such as the Petone to Grenada route.
Roading and footpaths	CBD Riverbank replacement parking	\$1.6m	Compensating for lost carparks due to stopbank relocation work. Decision required on the need for any replacement carparking in the CBD and its configuration.	Decision required by 2016/17	Include replacement parks in stopbank areas to be upgraded or survey carpark requirements across the city and assess need for replacement parks.
Roading and footpaths	Additional funding for city walkways and cycleways	\$10.9m	Development of Eastern Bays, Hutt Valley and Wainuiomata Hill shared walkways/cycleways providing increased level of service. Also includes a potential contribution to Petone/Ngauranga cycleway. This would result in an accelerated cycleway programme if funding is secured.	Construction of Hutt Valley (2015-18), Eastern Bay's (2015-18), and Wainuiomata (2015-17)	Seek additional funding from the urban cycleway fund to accelerate the programme of works.
Roading and footpaths	Replacement Melling Bridge	\$20-80m	To alleviate congestion and reduce flooding risk a replacement bridge is being considered. Decisions will need to be made on the timing, funding provision, location and design elements for the proposed bridge.	Decisions considered by 2016 Replacement commenced by 2024	Discussions are under way between HCC, GWRC and NZTA to investigate the feasibility of such a project in conjunction with the preferred options for Hutt River stopbank realignment and upgrades in the CBD.
Stormwater	Awamutu Stream	\$5.7m	Channel improvements and pump station installation to reduce the risk of flooding to improve levels of service. Includes preparing for likely consenting requirement for stormwater discharges. Decisions to be made on final configuration.	Construction to take place 2015-23	Continue to carry the current flooding risk; delay the programme of works.
Stormwater	Climate change project	\$10.2m	To identify and address the impacts of climate change on stormwater activity and flood risk. Further work is needed to scope out the detailed work required and its priority.	Decision on detailed programme of works by 2022 Work to take place 2026-45	No principal alternatives are apparent.

ASSUMPTIONS

This strategy is consistent with assumptions made in the *'Long Term Plan'*, the *'Financial Strategy'*, the *'Urban Growth Strategy'*, the *'Leisure and Wellbeing Strategy'* and the *'Environmental Sustainability Strategy'*. There is inherent uncertainty in predicting some of the issues, pressures, or risks associated with infrastructure over a long time period. The assumptions on which the above projections are based and the nature of uncertainty in these assumptions and the potential impacts include:

Level of service: Minor service level improvements are planned in relation to certain areas of Council activity as a result of capital projects. There are no categories of infrastructure in this Strategy that are underutilised or in which the Council intends to curtail activity.

Population growth: An average growth of 0.6% per annum is assumed throughout the 10 year period of the LTP. Rates of growth that vary significantly from this assumed level may result in unbudgeted financial pressures. However, if lower levels of growth or population decline occur then Council funding will not be used for development projects. There is a moderate level of uncertainty regarding population growth, however, the risk to Council funding if growth targets are not achieved is relatively minor.

Governance: The impact of any change in the governance or management structure of local government in the Wellington region, including any transitional costs, has not been provided for. There is currently a high degree of uncertainty and high likelihood of changes to the governance structure within the region over the course of the next three years and beyond. At the time of writing, proposals relating to amalgamation of Councils are facing high levels of public resistance.

Level of debt: Council has set debt limit targets of \$125m in 2020, 2025 and 2030 (but it may exceed this level in other years). There is currently no factor to allow debt limits to increase over time (eg, with inflation, or as a percentage of total Council revenue). The target for the net debt to income ratio is below 100% (e.g. about \$140 million would be the ceiling today). There is little uncertainty in the expected level of debt that Council will take on, which is calculated in detail during preparation of the LTP.

Borrowing: The long-term cost of borrowing is assumed to be an average of 6% (interest) over the period of the strategy. There is a high level of uncertainty in this rate over the thirty-year period covered by this Strategy.

Inflation: An assumption is used of stable inflation over the next 10 years (between 1.7% and 2.4%), and continuing at 2.4%

beyond that time, based on the CPI forecast issued by BERL in October 2014. There is a high level of uncertainty in this rate over the thirty-year period covered by this Strategy.

Council rating: Rates increases limited to no more than the Consumer Price Index shift per annum plus 1% for growth, with an additional 1% per year from 2014-2017, and no more than CPI after allowing for growth from 2017-2018 onwards. Uncertainty is low for this category over the short-term and based on the budgeted expenditure in the LTP. Beyond this period, uncertainty would increase to a high level over the thirty-year period covered by this Strategy.

Confidence in costs: Asset management plans assess the level of confidence for financial programmes (both capital and operating costs) and for asset data. In the case of stormwater, and using a 90% confidence interval our costs are estimated to range from -3% to +22% of the budgeted figures. For stormwater asset data, we have highly reliable data for asset quantity, type and location, reliable data for asset material and unit costs, and uncertain data on asset depth. All asset data is assessed as either accurate or containing minor inaccuracies (+/- 5%, with the exception of asset depth which may be inaccurate by up to +/- 20%).

INDICATIVE ESTIMATES OF EXPENDITURE

Costs to maintain current levels of service for the existing infrastructure configuration are shown in the following charts (adjusted for inflation using BERL local government cost index figures). The first ten years are presented annually, while the subsequent 20 years (from 2025 onward) are presented as five year averages. It should also be noted that the costs used for roading represent total costs before subtraction of NZTA subsidies (generally 51%, with budgeted subsidy levels based on the assumption that the current funding patterns and subsidy percentages will not change over the next 10 years and beyond). The total projected capital expenditure over the next 30 years for the three waters (water supply, wastewater and stormwater) and roading is \$1.3 billion. Operating expenditure over the same period is estimated at \$1 billion.

FIGURE 1: HISTORIC, BUDGETED AND PROJECTED CAPITAL AND OPERATIONAL COSTS FOR THREE WATERS AND ROADING INFRASTRUCTURE

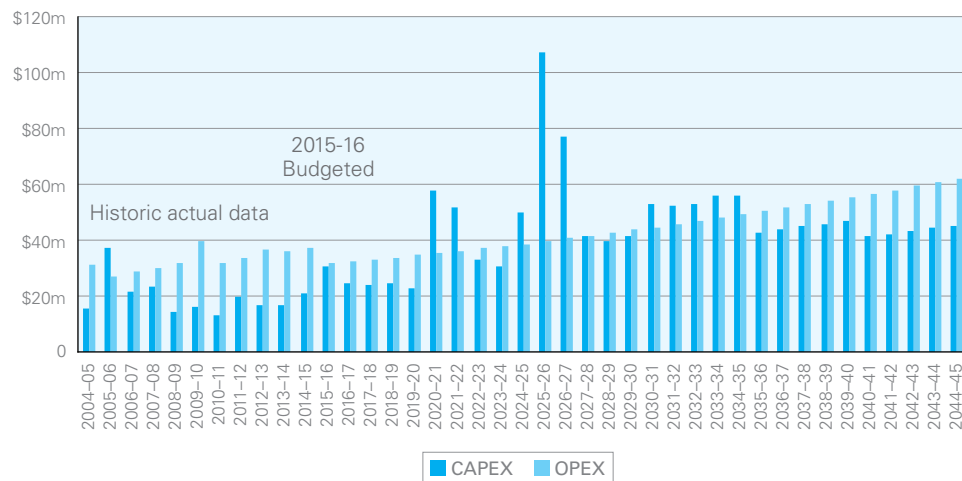
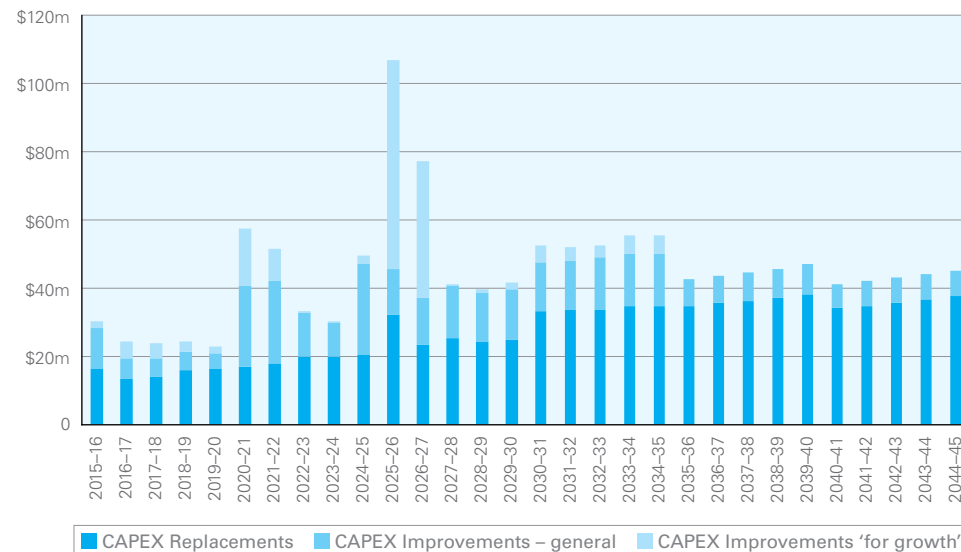


FIGURE 2: PROJECTED CAPITAL COSTS FOR THREE WATERS AND ROADING INFRASTRUCTURE: FOR REPLACEMENTS, IMPROVEMENT AND GROWTH



IMPLICATIONS FOR INFRASTRUCTURE CATEGORIES

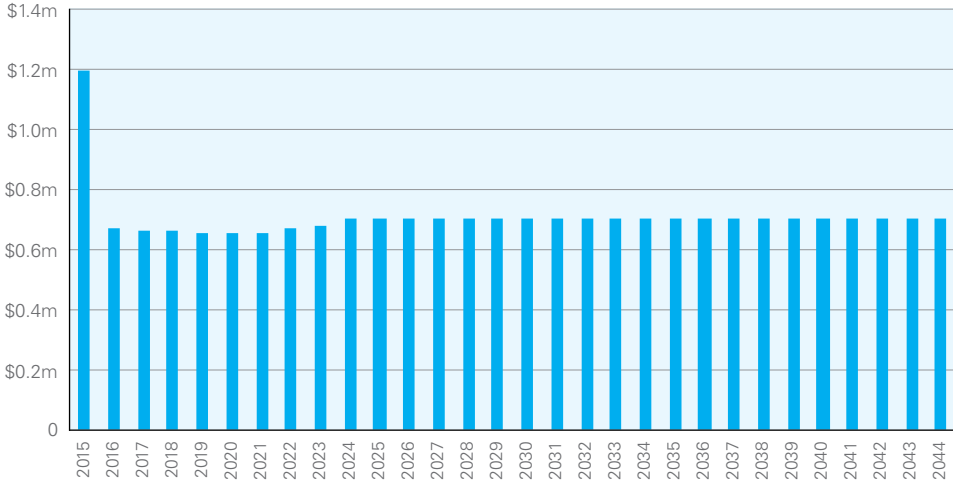
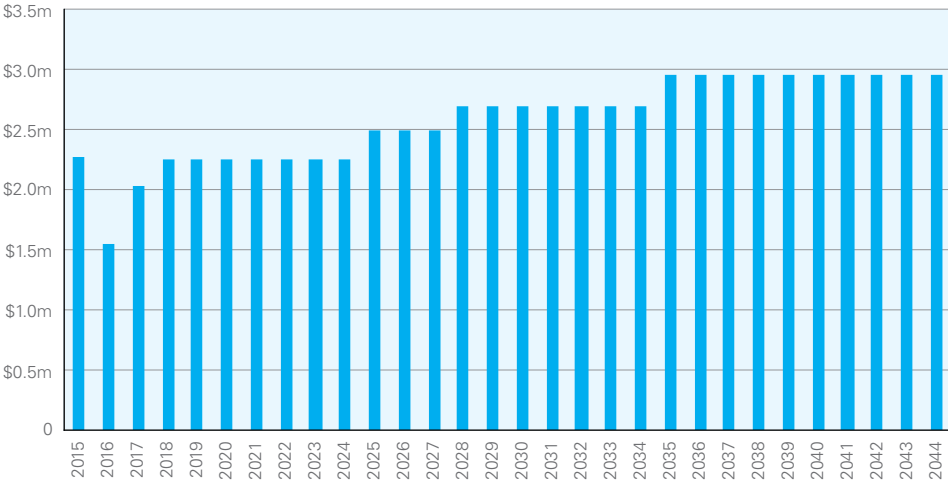
The effect of the 'most likely' approach for each category of infrastructure in this strategy is outlined below:

Water Supply: Renewals are expected to climb from 2024 and peak around 2040. The following chart indicates the anticipated renewal curve for water supply.

Stormwater: There will be a very low level of renewals for 35 years, with core renewal expenditure not commencing until around 2050. The following chart indicates the anticipated renewal curve for stormwater.

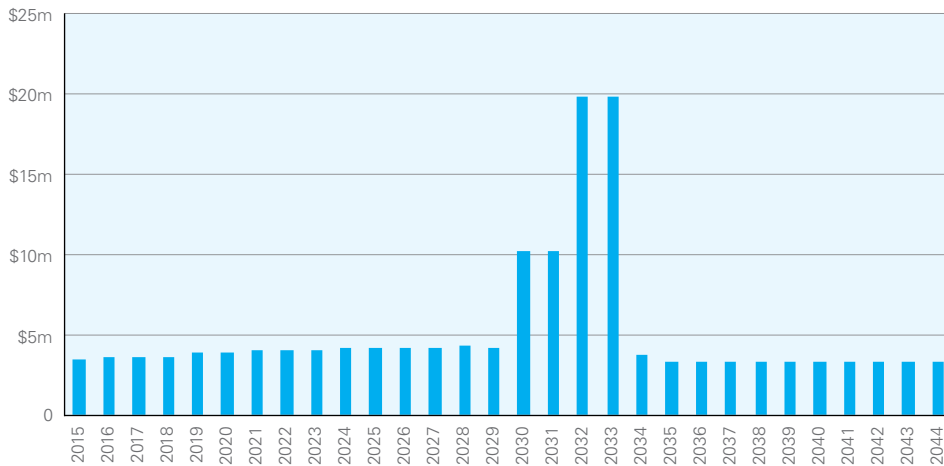
WATER SUPPLY PIPES 30-YEAR RENEWALS CURVE FORECAST

STORMWATER PIPES 30-YEAR RENEWALS CURVE FORECAST



Wastewater: We are currently within a peak in the renewal cycle, which is expected to continue to 2030. After this time, renewals remain nearly as high out to 2050, before dropping substantially. The following chart indicates the anticipated renewal curve for wastewater.

WASTEWATER PIPES 30-YEAR RENEWALS CURVE FORECAST



Roads and footpaths: The renewal process for this category is much shorter than for underground infrastructure such as pipes. This allows for more flexible management which is able to adjust to changing circumstances. Looking at future works, bridges and subways have a capital improvement and renewal spike in year 2106. The rate of renewal for 'kerb and channel' is low out to 2030, but increases substantially beyond that.



APPENDIX I: LOCAL GOVERNMENT ACT REQUIREMENTS

The requirement for councils to complete an Infrastructure Strategy was incorporated into changes to the Local Government Act in 2014. The key components of the strategy are outlined in section 101B shown below.

- (1) A local authority must, as part of its long-term plan, prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years.
- (2) The purpose of the infrastructure strategy is to—
 - (a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and
 - (b) identify the principal options for managing those issues and the implications of those options.
- (3) The infrastructure strategy must outline how the local authority intends to manage its infrastructure assets, taking into account the need to—
 - (a) renew or replace existing assets; and
 - (b) respond to growth or decline in the demand for services reliant on those assets; and
 - (c) allow for planned increases or decreases in levels of service provided through those assets; and
 - (d) maintain or improve public health and environmental outcomes or mitigate adverse effects on them; and
- (e) provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.
- (4) The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must—
 - (a) show indicative estimates of the projected capital and operating expenditure associated with the management of those assets—
 - (i) in each of the first 10 years covered by the strategy; and
 - (ii) in each subsequent period of 5 years covered by the strategy; and
 - (b) identify—
 - (i) the significant decisions about capital expenditure the local authority expects it will be required to make; and
 - (ii) when the local authority expects those decisions will be required; and
 - (iii) for each decision, the principal options the local authority expects to have to consider; and
 - (iv) the approximate scale or extent of the costs associated with each decision; and
- (c) include the following assumptions on which the scenario is based:
 - (i) the assumptions of the local authority about the life cycle of significant infrastructure assets;
 - (ii) the assumptions of the local authority about growth or decline in the demand for relevant services;
 - (iii) the assumptions of the local authority about increases or decreases in relevant levels of service; and
- (d) if assumptions referred to in paragraph (c) involve a high level of uncertainty,—
 - (i) identify the nature of that uncertainty; and
 - (ii) include an outline of the potential effects of that uncertainty.
- (5) A local authority may meet the requirements of section 101A and this section by adopting a single financial and infrastructure strategy document as part of its long-term plan.
- (6) In this section, infrastructure assets includes—
 - (a) existing or proposed assets to be used to provide services by or on behalf of the local authority in relation to the following groups of activities:
 - (i) water supply:
 - (ii) sewerage and the treatment and disposal of sewage;
 - (iii) stormwater drainage;
 - (iv) flood protection and control works;
 - (v) the provision of roads and footpaths; and
 - (b) any other assets that the local authority, in its discretion, wishes to include in the strategy.

Section 101B: inserted, on 8 August 2014, by section 36 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

SIGNIFICANCE AND ENGAGEMENT POLICY 2015-2018

THIS POLICY

- sets out the general approach Council will take to determining the significance of proposals and decisions relating to issues, assets or other matters; and
- provides clarity about how and when communities can expect to be engaged in decisions about different matters depending on the degree of significance the council and its communities attach to those matters.

OBJECTIVE

All decisions Council makes must be made in accordance with the decision-making requirements of the Local Government Act 2002 (set out in sections 76AA-81). Council must also ensure that the community gets every opportunity to engage with the decision making process particularly in cases where the decision being made is significant and may be a material departure from existing policy.

Council must make a judgement about how to comply with the Act in a way:

- that reflects the significance or materiality of the matter under consideration; and
- enhances the community's ability to engage.

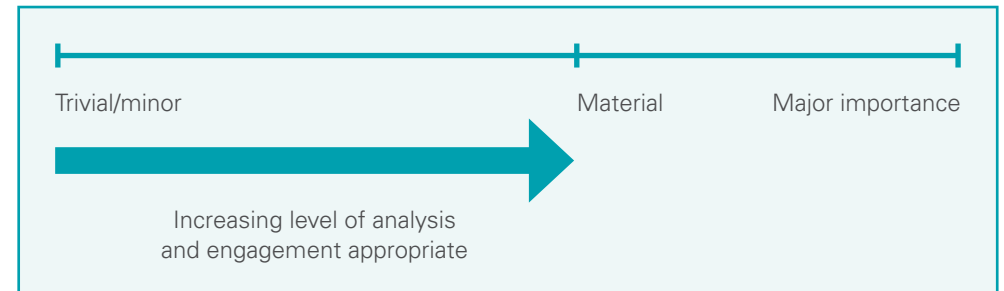
This policy explains Council's approach to determining the significance or materiality of a decision and lists the thresholds, criteria and procedures that Council and its community will use in the assessment.

INTRODUCTION

The Local Government Act 2002 (the Act) sets out the framework for Council's consultation and decision-making processes. Significance is a key concept in this framework. The term significance, as used in the Act, is defined in Section 5 of the Act.

A decision about issues, assets and other matters is significant if it will mean a material departure from existing policy. A difference or variation is material if it could, itself or in combination with other differences, influence the decisions or assessments of those reading or responding to the engagement document.

The type of decisions a Council and its community must make can range from those that are trivial in nature to those that are of major importance. The Council must decide where in the range of trivial to very important a decision sits and what level of analysis and engagement is appropriate every time a decision is made.



The significance (materiality) range has a threshold at which point decisions are deemed to be 'significant'. If an issue requiring decision is determined to be 'significant' the Council will:

1. Undertake community engagement responding to community preferences for engagement and clearly identifying why, how and when the community can expect to be engaged with using the Special Consultative Procedure (see Section 83 of the Act).
2. Ensure that every decision complies with the decision-making requirements set out in Sections 76AA - 81 of the Act).
3. Take into account the relationship of Māori and their culture and traditions, if any of the options involves a significant decision in relation to land or a body of water Section 77 of the Act).

The Significance and Engagement Policy and the supporting information contained in Council's Community Engagement Strategy, gives Council guidance on what consultation processes should be followed in relation to a particular decision. The Council's 'Guide to Good Decision Making' provides further assistance as to what analysis is appropriate given the significance and nature of a decision. Even where Council thinks that a particular decision does not reach the 'significant' threshold, they may still choose to adopt the Special Consultative Procedure.

APPROACH TO DECISION-MAKING AND SIGNIFICANCE

DETERMINING SIGNIFICANCE

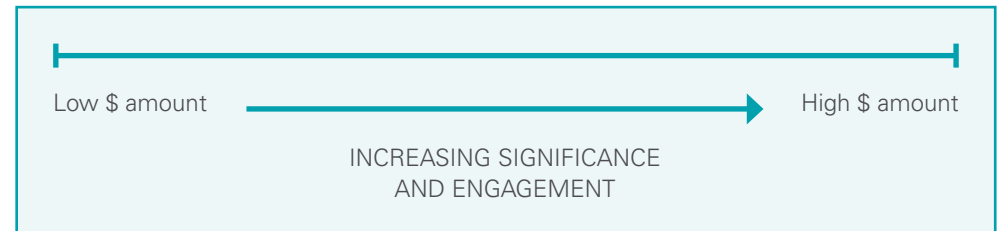
A significant decision is one that has a high degree of significance in terms of its impact on:

- the wellbeing of Hutt City; and/or
- persons likely to be affected by or with an interest in that decision; and/or
- the costs to or the capacity of the Hutt City Council to provide for the wellbeing of the city.

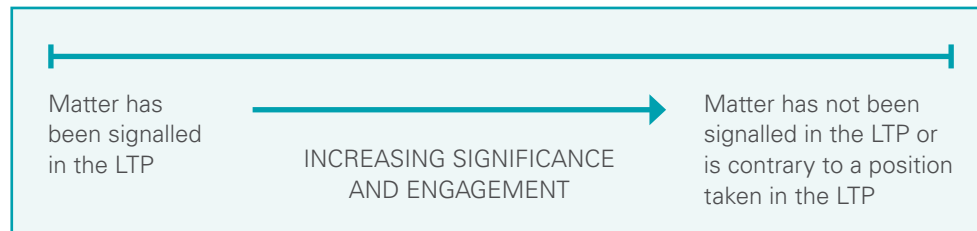
When considering the significance of a proposal, decision or other matter, the Council will use the following threshold and criteria: (Note: it is the cumulative effect of all these criteria that determines the overall significance of a matter).

- The extent to which the matter flows logically and consequentially from a significant decision already made or from a decision in the LTP or the Annual Plan.

- The extent of the matter in terms of its net cost to the Council. Where a decision has not been highlighted through the LTP or Annual Plan, a decision involving a change in spending of more than 10% of the planned capital expenditure for capital items or 5% of the planned operating expenditure for operating decisions will be considered significant.



- The transfer of ownership or control, or the disposal or abandonment of a Strategic Asset as a whole as defined by the LGA or listed in section 5 of this policy will be considered to be significant. The degree to which transfer of ownership or control, or the disposal or abandonment of a part of a Strategic Asset undermines the integrity/functioning of the asset as a whole or restricts the networking utility of the asset will also be considered.



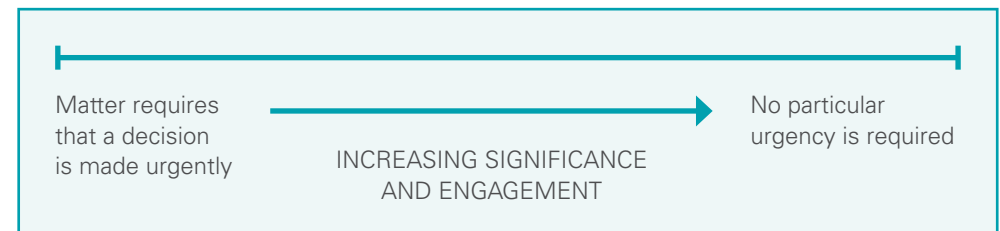
- The matter includes consideration of a large increase in user fee or the introduction of a user fee for a service that has previously been provided free of charge.



- Reversibility and Intergenerational equity. The more irreversible the effects of a decision the more significance it has - particularly where the decision involves the unsustainable use of resources and so reduces the right of future citizens to inherit the same diversity of natural and societal resources enjoyed by current citizens. This includes the cumulative effects of previous decisions and their impact on irreversibility and intergenerational equity.



- Practicality. The Act provides for Council to take into account the circumstances under which a decision is taken and what opportunity there is to consider a range of options and the views and preferences of other people. In circumstances in which failure to make a decision urgently would result in the loss of opportunities which are assessed as able to contribute to achieving the community outcomes, then Council will tailor its decision making processes to allow as much evaluation and engagement as is practicable while working within the required timeline.



- The extent to which the matter under consideration is of public interest or controversial within the community.



PROCEDURE

All reports to Council will include an assessment of the significance of the report's recommendations and the level and type of engagement required to ensure that the community gets every opportunity to engage with the decision making process particularly in cases where the decision being made is significant and may be a material departure from existing policy. A statement showing how the Council has (or will) appropriately observe(d) the Act, with regard to the appropriate degree and form of engagement and analysis, will also be included.

If the recommendations are considered to be above the 'significant' threshold, an external peer review will be sought to confirm that the decision-making process undertaken is in accordance with the decision-making requirements set out in ss76AA to 81 of the Act.

ENGAGEMENT

In 2011 Council consulted on its Community Engagement Strategy (CES) and received positive feedback on the proposed approach. The CES was subsequently approved by Council as part of the 2011 Annual Plan.

The CES covers:

1. Interaction between Hutt City Council and the community undertaken for democratic decision making
2. Ongoing engagement with the community in the spirit of partnership.

It outlines Council's community engagement philosophy and commitment to the community and summarises:

- Our community engagement goals
- The main types of community engagement Council undertakes
- How community engagement relates to the decision-making process and how Council considers how to involve the public in decision-making
- Our approach to community partnerships
- Our commitment to engaging Māori as a Treaty partner
- Key opportunities for improving our community engagement

Community engagement is much broader than consultation, although consultation is encompassed within it. Community engagement includes the full range of community participation in decision-making - from being provided with information only right through to Council supporting community initiatives. The different degrees of community engagement relate to the extent that decision-making powers (and implementation) are devolved to the community, or conversely, held with Council.

At a high level, there are five main types of community engagement that Hutt City Council undertakes with the community. These are summarised here. Although each type of community engagement has its place in Council, this strategy does not prescribe the type of community engagement that must be employed in specified circumstances. The range of Hutt City Council activities and types of decision is too varied for such an approach. However, the section on decision-making does outline some of the high-level factors Council takes into account when considering what type of community engagement is suitable for a specific proposal or issue.

Information – Supports all types of community engagement and keeps people informed about such things as decisions, services and local events.

Consultation – Can be used when there is a decision to make about something or when there are a number of choices about the details. Most of the proposals Hutt City Council considers involve consultation.

Deciding together – Local people are involved in deciding which option to choose, but it is Hutt City Council that will act on the decision. A good example of this is the Walter Nash Park playground in Taita. Locals helped design the playground that Council built.

Acting together – Decisions and implementation are made in partnerships between local people or agencies and Hutt City Council. The intended beautification around the Waiwhetu Stream is a good example of this in action. Locals have not only contributed to the development of the vision but are also to be involved in actively developing the area.

Supporting community initiatives – Independent groups are empowered to develop and carry out their own plans. Council's role is primarily supportive or facilitative. A lot of the work of Hutt City Council's community support staff involves supporting community initiatives.

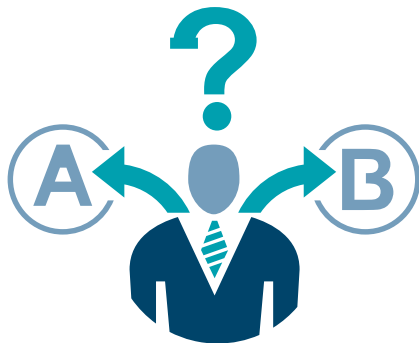
DECISION MAKING

Hutt City Council is involved in a wide range of activities, from setting policies on gaming in the city, developing and enforcing local regulations and promoting tourism right through to the delivery of services and infrastructure like libraries and roads. In most of these activities, the kinds of decision range from setting longer-term strategy to minor operational matters.

In general terms, these decisions usually involve the first three types of community engagement – information, consultation and deciding together. In many cases, the same decision or issue may involve different types of community engagement at different steps in the decision-making process. It is important that the community and Hutt City Council have a common understanding of the decision-making process and how Hutt City Council decides when and how much to engage the community.

Hutt City Council's general decision-making process is illustrated in its Community Engagement Strategy (CEG). The CEG also outlines the key factors Council generally takes into account when developing a community engagement plan for a specific proposal or decision.

Council has also developed internal guidance – the Community Engagement Guidelines – to assist staff when they are deciding on the best approach to community engagement for a particular matter, proposal or decision. Council has trained community engagement mentors who are also available to assist colleagues design and implement an engagement strategy that is appropriate to the circumstances.



SPOKEN/SIGN LANGUAGE INTERACTION

Council will make sure that those who require spoken/sign language interaction have this service available through liaising with the Sub Regional Disability Forum and non-government organisations that provide sign/spoken language services.

STRATEGIC ASSETS

The Act defines a Strategic Asset as:

“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; and includes—

- (a) any asset or group of assets listed in accordance with section 76AA (3) by the local authority; and
- (b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- (c) any equity securities held by the local authority in—
 - (i) a port company within the meaning of the Port Companies Act 1988;
 - (ii) an airport company within the meaning of the Airport Authorities Act 1966”

In accordance with section 76AA (3) of the Local Government Act 2002 Hutt City Council considers the following assets to be strategic:

- Roading Network
- Wastewater Network and Treatment
- Stormwater Network
- Water Supply Network
- Landfills
- Network of parks and reserves
- Dowse and Settlers Collections
- Library Network

COUNCIL-CONTROLLED ORGANISATIONS AND ASSOCIATES

Council operates three Council-Controlled Organisations: Seaview Marina Ltd, Urban Plus Ltd, and Hutt City Community Facilities Trust (CFT) and one Associate: Wellington Water Ltd

These organisations help Council achieve community outcomes by independently managing facilities, delivering services and undertaking developments.

SEAVIEW MARINA LIMITED

Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented: Council's objective for this company is for it to own and operate Seaview Marina.

Nature and scope of its activities: Council expects the company to own and operate Seaview Marina as a facility for the enjoyment of the Hutt City community without compromising its commercial objectives and environmental responsibilities.

KEY PERFORMANCE TARGETS	TARGET
Maintain asset management plans annually as detailed in the operational plan	100% Completion by 30 June
Completion of maintenance programme	
Deliver budgeted operating activities for SML	As detailed in the 2016/2017 operational plan
Manage and operate SML within approved budget	Income \$1.962 million Expenditure \$1.406 million Net Surplus \$556,000
Provide an agreed minimum return on equity (ROE) (after depreciation and tax) to the Hutt City Council	5.0%
Achieve excellent customer satisfaction, including all licensees, casual users of the marina and the general public	No survey this year
Comply with financial, technical and regulatory standards	Full compliance
Achieve the capital development projects as detailed in the 2015/2016 Strategic Plan	Complete internal pathway development

URBAN PLUS LIMITED

Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented: Council's objective for this company is for it to own and operate a portfolio of rental housing, develop property in preparation for sale or lease and manage Council property and building assets.

Nature and scope of its activities:

Activities include property development, rental property management, facilities management of Council property, provision of strategic property advice to Council and the purchase of surplus property from Council.

KEY PERFORMANCE TARGETS	TARGET
Facilities Management	
Capital expenditure within budget	Achieved
Operational expenditure within budget	Achieved
Achieve not less than a 20% net profit margin	Achieved
Resident satisfaction with public halls greater than or equal to peer average, subject to Council funding	Achieved
Resident satisfaction with UPL-managed public toilets greater than or equal to peer average, subject to Council funding	Achieved
Tenant satisfaction with Council-owned community buildings greater than or equal to 90%	Achieved
Council satisfaction with facilities management not less than 90%	Achieved
Rental Housing	
Capital expenditure within budget	Achieved
Operational expenditure within budget	Achieved
A return on equity across the portfolio before depreciation and after interest and tax of greater than 3.5%	Achieved
Tenant satisfaction with the provision of the company's rental housing greater than or equal to 90%	Achieved
Percentage of total housing units occupied by low-income elderly greater than or equal to 85%	Achieved
Rentals charged shall not be less than 90% of 'market' rent	Achieved
Between six and ten new units added to the portfolio aiming to increase the portfolio size to 220 units by 30 June 2019	Achieved
Property Development	
Capital expenditure within budget	Achieved
Operational expenditure within budget	Achieved
A return of not less than 10.0% after interest and tax on each project	Achieved



COMMUNITY FACILITIES TRUST

Extent to which Council’s policies and objectives in regard to ownership and control of the organisation have been implemented:

On 13 March 2012 Council agreed to a proposal to establish a Charitable Trust to manage and develop its leisure and community facilities.

Council’s objective for the CFT is for it to enhance the health and wellbeing of the city’s communities through the effective and efficient provision, development and operation of leisure and community facilities throughout Hutt City.

Hutt City Council’s Integrated Community Facilities Plan will see a series of ‘community hubs’ cluster civic and sporting facilities into more user-friendly, efficient and well-utilised centres which fit the needs of the communities that make up Hutt City now and into the future. The CFT has been entrusted to help Council deliver on this plan.

Council has established the CFT, a team of dedicated and experienced local businesspeople, to lead the rejuvenation of key community facilities, including the development of the Taita Community and Sports Centre, Fraser Park Sportsville, the Regional Bowls Centre and other projects.

Nature and scope of its activities:

Council expects the company to: establish a development fund to enable investment and improvement of community facilities, develop new or enhance existing facilities, administer any facilities vested in the CFT, and provide strategic direction, expert advice and champion ongoing investment and development.

KEY PERFORMANCE TARGETS	TARGET
Operational Management	
Operational expenditure is within budget	Achieved
All reporting requirements set by Council and the Board of CFT are met in accordance with the LGA 2002, this Statement of Intent (SOI) and the CFT Deed of Trust	Achieved
Facilities Management	
All facilities owned by CFT are leased to appropriate user groups or other parties within three months of being completed or transferred to the ownership of CFT	Achieved
User satisfaction with the facilities owned, directly managed or leased by CFT to third parties is greater than 80%	Achieved
Governance	
100% of CCO accountability requirements met	Achieved
Financial	
All capital expended on design and other consultants is within the approved project budgets	Achieved
All capital expenditure on approved projects is at, or less than, the approved budget for each project	Achieved
All projects are built and available for use by the user groups and individuals within three months of the agreed delivery date	Achieved
Fundraising	
CFT achieves 80% or better of the agreed fundraising targets set by Council for each of the agreed projects, within the financial year	Achieved
Planning	
CFT has completed its first strategic plan to guide its work over the next three years	
Current lease charges are based on the recovery of direct landlord costs including interest, maintenance (that is reasonably expected in the next 25 years of building life) and repayment of loans. Any relevant HCC rates are either paid directly by the lessee or are on-charged by CFT. These charges do not currently recover long term depreciation. This policy is being reviewed as part of the strategic plan as mentioned above	

WELLINGTON WATER LIMITED

Extent to which Council's policies and objectives in regard to ownership and control of the organisation have been implemented:

Council's objective for this company is for it to manage the provision of water services to Hutt City and other shareholding councils.

Nature and scope of its activities:

Council expects the company to manage, for the long term, the water, wastewater and stormwater assets of the shareholding councils and to operate as a successful business, managed on a non-profit basis

KEY PERFORMANCE TARGETS	TARGET
Compliance with part four of the Drinking Water Standards	100%
Maintain water supply grading from the Ministry of Health	Achieved
Percentage of days during the bathing season (from 1 November to 31 March) that the monitored beaches are suitable for recreational use	Each monitored beach is open 90% of the days during the bathing season (increasing trend)
Percentage of freshwater sites that have a rolling 12 month	
Median value for E.coli that do not exceed 1000cfu/100ml ³	90% of all freshwater sites (increasing trend)
Non-consented discharge events from treatment plants	Zero
Overflows from the network per council	Decreasing trend
All activities across the three waters comply with all resource consent requirements, measured by infringement, abatement notices, enforcement orders or convictions	Zero
Availability of three waters network to customers per council	
Water reticulation	Fewer than 4 unplanned supply cuts per 1000 connections
Wastewater	Fewer than 1.2 wastewater reticulation incidents per km of pipeline
Stormwater	Fewer than 0.5 stormwater pipeline blockages per km of pipeline
Cumulative number of floors flooded per 1000 connections per council per flooding event	Zero

KEY PERFORMANCE TARGETS	TARGET
Water resources preserved for future generations. Measure of awareness of water conservation work and change in behaviour: <ul style="list-style-type: none"> I think I should be conserving more water than I'm currently doing I have the information I need to be able to conserve morewater I generally make a positive effort to conserve water 	Decreasing trend Increasing trend Increasing trend
Sufficient water is available to meet unrestricted demand (other than by routine garden watering restrictions) in all but a drought situation that has severity equal to or greater than a one in 50 year drought	Modelled probability of annual water supply shortfall is no greater than 2%
Sustainable drinking water consumption (average regional gross per capita usage)	Regional per capita demand must remain below 374 L/p/d in the long term to prevent timing of bulk water growth projects being brought forward
Complete the regional asset management plan seismic resilience work programme	Client council long term plans include appropriate seismic resilience upgrades

OUR COMMUNITY PARTNERSHIPS

We can't fulfil our role in the Lower Hutt community on our own, and our success depends largely on working closely with other people. We've forged a number of close and highly productive working relationships with people and groups in our community, including:

- Contractors, service suppliers, consultants and advisors
- Businesses and their representative organisations
- Local mana whenua and marae
- Local and central government agencies
- Volunteer organisations
- Community groups and individuals

Our community boards and community committees also work closely with people in their local area.

SHARED SERVICES

The bulk of our current shared services are in joint operations with Upper Hutt, overseen by the Hutt Valley Services Committee, a joint committee of the two councils. These include Silverstream landfill, Akatarawa cemetery, the Hutt Valley Trunk Wastewater network including the Seaview treatment plant, emergency management, environmental inspections, noise control and dog control.

PARTNERSHIPS WITH MĀORI

Waiho i te toipoto, kaua i te toiroa
Let us keep close, not far apart

Council has an obligation to take into account the principles of Te Tiriti o Waitangi and to recognise and provide for the special relationships between Māori and their culture, traditions, land and taonga.

The Local Government Act 2002 acknowledges the Crown's responsibilities under the Treaty of Waitangi and the responsibility to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

The obligation to consult includes recognising those who have mana whenua status. Within Hutt City, this rests with Taranaki Whānui, represented by the Port Nicholson Block Settlement Trust.

Council will consult with Te Rūnanganui o Taranaki Whānui ki te Upoko o te Ika a Maui as a mana whenua organisation.

In fulfilling its obligations, Council will also consult other Māori within Hutt City, including the city's seven marae – Koraunui Marae, Te Mangungu Marae, Wainuiomata Marae, Te Kakano o te Aroha Marae, Waiwhetu Marae (also known as Arohanui ki te tangata), Te Tatau o te Po Marae and Keriana Olsen-Kōkiri Marae.

Council has a memorandum of understanding with the Port Nicholson Block Settlement Trust. This memorandum confirms the strategic relationship between the parties and the opportunity for the Trust to contribute to Council's decision-making and be a provider of leadership with Council for the city.

The memorandum provides the following guiding principles for the Trust and Hutt City Council:

- The parties work together in partnership to ensure the mutual benefit and success of the relationship
 - The sustainable prosperity of Hutt City is important to both parties
 - Each party recognises the autonomy, authority and responsibilities of the other to represent its communities' interests
 - The Trust acknowledges the autonomy, authority and responsibilities of Council when acting in its regulatory capacity and when discharging its legislative obligations
- The principles embodied in the Treaty of Waitangi will guide this relationship. In practical terms this means:
 - **Partnership** - acting reasonably, honourably and in good faith to ensure the strategic relationship has integrity and respect, in the present and for the future of Hutt City
 - **Participation** - recognising that both parties can contribute, for mutual benefit, in deciding the future of the city – working towards and achieving the parties' visions, and
 - **Protection** - actively protecting the taonga of Taranaki Whānui and safeguarding cultural concepts, values and practices to be celebrated and enjoyed for all Hutt City residents.

The memorandum also provides specifically for engagement between the Trust and Hutt City Council on:

Council planning and policy processes

– The Trust will have input into the various planning processes of Council, in particular the Annual Plan and Long Term Plan. The Trust will make significant contributions to reviewing the District Plan of Council. This will include commentary on all matters relating to mana whenua representation, sites of significance and rules, protocols, objectives and measures that are required.

Resource Management Act 1991 and other legislation

– The parties will work together to achieve the purpose of legislation in relation to local government decision-making. Council will ensure matters are presented to the Trust in a timely and informative manner, which in turn will assist the Trust in the exercise of its Kaitiakitanga for Hutt City.

Culture and heritage – Council will ensure ceremonial, interpretation and naming opportunities are presented to the Trust so as to retain and protect Māori culture and heritage throughout Hutt City, as deemed by the Trust to be of significance.

The Trust, as the mana whenua representative, will provide cultural support to the mayor, councillors, chief executive and other staff as mutually agreed.

While Council will take special care in its relationship with mana whenua, it must also reach out to the wider Māori community and provide opportunities for Māori to contribute to Council's decision-making.

The key to this will be to foster and maintain strong relationships with Māori organisations within the city – in particular, Te Rūnanganui o Taranaki Whānui ki te Upoko o te Ika a Maui and the city's seven marae

The foundation of these relationships will be built on:

- Open and honest communication between Council and Māori
- Promoting tikanga Māori (Te Atiawa protocol) throughout Council
- Providing opportunities for Māori to contribute to Council's decision-making
- Providing quality advice and support for capacity and capability strengthening
- Maintaining the right of tangata whenua to be represented and vote at meetings of Council committees and subcommittees.

There are three priority areas for improving engagement with Māori in the next five years:

- Fully engaging with and fostering Council's new strategic relationship with the Port Nicholson Block Settlement Trust
- Involving mana whenua and local Māori organisations earlier in the decision making process. For example, engaging mana whenua on Council's Annual Plan before finalisation for public consultation and engaging local marae early on issues into which they have insight and on which they can help Council determine solutions
- Getting Māori in general involved in the decision-making process, including looking at ways of engaging that make it easier and more appealing for Māori to have their say.



DOLLARS AND CENTS

FINANCIAL SUMMARY














The following table outlines the budget for the current year and for the next ten years. It reflects Council's decision to alter its Financial Strategy in order to bring forward a number of projects and carry out some new projects to revitalise the city over the next few years. Council's total revenue from rates in the 2015/16 financial period represents a 2.8% increase on current revenue. About 1% of that increase will come from rates on new developments in the city, meaning the average increase to existing ratepayers is around 1.8%. The Long Term Plan outlines which capital and other projects will be implemented during each year.

TEN YEAR FINANCIAL SUMMARY FOR THE YEAR ENDING 30 JUNE

YEAR	OPERATING REVENUE	OPERATING EXPENDITURE	OPERATING SURPLUS BEFORE REVALUATION GAINS AND LOSSES	CAPITAL EXPENDITURE	NET DEBT AT END OF THE YEAR	ANNUAL RATES	ANNUAL INCREASE IN RATES REVENUE INCLUDING INFLATION
2015	141,651	151,289	-9,638	43,509	72,938	92,874	
2016	150,288	161,217	-10,929	84,300	128,723	95,475	2.80%
2017	154,028	154,651	-623	48,184	140,497	99,007	3.70%
2018	157,983	153,648	4,335	35,974	135,921	101,878	2.90%
2019	162,223	156,283	5,940	32,880	126,152	104,935	3.00%
2020	166,613	158,541	8,072	33,495	115,246	108,188	3.10%
2021	175,866	163,006	12,860	70,756	132,798	111,542	3.10%
2022	177,078	168,414	8,664	64,348	143,789	115,111	3.20%
2023	182,355	172,323	10,032	43,560	137,351	118,910	3.30%
2024	187,238	176,709	10,529	43,785	129,075	122,952	3.40%
2025	194,260	180,920	13,340	51,387	121,269	127,133	3.40%

Figures are in thousands of dollars and include inflation estimates.

FUNDING SOURCES

AREA OF SPEND	CAPITAL SPEND 2015-2025 (\$M)	OPERATING SPEND 2015-2025 (\$M)	HOW OPERATING COSTS ARE FUNDED	RATES VALUE PER \$100
 Infrastructure	\$371	\$902	 Rates 59% Other 41%	 \$48
 Leisure and Wellbeing	\$85	\$543	 Rates 80% Other 20%	 \$39
 Growth, Development and Sustainability	\$39	\$135	 Rates 71% Other 29%	 \$9
 Organisation	\$19	\$66	 Rates 70% Other 30%	 \$4
Total	\$514	\$1,646	 Rates 67% Other 33%	

FORECAST FINANCIAL STATEMENTS

2015 - 2016 TO 2024 - 2025

These are the Forecast Financial Statements which Council has adopted to meet the requirements of Clause 12 of Schedule 10 of the Local Government Act 2002. The information may not be appropriate for other purposes.

Every three years it is a requirement of the Local Government Act 2002 to present Forecast Financial Statements that span 10 years. This provides an opportunity for ratepayers and residents to assess the appropriateness of the financial actions planned by Council. The Forecast Financial Statements outline how Council will be funded for the next 10 years and how that money will be spent. It is intended to ensure proper and prudent financial and asset management in the long term. The information contained in the Forecast Financial Statements may not be appropriate for other purposes.

Council has Asset Management Plans for its assets. These plans along with the Council's Financial and Infrastructure Strategies have provided the basis for development of the Forecast Financial Statements.

The Forecast Financial Statements have been prepared in accordance with New Zealand generally accepted accounting practice (GAAP), as required by section 111 of that Act. Council is designated as a public benefit entity for the purposes of complying with GAAP. The Forecast Financial Statements comply with Public Benefit Entity Financial Reporting Standard No. 42 – Prospective Financial Statements and New Zealand GAAP.

The Forecast Financial Statements are based on estimates of costs and revenues into the future. The degree of uncertainty surrounding these estimates increases as the Forecast Financial Statements look out further into the future. Key assumptions and risks are outlined below.

THE FORECAST FINANCIAL STATEMENTS INCLUDE:

An "Estimate" of the results of the financial year 2014 - 2015 based on the budget adjusted for expected variances.

The "Budget" Council has adopted for the 2015 - 2016 financial year.

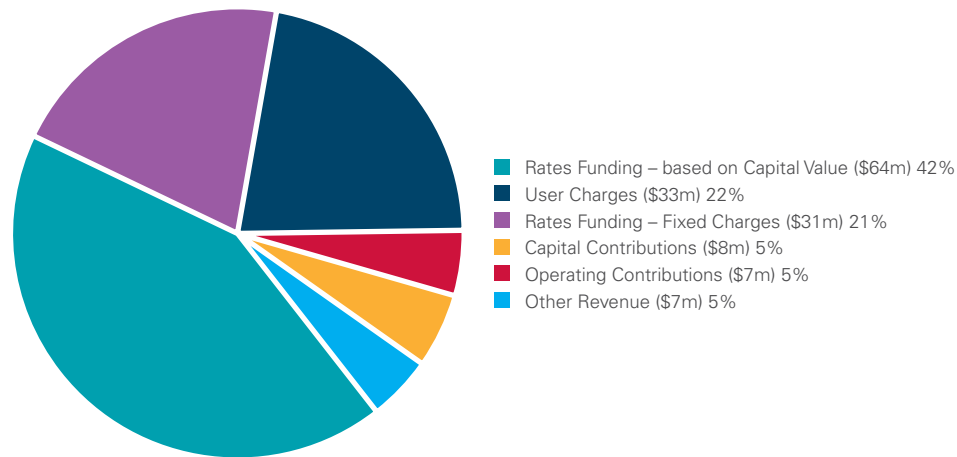
"Forecast" results for the following nine years (2016 - 2017 to 2024 - 2025).

Actual results achieved for each reporting period are likely to vary from the forecasts presented, and the variations may be material.

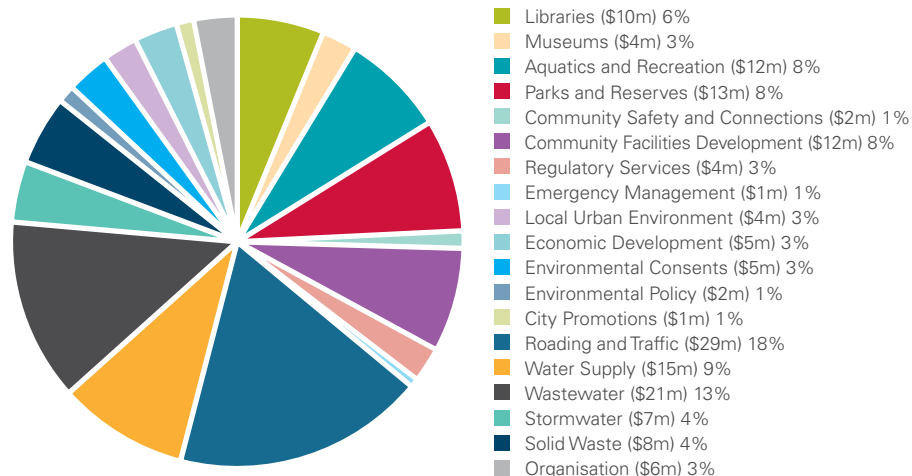
A Long Term Plan may include Forecast Financial Statements for any Council-Controlled Organisation or other entity under the Council's control. We have not included these due to timing issues associated with the availability of the information.

Council updates its Forecast Financial Statements annually.

WHERE DOES COUNCIL INCOME COME FROM?



WHERE DOES COUNCIL SPEND MONEY?



FORECASTING ASSUMPTIONS

ASSUMPTION	RISK	LEVEL OF UNCERTAINTY	REASON FOR THE UNCERTAINTY	FINANCIAL IMPACT OF THE UNCERTAINTY					
<p>Rates and Rate Increases</p> <p>Council aims to keep increases for the average ratepayer within the level of inflation plus 1% for growth plus an additional 1% each year until 30 June 2017. After this date the rates increase for the average ratepayer will be no more than the rate of inflation plus 1% for growth.</p> <p>The budgets within the LTP assume a stable rate of inflation over the next 10 years – between 1.7% and 2.4% - based on the Consumer Price Index (CPI) forecast issued by Business and Economic Research Limited (BERL) in October 2014.</p> <p>Note this inflation has also been used to forecast expenditure as it relates to council costs.</p>	The actual CPI for the year significantly differs from that included in the budgets.	Moderate	The CPI results used in the Long Term Plan (LTP) are the forecasts issued by BERL in October 2014. The CPI increase may differ if later CPI forecasts differ.	Inflationary pressure outside the forecast CPI range is not included in the LTP.					
Consumer Price Index forecasted (CPI)									
BUDGET 2015/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19	FORECAST 2019/20	FORECAST 2020/21	FORECAST 2021/22	FORECAST 2022/23	FORECAST 2023/24	FORECAST 2024/25
0.80%	1.70%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.40%	2.40%
<p>Note from 2024/25 Council assumes CPI at 2.4% for the years 2025 to 2035.</p> <p>Note this inflation has also been used to forecast expenditure as it relates to council costs.</p>									
<p>Growth</p> <p>Council projections for income from rates revenue include an allowance for growth and inflation. Average growth of 1% per annum in the rating base has been assumed throughout the 10 year period of the LTP. This incorporates population movements and increases in the number of houses in Hutt City, based on the targets outlined in Council's Urban Growth Strategy.</p>	That the actual rates for growth will be significantly different from the projected rates of growth.	Moderate	Uncertainty exists as the projected increases in population and number of houses may not be realised.	Rates of growth which vary significantly from the assumed level will result in unbudgeted financial pressures.					
<p>Interest Rates</p> <p>The long term cost of borrowing is assumed to be an average of 6% over the period of the LTP.</p>	Interest rates and swap rates are significantly different from that budgeted.	Moderate	Council has interest rate swaps in place to minimise the fluctuation of interest rate movements.	Higher interest rates provide ability to earn higher income from cash holdings. Higher interest rates reduce the book losses currently being made and may lead to higher interest cost on debt.					
<p>Employee Cost Growth</p> <p>Service levels are generally assumed to remain the same for the period covered by the Forecast Financial Statements. Employee numbers remain stable during the period. Pay inflation is assumed to be 2% in 2015/16 based on information produced by two leading providers of employment market movements.</p>	Staffing levels are higher or lower than budgeted.	Low	Changes in service demand and/or local government structure would provide uncertainty.	Financial impacts arising from changes in service demand and/or local government structure are not included in the LTP. A 1% increase in staff numbers may result in an average cost increase of approximately \$300,000 per year.					
<p>Natural Disasters and Insurance Costs</p> <p>Council has comprehensive insurance policies which are designed to provide substantial, but not total, cover from the financial impact of natural disasters. The level of insurance cover is calculated by extensive loss modelling which estimates the maximum probable loss.</p>	The damage exceeds the cover obtained by Council and its ability to fund the repair reconstruction out of normal budgetary provisions. Cost of insurance increases more than budgeted.	Moderate	<p>Council has in the past covered adverse weather events, e.g. storm damage. Council operates an emergency management function to respond to such events.</p> <p>Uncertainty arises with scale, duration and location of events.</p> <p>Capacity in the insurance market for New Zealand has decreased, especially in high risk areas like Wellington region.</p>	<p>Council has \$1.4 billion in assets.</p> <p>The insurance cover is intended to cover 40% of the maximum loss that the Council is likely to suffer following a natural catastrophe. The Council would be dependent on government funding to cover the remaining 60% share.</p>					

ASSUMPTION	RISK	LEVEL OF UNCERTAINTY	REASON FOR THE UNCERTAINTY	FINANCIAL IMPACT OF THE UNCERTAINTY
Asset Revaluation Council revalued asset classes as at December 2014 in accordance with its accounting policies, and the results of the revaluation will be applied from 1 July 2015. The Council assesses the carrying value of its revalued assets annually to ensure they do not differ materially from the assets' fair value. For further information please refer to the accounting policies.	Asset revaluations differ from that budgeted, depreciation charges resulting may differ.	Moderate	Market buoyancy and property pricing influences the value of the property assets. Contract and construction prices influence the value of infrastructure assets.	Higher level of asset valuation means more depreciation to use to fund asset renewals and some improvements. Lower levels of valuation and depreciation reduce council ability to fund capital from depreciation and place more reliance on funding improvements from other funding mechanisms such as debt or rates. Depreciation rates are contained in accounting policies.
Asset Sales Approximately \$10.4 million of asset sales have been assumed over the life of the LTP.	Asset sales do not eventuate and/or timing of asset sales differs to budget.	Moderate	Level of purchaser interest is unknown.	Funding mechanisms such as debt or rates are used to substitute for the loss of sales income. Higher debt levels may result. Capital programme may be reduced to compensate for delaying infrastructure upgrades.
NZTransport Agency As of 2015 NZTA subsidy is 51% for both operating and capital works. For projects which are not fully subsidised by NZTA, a lower subsidy applies.	Current funding patterns and subsidy percentages may change during the life of the LTP.	Low	The impact of projects of national significance may change criteria.	Any change in subsidy rate would lead to a reduction in the work programme or reprioritisation of projects.
Level of Debt Debt levels will be limited to \$125 million in 2020, 2025 and 2030 in line with the Financial Strategy.	Higher debt levels leads to higher servicing costs.	Low	Ability to service debt from existing funding sources reduces.	Change in capital programme, service levels offered by Council or rates revenue requirements may lead to a change in debt levels.
Weathertight Homes Council has a centrally budgeted provision to finance the costs of weathertight home settlements. Any legal costs associated with such claims will be met from operating budgets.	The value of the claims exceeds that able to be accommodated within existing budgets.	Moderate	The level of claims is unknown.	The cost of claims not met from existing budgets overall will increase the level of council debt.
Climate Change Council will be able to manage and cope with adverse effects of climate change and emergency work will be funded out of normal budgetary provisions.	The impacts of changing weather patterns associated with climate change on maintenance and capital works may be greater or faster than predicted.	High	Extreme weather results.	The effects of projected climate changes will impact on council activities and asset planning.
Central Government The impacts of any change in governance/management of local government in the Wellington region, including any transitional costs, have not been provided for in the budget due to uncertainty. Central government may also introduce policy changes that impact on local government.	There may be changes in structure for all or part of the Wellington region. Government policy amendments may impact on local government resources.	High	Change to the local government structure for Auckland, its influence in the sector and its interaction with central government may lead to a change in structure for all or part of the Wellington region. The government looks to local authorities to implement desired changes.	The impact of local representation may result in a reduction in elected members and change in management and service structures. Initial structure change will cost each council, while savings may be generated in future years from a reduced governance structure. Changing policy may impose costs without associated funding.

COMMITMENTS AND CONTINGENCIES

The Forecast Financial Statements provide for all the material capital and operating commitments known to Council. Prudent provisions have also been made in these Forecast Financial Statements for probable future obligations of Council.

AUTHORISATION

These Forecast Financial Statements were authorised for issue by Hutt City Council on 25 June 2015. Hutt City Council is responsible for these Forecast Financial Statements, including the appropriateness of the assumptions underlying the Forecast Financial Statements and all other disclosures.

FORECAST FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE | For the year ending 30 June

	ACTUAL 2014 \$000	ESTIMATE 2015 \$000	BUDGET 2016 \$000	FORECAST 2017 \$000	FORECAST 2018 \$000	FORECAST 2019 \$000	FORECAST 2020 \$000	FORECAST 2021 \$000	FORECAST 2022 \$000	FORECAST 2023 \$000	FORECAST 2024 \$000	FORECAST 2025 \$000
REVENUE												
Rates Funding	60,699	62,697	64,042	66,833	68,602	70,621	73,185	74,796	76,003	78,481	81,219	83,876
Targeted Rates	29,357	30,177	31,432	32,174	33,276	34,314	35,003	36,746	39,108	40,429	41,733	43,257
User Charges	31,054	32,127	33,113	34,522	36,051	36,866	37,814	38,608	39,470	40,392	41,376	42,384
Subsidies and Grants	10,013	9,971	14,108	12,550	12,131	12,313	12,149	16,667	13,087	13,228	13,054	14,650
Interest Earned	677	630	850	859	875	893	912	931	951	973	996	1,020
Vested Assets	1,437	1,010	842	857	872	892	909	929	947	969	992	1,018
Development and Financial Contributions	263	307	570	641	653	690	705	1,314	1,509	1,545	1,581	1,618
Other Revenue	5,177	4,732	5,330	5,592	5,523	5,634	5,936	5,875	6,003	6,338	6,287	6,437
Total revenue	138,677	141,651	150,288	154,028	157,983	162,223	166,613	175,866	177,078	182,355	187,238	194,260
EXPENDITURE												
Employee Costs	27,517	28,546	30,545	31,087	31,737	32,266	32,968	33,634	34,374	35,193	36,011	36,875
Support Costs	-	-	-	-	-	-	-	-	-	-	-	-
Operating Costs	75,710	85,565	89,133	80,657	77,464	78,749	80,974	82,925	84,739	87,337	89,742	91,901
Finance Costs	4,642	5,152	7,810	9,660	9,899	9,494	8,902	9,130	10,017	10,185	9,779	9,332
Depreciation and Amortisation	30,050	32,026	33,729	33,247	34,548	35,774	35,697	37,317	39,284	39,608	41,177	42,812
Total expenditure	137,919	151,289	161,217	154,651	153,648	156,283	158,541	163,006	168,414	172,323	176,709	180,920
SURPLUS BEFORE TAX	758	(9,638)	(10,929)	(623)	4,335	5,940	8,072	12,860	8,664	10,032	10,529	13,340
Tax Expense	-	-	-	-	-	-	-	-	-	-	-	-
SURPLUS AFTER TAX	758	(9,638)	(10,929)	(623)	4,335	5,940	8,072	12,860	8,664	10,032	10,529	13,340
OTHER COMPREHENSIVE INCOME												
Gain/(loss) on revaluation of financial instruments	943	(1,464)	-	-	-	400	1,100	-	-	-	-	-
Gains on Asset Revaluation	(6,478)	39,098	-	-	109,110	-	-	116,581	-	-	128,673	-
Total Other Comprehensive Income	(5,535)	37,634	-	-	109,110	400	1,100	116,581	-	-	128,673	-
TOTAL COMPREHENSIVE INCOME	(4,777)	27,996	(10,929)	(623)	113,445	6,340	9,172	129,441	8,664	10,032	139,202	13,340

PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY | For the year ending 30 June

	ACTUAL 2014 \$000	ESTIMATE 2015 \$000	BUDGET 2016 \$000	FORECAST 2017 \$000	FORECAST 2018 \$000	FORECAST 2019 \$000	FORECAST 2020 \$000	FORECAST 2021 \$000	FORECAST 2022 \$000	FORECAST 2023 \$000	FORECAST 2024 \$000	FORECAST 2025 \$000
Equity at beginning of the year	1,247,141	1,242,364	1,270,360	1,259,431	1,258,808	1,372,253	1,378,594	1,387,766	1,517,207	1,525,871	1,535,903	1,675,105
Total Comprehensive Income	(4,777)	27,996	(10,929)	(623)	113,445	6,340	9,172	129,441	8,664	10,032	139,202	13,340
EQUITY AT END OF THE YEAR	1,242,364	1,270,360	1,259,431	1,258,808	1,372,253	1,378,593	1,387,766	1,517,207	1,525,871	1,535,903	1,675,105	1,688,445
Represented by:												
Accumulated Funds												
Opening Balance	735,846	738,722	728,983	719,276	719,918	725,562	733,258	743,833	758,145	768,312	779,899	792,037
Interest Allocated to Reserves	(657)	(470)	(611)	(568)	(524)	(477)	(430)	(381)	(330)	(278)	(224)	(165)
Other Transfers to Reserves	501	501	501	501	501	501	501	501	501	501	501	501
Transfers from Reserves	1,331	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332	1,332
Net surplus/(deficit) after tax	1,701	(11,102)	(10,929)	(623)	4,335	6,340	9,172	12,860	8,664	10,032	10,529	13,340
Closing balance	738,722	728,983	719,276	719,918	725,562	733,258	743,833	758,145	768,312	779,899	792,037	807,045
Council Created Reserves												
Opening Balance	21,744	20,565	19,200	17,975	16,707	15,395	14,037	12,631	11,176	9,670	8,111	6,496
Transfers to Accumulated Funds	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)	(1,332)
Transfers from Accumulated Funds	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)	(501)
Interest earned	654	468	608	565	521	475	427	378	327	274	220	163
Closing balance	20,565	19,200	17,975	16,707	15,395	14,037	12,631	11,176	9,670	8,111	6,498	4,826
Restricted Reserves												
Opening Balance	74	78	80	83	86	89	92	95	98	101	105	109
Transfers to Accumulated Funds	1	-	-	-	-	-	-	-	-	-	-	-
Transfers from Accumulated Funds	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned	3	2	3	3	3	3	3	3	3	4	4	4
Closing balance	78	80	83	86	89	92	95	98	101	105	109	113
Asset Revaluation Reserves												
Opening Balance	489,477	482,999	522,097	522,097	522,097	631,207	631,207	631,207	747,788	747,788	747,788	876,460
Changes in Asset Value	(6,478)	-	-	-	-	-	-	-	-	-	-	-
Valuation Gains (Losses) taken to equity	-	39,098	-	-	109,110	-	-	116,581	-	-	128,673	-
Closing balance	482,999	522,097	522,097	522,097	631,207	631,207	631,207	747,788	747,788	747,788	876,461	876,460
TOTAL EQUITY	1,242,364	1,270,360	1,259,431	1,258,808	1,372,253	1,378,594	1,387,766	1,517,207	1,525,871	1,535,903	1,675,105	1,688,444

FORECAST FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF FINANCIAL POSITION | For the year ending 30 June

	ACTUAL 2014 \$000	ESTIMATE 2015 \$000	BUDGET 2016 \$000	FORECAST 2017 \$000	FORECAST 2018 \$000	FORECAST 2019 \$000	FORECAST 2020 \$000	FORECAST 2021 \$000	FORECAST 2022 \$000	FORECAST 2023 \$000	FORECAST 2024 \$000	FORECAST 2025 \$000
CURRENT ASSETS												
Cash and cash equivalents	14,503	14,500	14,500	14,865	15,282	15,725	16,203	16,689	17,210	17,766	18,361	18,967
Debtors and other receivables	10,795	10,795	10,795	10,979	11,187	11,411	11,650	11,895	12,157	12,436	12,735	13,041
Derivative financial instruments	284	800	800	-	-	-	-	-	-	-	-	-
Non-current assets held for sale	2,752	4,450	3,865	1,710	529	540	-	-	-	-	-	-
Other assets	5,336	5,336	5,336	5,336	5,336	5,336	5,336	5,336	5,336	5,336	5,336	5,336
Total current assets	33,670	35,881	35,296	32,890	32,334	33,012	33,189	33,920	34,703	35,538	36,432	37,344
NON-CURRENT ASSETS												
Property, plant and equipment	1,294,592	1,340,272	1,385,717	1,399,385	1,509,851	1,506,457	1,504,639	1,652,120	1,672,294	1,676,444	1,807,964	1,814,105
Assets under construction	5,885	5,885	5,885	5,885	5,885	5,885	5,885	5,885	5,885	5,885	5,885	5,885
Intangible assets	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694
Investment in subsidiaries	22,135	22,135	22,135	22,135	22,135	22,135	22,135	22,135	22,135	22,135	22,135	22,135
Investment in associates	200	200	200	200	200	200	200	200	200	200	200	200
Other financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	1,324,506	1,370,186	1,415,631	1,429,299	1,539,765	1,536,371	1,534,553	1,682,034	1,702,208	1,706,358	1,837,878	1,844,019
Total assets	1,358,176	1,406,067	1,450,927	1,462,189	1,572,099	1,569,383	1,567,742	1,715,954	1,736,911	1,741,896	1,874,310	1,881,363
CURRENT LIABILITIES												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings - current	25,222	7,697	13,857	18,253	18,943	22,748	21,493	23,241	24,073	23,125	22,140	21,089
Derivative financial instruments	2,320	4,300	4,300	3,500	3,500	3,100	2,000	2,000	2,000	2,000	2,000	2,000
Creditors and other payables	18,725	18,725	18,725	19,043	19,405	19,793	20,209	20,633	21,087	21,572	22,090	22,620
Employee entitlements	2,448	2,448	2,448	2,490	2,537	2,588	2,642	2,697	2,757	2,820	2,888	2,957
Other liabilities	4,284	4,284	4,284	4,357	4,440	4,528	4,623	4,721	4,824	4,935	5,054	5,175
Total current liabilities	52,999	37,454	43,614	47,643	48,825	52,757	50,967	53,292	54,741	54,452	54,172	53,841
NON-CURRENT LIABILITIES												
Borrowings - non current	56,000	91,440	141,069	148,809	143,960	130,830	121,656	137,947	148,626	143,692	136,995	130,848
Provisions	5,992	5,992	5,992	6,094	6,210	6,334	6,467	6,603	6,748	6,903	7,069	7,238
Employee entitlements	821	821	821	835	851	868	886	905	925	946	969	992
Total non-current liabilities	62,813	98,253	147,882	155,738	151,021	138,032	129,009	145,455	156,299	151,541	145,033	139,078
Total liabilities	115,812	135,707	191,496	203,381	199,846	190,789	179,976	198,747	211,040	205,993	199,205	192,919

	ACTUAL 2014 \$000	ESTIMATE 2015 \$000	BUDGET 2016 \$000	FORECAST 2017 \$000	FORECAST 2018 \$000	FORECAST 2019 \$000	FORECAST 2020 \$000	FORECAST 2021 \$000	FORECAST 2022 \$000	FORECAST 2023 \$000	FORECAST 2024 \$000	FORECAST 2025 \$000
NET ASSETS	1,242,364	1,270,360	1,259,431	1,258,808	1,372,253	1,378,594	1,387,766	1,517,207	1,525,871	1,535,903	1,675,105	1,688,444
Represented by:												
EQUITY												
Accumulated funds	738,722	728,983	719,276	719,918	725,562	733,258	743,833	758,145	768,312	779,899	792,037	807,045
Restricted reserves	78	80	83	86	89	92	95	98	101	105	109	113
Council created reserves	20,565	19,200	17,975	16,707	15,395	14,037	12,631	11,176	9,670	8,111	6,498	4,826
Revaluation reserves	482,999	522,097	522,097	522,097	631,207	631,207	631,207	747,788	747,788	747,788	876,461	876,460
TOTAL EQUITY	1,242,364	1,270,360	1,259,431	1,258,808	1,372,253	1,378,594	1,387,766	1,517,207	1,525,871	1,535,903	1,675,105	1,688,444
Balance	-	-	-	-	-	-	-	-	-	-	-	-

FORECAST FINANCIAL STATEMENTS

PROSPECTIVE CASH FLOW STATEMENT | For the year ending 30 June

	ACTUAL 2014 \$000	ESTIMATE 2015 \$000	BUDGET 2016 \$000	FORECAST 2017 \$000	FORECAST 2018 \$000	FORECAST 2019 \$000	FORECAST 2020 \$000	FORECAST 2021 \$000	FORECAST 2022 \$000	FORECAST 2023 \$000	FORECAST 2024 \$000	FORECAST 2025 \$000
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash was provided from:												
Receipts from rates and levies - Council	90,332	92,874	95,475	99,007	101,878	104,935	108,188	111,542	115,111	118,910	122,952	127,133
User charges and other income	47,314	47,137	53,121	53,121	54,150	55,279	56,365	62,219	59,807	61,224	61,999	64,783
Interest received	663	630	850	859	875	893	912	931	951	973	996	1,020
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-
Receipts from rates and levies - GWRC	17,633	17,633	17,774	17,933	18,273	18,639	19,030	19,430	19,857	20,314	20,802	21,301
Net GST received from Inland Revenue	-	-	-	-	-	-	-	-	-	-	-	-
	155,942	158,274	167,220	170,920	175,176	179,746	184,495	194,122	195,726	201,421	206,749	214,237
Cash was applied to:												
Payments to employees	(27,382)	(28,546)	(30,545)	(31,115)	(31,768)	(32,300)	(33,004)	(33,670)	(34,414)	(35,235)	(36,056)	(36,921)
Payments to suppliers	(77,396)	(85,565)	(89,133)	(80,080)	(76,809)	(78,047)	(80,222)	(82,157)	(83,917)	(86,460)	(88,803)	(90,943)
Interest paid	(3,987)	(5,152)	(7,810)	(9,660)	(9,899)	(9,494)	(8,902)	(9,130)	(10,017)	(10,185)	(9,779)	(9,332)
Rates and levies passed to GWRC	(17,501)	(17,633)	(17,774)	(17,933)	(18,273)	(18,639)	(19,030)	(19,430)	(19,857)	(20,314)	(20,802)	(21,301)
Net GST paid to Inland Revenue	(384)	-	-	-	-	-	-	-	-	-	-	-
	(126,650)	(136,896)	(145,262)	(138,788)	(136,749)	(138,480)	(141,158)	(144,387)	(148,205)	(152,194)	(155,440)	(158,497)
Net cash inflows from operating activities	(29,292)	(21,378)	(21,958)	(32,132)	(38,427)	(41,266)	(43,337)	(49,735)	(47,521)	(49,227)	(51,309)	(55,740)
CASH FLOWS FROM INVESTING ACTIVITIES												
Cash was provided from:												
Sale of property, plant and equipment	1,255	3,602	4,450	3,800	1,650	500	500	-	-	-	-	-
Other investment receipts	224	-	-	-	-	-	-	-	-	-	-	-
	1,479	3,602	4,450	3,800	1,650	500	500	-	-	-	-	-
Cash was applied to:												
Purchase of property, plant and equipment	(22,268)	(39,739)	(80,016)	(44,569)	(32,304)	(28,935)	(29,815)	(67,191)	(60,643)	(39,675)	(40,110)	(47,772)
Less UHCC capital contribution	406	613	2,107	478	472	884	564	3,469	5,836	772	752	3,452
Purchase of assets under construction	(4,861)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Purchase of intangible assets	(554)	(1,770)	(2,284)	(1,615)	(1,670)	(1,945)	(1,680)	(1,565)	(1,705)	(1,885)	(1,675)	(1,615)
Other investments and payments	(256)	-	-	-	-	-	-	-	-	-	-	-
	(27,533)	(42,896)	(82,193)	(47,706)	(35,502)	(31,996)	(32,931)	(67,287)	(58,512)	(42,788)	(43,033)	(47,935)
Net cash outflows from investing activities	(26,054)	(39,294)	(77,743)	(43,906)	(33,852)	(31,496)	(32,431)	(67,287)	(58,512)	(42,788)	(43,033)	(47,935)

	ACTUAL 2014 \$000	ESTIMATE 2015 \$000	BUDGET 2016 \$000	FORECAST 2017 \$000	FORECAST 2018 \$000	FORECAST 2019 \$000	FORECAST 2020 \$000	FORECAST 2021 \$000	FORECAST 2022 \$000	FORECAST 2023 \$000	FORECAST 2024 \$000	FORECAST 2025 \$000
CASH FLOWS FROM FINANCING ACTIVITIES												
Cash was provided from:												
Proceeds from borrowing	42,829	118,801	86,577	67,555	68,852	66,447	80,563	104,009	104,475	90,408	84,818	81,361
	42,829	118,801	86,577	67,555	68,852	66,447	80,563	104,009	104,475	90,408	84,818	81,361
Cash was applied to:												
Repayment of borrowing	(42,873)	(100,888)	(30,792)	(55,416)	(73,010)	(75,773)	(90,992)	(85,970)	(92,963)	(96,291)	(92,499)	(88,560)
	(42,873)	(100,888)	(30,792)	(55,416)	(73,010)	(75,773)	(90,992)	(85,970)	(92,963)	(96,291)	(92,499)	(88,560)
Net cash inflows/(outflows) from financing activities	(44)	17,913	55,785	12,139	(4,158)	(9,326)	(10,429)	18,039	11,512	(5,883)	(7,681)	(7,199)
Net increase/(decrease) in cash, cash equivalents and bank overdraft	3,194	(3)	-	365	417	444	477	487	521	556	595	606
Cash, cash equivalents and bank overdraft at beginning of the year	11,309	14,503	14,500	14,500	14,865	15,282	15,725	16,203	16,689	17,210	17,766	18,361
Cash, cash equivalents and bank overdraft at end of the year	14,503	14,500	14,500	14,865	15,282	15,725	16,203	16,689	17,210	17,766	18,361	18,967
Cash balance at end of the year comprises:												
Cash and on call deposits	14,503	14,500	14,500	14,865	15,282	15,725	16,203	16,689	17,210	17,766	18,361	18,967
Short term deposits	-	-	-	-	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Cash, cash equivalents and bank overdraft at end of the year	14,503	14,500	14,500	14,865	15,282	15,725	16,203	16,689	17,210	17,766	18,361	18,967

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Hutt City Council (referred to as 'Council') is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand. Council was first formed as Lower Hutt City Council on 1 November 1989 by the amalgamation of five local authorities. The name was changed to The Hutt City Council by a special Act of Parliament on 8 October 1991. The Group consists of Council, its subsidiaries, Seaview Marina Limited and Urban Plus Limited (both 100% owned), its controlled trust Hutt City Community Facilities Trust and associate Wellington Water Services Limited (formerly Capacity Infrastructure Services).

BASIS OF PREPARATION

Statement of compliance

These Financial Statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

As the primary objective of the Council and Group is to provide goods or services for community and social benefit, rather than for making a financial return, the

Council and Group are public benefit entities (PBE) for the purposes of financial reporting.

These Financial Statements have been prepared in accordance with Tier 1 PBE accounting standards. These Financial Statements comply with PBE accounting standards.

These Financial Statements are the first Financial Statements presented in accordance with the new PBE accounting standards.

Measurement base

The Financial Statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments (including derivative instruments), which have been measured at fair value.

Management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The Financial Statements have therefore been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Functional and presentation currency and rounding

The Financial Statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Council and group is New Zealand dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive revenue and expenses.

Effect of first-time adoption of PBE standards on accounting policies and disclosures

This is the first set of Financial Statements of the Council and Group that is presented in accordance with PBE standards. The Council and Group have previously reported in accordance with NZ IFRS (PBE).

The accounting policies adopted in these Financial Statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirement of a PBE standard are different to requirements under NZ IFRS.

The changes to accounting policies and disclosures caused by first time application of PBE account standards are as follows:

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE SPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS are the following:

Receivables from exchange and non-exchange transactions: The Financial Statements of the previous financial year, receivables were presented as a single total in the Statement of Financial Position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the Statement of Financial Position. This requirement affected the presentation of both current and comparative receivables figures.

PBE IPSAS 223: Revenue from Non-Exchange Transactions

PBE IPSAS 23 prescribes the financial reporting requirement for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The application of this

standard affects the Group's accounting for grant revenue. In the previous financial year, grants received in relation to the provision of a service were recognised as revenue on a percentage of completion basis. However, PBE IPSAS 23 requires revenue from non-exchange transactions such as grants to be recognised as revenue as soon as the inflow of resources can be recognised as an asset in the Financial Statements, unless the inflow of resources meets the definition of and recognition criteria for a liability. Non-exchange revenue from grants can only be deferred and recognised as a liability if there is a condition attached to the grant that requires an entity to use the grant as specified by the grantor or return of the cash (or other resources transferred under the grant) if the entity does not perform as specified.

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Council and Group have applied these standards in preparing the 30 June 2015 Financial Statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBE's with reporting periods beginning on or after 1 April 2015. Council and Group will apply these updated standards in preparing its 30 June 2016 Financial Statements. Council and Group expect these will be minimal or no change in applying these updated accounting standards.

Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods; and
- where the Council and group has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made.

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions:

General and targeted rates revenue

General and targeted rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. The Group recognises revenue from rates when the Council has struck the rate and provided the rates assessment. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable.



Rates collected on behalf of the Greater Wellington Regional Council (GWRC) are not recognised in the Financial Statements as the Council is acting as an agent for the GWRC.

Government grants and funding

Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. These non-exchange transactions with the Government and government agencies are recognised when the Group obtains control of the transferred asset (cash, goods, services or property) and:

- it is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- the transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services or property) transferred over to the Group at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Group has satisfied these conditions.

The Council and Group receives grants and subsidies from other organisations, all grants and subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Fines

The Group recognises revenue from fines (such as traffic and parking infringements) when the notice of infringement or breach is served by the Council or Group.

Direct charges – subsidised

(1) Rendering of services - subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licensing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to

the extent that the Council or Group has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from Council or Group for the service) if the service is not completed.

(2) Sale of goods – subsidised

A sale of goods at a price that is not approximately equal to the value of the goods provided by the Council or Group is considered a non-exchange transaction. This includes sales of goods where the price does not allow the Council to fully recover the cost of producing the goods (such as recycle bins), and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council or Group issues the invoice or bill for the goods. Revenue is recognised as the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council has the right to receive the funds for which the contribution was levied.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Council and Group are recognised as revenue when control over the asset is obtained.

Revenue from exchange transactions:

Direct charges – full cost recovery

(1) Rendering of services – full cost recovery

Revenue from the rendering of services (such as marina fees) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(2) Sale of goods – full cost recovery

Revenue from the sale of goods (such as rubbish bags) is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated

with the transaction will flow to the Group.

Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available for sale, interest income is recognised using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in Financial Income in the Statement of Comprehensive Revenue and Expenses.

Dividends

Revenue is recognised when the Group's or Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental revenue

Rental revenue arising from operating leases or rental agreements on properties is accounted for on a straight-line basis over the lease or rental term and is included in revenue in the statement of comprehensive revenue and expenses.

CONSTRUCTION CONTRACTS

Contract costs are recognised as expenses by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense is incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Council and Group incurs in connection with the borrowing of funds. The Council and Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

INCOME TAX

Current income tax

Tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Revenue and Expenses.

Management periodically evaluate positions taken in the tax interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable surplus.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Deferred tax is recognised on taxable temporary differences arising on

investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases

The Group does not enter into Finance Lease arrangements.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and

rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rent received from an operating lease is recognised as income on a straight-line basis over the lease terms and disclosed within revenue from exchange transactions in the Statement of Comprehensive Revenue and Expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents (current assets) in the Statement of Financial Position comprise cash at bank, cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts.

Bank overdrafts are shown within interest bearing loans and borrowings in current liabilities on the Statement of Financial Position.

DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, to manage exposure to foreign exchange and interest rate risks. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at each balance date.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when their remaining maturity is less than 12 months.

The Council and Group do not designate its derivative financial instruments as hedging instruments for accounting purposes. Accordingly, derivative financial instruments are reported as fair value through surplus or deficit.

FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, in four categories:

- Financial assets at fair value through surplus or deficit;
- Loans and receivables;
- Held-to-maturity investments; or
- Available for sale financial assets.

All financial assets are recognised initially at fair value plus transaction costs that are attributed to the acquisition of the financial assets.

Purchases and sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular

way trades) are recognised on trade-date, the date on which Council and Group commits to purchase or sell the asset.

The Group's financial assets include: cash and cash equivalents, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or parts of a portfolio classified as held for trading are classified as a current asset. Derivatives (e.g. interest rate swaps and options) are also categorised as held for trading.

After initial recognition assets in this class are measured at their fair values with gains or losses recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than

12 months after balance date, which are included in non-current assets. The Council and group loans and receivables comprise cash and cash equivalents, trade and other receivables, term deposits, community and related party loans.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans, including loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after

balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date or if the debt instrument is not expected to be realised within 12 months of balance date.

The Council and Group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that Council holds for strategic purposes.

Council's investments in its subsidiary and associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS

28 Investments in Associates), whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in equity is reclassified and recognised in the surplus or deficit.

Impairment of financial assets

At each balance date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Income.

Loans, receivables and term deposits

Impairment of a loan, receivable or term deposit is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated

future cash flows, discounted using the original effective interest rate. For trade and other receivables, the carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the Statement of Comprehensive Income. When the receivable is uncollectable, it is written off against the provision account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits impairment losses are recognised directly against the instrument's carrying amount.

Quoted and unquoted equity investments

For each equity investment classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, the cumulative loss (measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Income) is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity investments are not reversed through the Statement of Comprehensive Income.

Derecognition

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition as:

- Financial liabilities at fair value through surplus or deficit;
- Payables; and
- Loans and Borrowings.

All financial liabilities are recognised initially at fair value and, in the case of payables and loans and borrowings, net of directly attributable transactions costs.

The Group's financial liabilities include trade and other payables, loans and borrowings (including bank overdrafts) and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described here:



Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PBE IPSAS 29.

Gains or losses on liabilities held for trading are recognised in surplus or deficit.

Financial liabilities at amortised costs

After initial recognition, trade and other payables and interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest rate amortisation process. The effective interest rate amortisation is included as a financial cost in the Statement of Comprehensive Revenue and Expenses.

Trade and other payables are unsecured and are usually paid within 30 days of

recognition. Due to their short term nature they are not discounted.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Financial guarantee

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised only once the specified debtor has defaulted on their obligation and recorded at the best estimate of the expenditure required to settle the present obligation at the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in surplus or deficit.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Statement of Financial Position if there is a currently enforceable legal right to offset their recognised amounts and there is an intention to settle on the net basis, to realise the assets and settle the liability simultaneously.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short term positions), without any deduction for transaction costs. In the absence of an active market, the fair value of the financial instruments is measured using valuation techniques with the objective of estimating what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations.

INVENTORY

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventory is acquired

at no cost or for nominal consideration (non-exchange transaction), the cost is the current replacement cost at the date of acquisition.

Inventory held for use in the production of goods and services on a commercial basis is valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Emission trading units are held for consumption based on landfill emissions and are valued at net realisable value.

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the Statement of Comprehensive Revenue and Expenses. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

Infrastructure assets

The fixed utility systems owned by Council and include resource consents. Each asset type includes all items that are required for the network to function. For example, sewerage reticulation includes reticulation piping and sewer pump stations.

Operational assets

These include land, buildings, landfill post closure, improvements, library books, plant and equipment and collection items.

Restricted assets

Parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Initial recognition and subsequent expenditure:

Property, plant and equipment is measured initially at cost. Cost includes expenditure that is directly attributed to the acquisition of the items. The costs of

an item of property, plant and equipment are recognised only when it is probable that future economic benefits or service potential associated with the items will flow into the Group, and if the item cost or fair value can be measured reliably.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration (i.e. vested asset) the asset is initially measured at its fair value.

Assets under construction are included at cost. The total cost of a project is transferred to the relevant capital class on its completion and then depreciated. Borrowing costs are not capitalised.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

Council costs that do not meet the criteria for capitalisation, or are below the thresholds of \$1,000 for information technology hardware and \$2,500 for other items, are charged to operating expenditure.

Measurement subsequent to initial recognition

Subsequent to initial recognition, property, plant and equipment are measured using either the cost model or the revaluation model, as described here:

Library books, Plant and Equipment, Vehicles, Landfill Plant, Wharves and Land under Roads are measured at cost, net of accumulated depreciation and impairments loss (if any).

Land (excluding land under roads), buildings, roading assets, water assets, stormwater assets and wastewater assets are measured at fair value, less accumulated depreciation and impairments losses (if any) recognised after the date of the revaluation. The fair value of land and buildings is their market value as determined by a registered valuer. The fair value of the roading, water assets, stormwater assets and wastewater assets is measured using the depreciated replacement cost.

Revaluation is performed on a class by class basis. If an item of property, plant and equipment is revalued, the entire class to which the asset belongs is revalued.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying value. The valuation cycle for revalued asset classes is normally three years.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue

and Expenses. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Depreciation

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

The expected useful economic lives have been estimated on the following page.

	YEARS	PERCENTAGES
Operational assets		
Land	Not Depreciated	Not Depreciated
Buildings:		
- Structure	30 - 100	1 - 3.33
- Roof	40 - 55	1.82 - 2.5
- Services	35 - 55	1.82 - 2.86
- Internal fit-out	15 - 45	2.22 - 6.67
- Plant	30 - 35	2.86 - 3.33
Landfill building assets	50 - 100	1 - 2
Library books	2 - 14	7.14 - 50
Plant and equipment:		
- Office furniture	5 - 20	5 - 20
- Plant	3 - 25	4 - 33.33
- Computer equipment	3 - 10	10 - 33.33
- Playground equipment	5 - 30	3.33 - 20
- Recycling depots	10	10
Vehicles	5	20
Landfill plant	20 - 35	2.86 - 5
Wharves	10 - 40	2.5 - 10
Breakwaters	100	1
Parking meters	10 - 25	4 - 10
Collections	Not Depreciated	Not Depreciated

	YEARS	PERCENTAGES
Infrastructure assets		
Storm, supply and wastewater utility assets:		
- Pumping stations	12 - 80	1.25 - 8.33
- Pencarrow outfall tunnels	500	0.2
- Pencarrow outfall other assets	25 - 62	1.61 - 4
- Resource consents	Life of the consent	
- Silverstream river crossing structure	60	1.67
- Storage tanks	15 - 50	2 - 6.67
- Treatment plant	5 - 100	1 - 20
- Pipework	20 - 40	2.5 - 5
Landfill storm water	100	1
Landfill roading	20 - 100	1 - 5
Roading network:		
- Birms	20	5
- Bridges	80 - 100	1 - 1.25
- Bus shelters	30 - 50	2 - 3.33
- Car parking	8 - 80	1.25 - 12.5
- Culvert and subways	100	1
- Debris fences	25	4
- Footpath walkway	15 - 50	2 - 6.67
- Kerbs and channel	15 - 80	1.25 - 6.67
- Pedestrian crossings	40 - 50	2 - 2.5
- Retaining walls	15 - 100	1 - 6.67

	YEARS	PERCENTAGES
- Roothing carriageway	7 - 120	0.83 - 14.29
- Seawalls	60 - 90	1.11 - 1.67
- Speed humps	12 - 50	2 - 8.33
- Street light support	50	2
- Street lights	25	4
- Sumps and leads	80	1.25
- Traffic barriers	10 - 30	3.33 - 10
- Traffic islands	60	1.67
- Traffic signals and signs	5 - 30	3.33 - 20
- Vehicle crossings	80	1.25

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

For revalued assets, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalue amounts of the assets.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.



Upper Hutt City Council's interest in the bulk wastewater system

The Hutt Valley and Wainuiomata bulk wastewater system is managed by Council. Upper Hutt City Council pays an annual levy to the Hutt City Council based on an apportionment formula equating to between 26% and 33% of the funding requirements. While Upper Hutt City Council does not have legal ownership of the bulk wastewater system, it is entitled to a share of the proceeds from any sale of the assets.

Upper Hutt City Council's interest in the bulk wastewater system assets is deducted from the value of property, plant and equipment recognised in the Statement of Financial Position. Funding contributions from Upper Hutt City Council are recognised as revenue in the Statement of Comprehensive Income if the contributions are for the operation of the bulk wastewater system. Funding contributions for capital work are recognised as an increase in Upper Hutt City Council's interest in the bulk wastewater system assets.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds

with the carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Comprehensive Revenue and Expenses. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by Council and Group, are recognised as an intangible asset.

Staff training costs and costs associated with maintaining computer software are recognised as an expense when incurred.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation

begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expenses.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

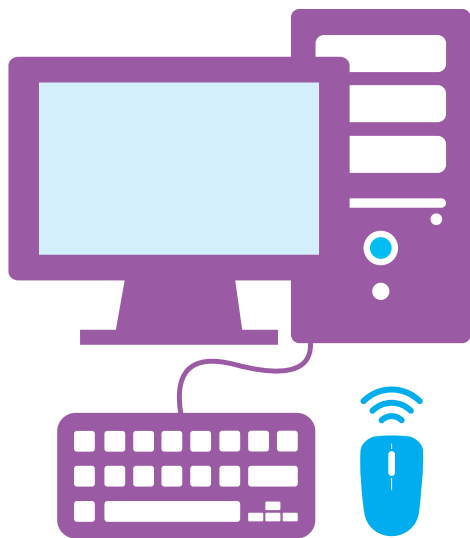
Computer software
3 - 5 years
33.33% – 20%

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the



entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Comprehensive Income, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Income.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

EMPLOYEE ENTITLEMENTS

Short-term benefits

Employee benefits that Council and Group expect to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council and Group recognise a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council and Group anticipates it will be used by staff to cover those future absences.

Council and Group recognise a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cash flows.

The discount rate used is the current New Zealand Government long-term bond rate as at 30 June each year, and the inflation rate used is the annual Consumer Price Index. The discount rate is based on Council's long-term cost of funds. The inflation factor is based on the expected long-term increase in remuneration for employees.

SUPERANNUATION SCHEMES

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income as incurred.

Defined benefit schemes

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the

terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

PROVISIONS

Council and Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Landfill post closure costs

As operator of the Silverstream Landfill site, Council has an obligation to ensure the on-going maintenance and monitoring services at landfill sites after closure. Council also has an obligation to monitor the closed landfill site at Wainuiomata and

other sites previously operated by local authorities subsequently amalgamated to form the Hutt City Council.

A site restoration and aftercare provision has been recognised as a liability in the Statement of Financial Position. Provision is made for the present value of closure and post closure costs when the obligation for post closure arises. The calculated cost is based on estimates of closure costs and future site trade waste charges and monitoring costs. The estimated length of time needed for post closure care for Silverstream is 30 years and Wainuiomata is 28 years.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

Amounts provided for closure and post closure costs are capitalised to the landfill asset where they give rise to future economic benefits, or if they are incurred to enable future economic benefits to be obtained. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

The provision of landfill post closure costs is valued annually by an independent valuer.

Weathertightness provision

The Group recognises a provision for the Council's estimated liability relating to the settlement of weathertightness claims. The provision related to claims made under the Weathertight Homes Resolution Services Act 2006, as well as civil proceedings directly against the Council.

The provision calculation included the estimated net settlement that the Council is expected to make on:

- All claims that are currently actively managed by the Council; and
- All claims that have been lodged with Weathertight Homes Resolution Service but are not yet actively managed by the Council.

EQUITY

Equity is the community's interest in Council, measured by total assets less total liabilities. Equity is classified into a number of reserves to enable clearer identification of the specified uses that Council makes of their accumulated surpluses. The components of equity are:

- Accumulated comprehensive revenue and expenses;
- Council created reserves;
- Restricted reserves; and
- Asset revaluation reserves.

Accumulated comprehensive revenue and expenses is the Council and Group's accumulated surplus or deficit since the formation of the Council, adjusted for transfers to/from specific reserves.

Reserves represent a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Council created reserves are established by Council. They may be altered without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of Council.

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

Asset revaluation reserves relate to the revaluation of property, plant, and equipment to fair value after initial recognition.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

OPERATING STATEMENTS INCLUDED IN THE STATEMENT OF SERVICE PERFORMANCE

The operating statements report the net cost of services for significant activities of Council. Council has derived the net cost of services for each significant activity using the cost allocation system outlined below:

- direct costs are charged directly to significant activities. Indirect costs are charged to the significant activities based on cost drivers and related activity or usage information; and
- each significant activity has been charged an internal interest cost. The net interest cost incurred by Council is allocated to each significant activity based on the net book value of property, plant and equipment used by the activity.

SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

In preparing these Financial Statements, Council and Group management has made estimates, judgements and assumptions concerning the future that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Classification of non-financial assets as cash generating assets or non-cash generating assets

For the purpose of assessing impairment indicators and impairment testing, the Group classifies non-financial assets as either cash generating or non-cash generating assets. The Group classifies non-financial assets as cash-generating assets if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash generating assets.

All property, plant and equipment and intangible assets held by the Council and the Group are classified as non-cash generating assets. This includes assets that generate fee revenue or other cash flows for the Council and Group, as the cash flows generated are generally not sufficient to represent commercial return on the assets.

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives

do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditures required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Provision for landfill aftercare costs: In determining the fair value of the provision, assumptions and estimates are made in

relation to the discount rate, the expected cost of the post-closure restoration and monitoring of the landfill site and the expected timing of these costs. Expected costs and timing of closure are based on the estimated remaining capacity of the landfill, based on the advice and judgement of qualified engineers. The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

Provision for weathertight homes: In determining the fair value of the provision, assumptions and estimates are made in relation to the expected value of the settlement based on the level of the original claim compared to historical settlement of similar claims. No evaluation has been undertaken to quantify the level of unreported claims.

DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITIES

	ACTUAL 2014 \$000	ESTIMATE 2015 \$000	BUDGET 2016 \$000	FORECAST 2017 \$000	FORECAST 2018 \$000	FORECAST 2019 \$000	FORECAST 2020 \$000	FORECAST 2021 \$000	FORECAST 2022 \$000	FORECAST 2023 \$000	FORECAST 2024 \$000	FORECAST 2025 \$000
Leisure and Wellbeing	4,797	5,076	5,087	4,989	5,191	5,365	5,345	5,557	5,765	5,732	5,955	6,198
Roading and Traffic	9,940	10,666	11,566	11,462	11,891	12,309	12,287	12,901	13,583	13,620	14,089	14,572
Water Supply	3,277	3,444	3,528	3,495	3,647	3,773	3,767	3,930	4,132	4,211	4,431	4,611
Wastewater	6,898	7,273	7,410	7,282	7,497	7,723	7,681	8,045	8,635	8,829	9,146	9,573
Stormwater	2,970	3,033	3,138	3,106	3,218	3,330	3,320	3,460	3,596	3,607	3,771	3,926
Solid Waste	546	567	587	588	645	702	705	746	812	834	897	958
Growth, Development and Sustainability	114	99	761	790	849	868	856	876	896	884	905	927
Organisation	1,508	1,868	1,652	1,535	1,610	1,704	1,736	1,802	1,865	1,891	1,983	2,047
Total	30,050	32,026	33,729	33,247	34,548	35,774	35,697	37,317	39,284	39,608	41,177	42,812

RESERVE FUNDS

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest. The Council holds 12 reserve funds, with five being restricted reserves. Restricted reserves are reserves that have rules set by legal obligation that restrict the use that the Council may put the funds towards.

The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of the Council's treasury management.

Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial balances.

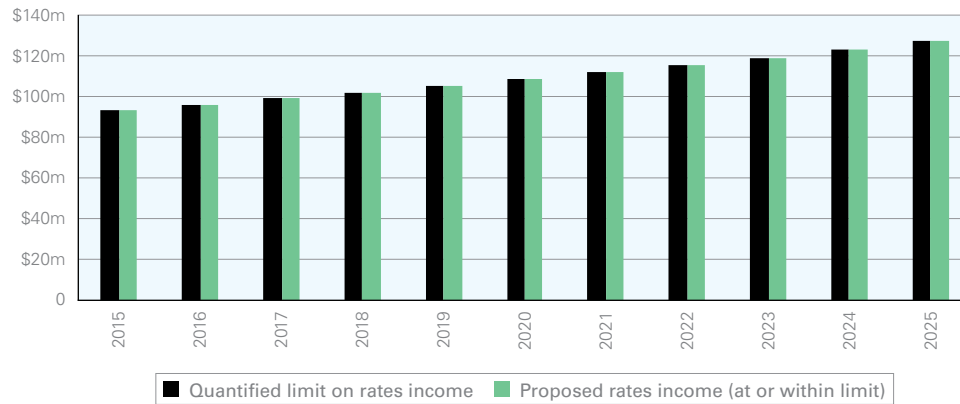
	OPENING BALANCE JULY 2015 \$000	DEPOSITS \$000	EXPENDITURE \$000	CLOSING BALANCE JUNE 2025 \$000
COUNCIL CREATED RESERVES – PURPOSE OF THE FUND				
Reserve Purchase and Development (Parks and Reserves Activity) To provide for the purchase of land for reserves purposes or the development of existing reserves. The Fund is made up of financial contributions from subdivision and revenue from the sale of surplus reserve land. The main purpose of the Fund is to provide open space and recreational opportunity to offset the effects of land use intensification.	5,710	4,274	(7,320)	2,664
Election Fund (Support Services Activity) To provide for the cost of Council by-elections (if required). Cost of tri-annual elections are provided for in the LTP budget in the year they will occur.	150	-	-	150
Landfills Reserve (Solid Waste Activity) To set funds aside for the longer term replacement of the landfill. Management have indicated that the cost to replace the landfill will not exceed \$12 million, therefore the reserve has been capped at that level.	12,000	-	-	12,000
Waste Minimisation Reserve (Solid Waste Activity) To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. This reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry for the Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract. Cost of waste minimisation has been included in the LTP budget rather than to draw on reserve funds and therefore the reserve has been capped at this level.	2,860	-	-	2,860
Wingate Landfill Reserve (Parks and Reserves Activity) To provide for the development and major maintenance of the former landfill areas (top areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	164	44	(50)	158
Wingate Park (Parks and Reserves Activity) To provide for the development and major maintenance of the former landfill areas (bottom areas) at the end of Page Grove, Wingate, now managed as reserve land and used for various recreational activities.	163	44	(50)	157
Ex Hillary Commission Funds (Aquatics and Recreation Activity) To provide funding for sporting activities. Approval needs to be given by Sport New Zealand.	122	10	(132)	0
Totals	21,169	4,372	(7,552)	17,989
RESTRICTED RESERVES – PURPOSE OF THE FUND				
Taita Cemetery - JV Bently (Parks and Reserves Activity) The Council is contracted to maintain Plot 32/33 block 7, St James section in perpetuity. The plots contain Issac Young, Eliza Young and AG Talbut.	3	0	(2)	2
Lavelle Tree Bequest (Parks and Reserves Activity) To provide for the planting of trees in and around Hutt City on major thoroughfares.	30	0	(30)	0
JWT Adams Bequest (Museums Activity) To be utilised to establish and service a photographic collection for the Dowse. There is no specific expenditure plan for the coming ten years on the purchase of photographic items for the collection.	20	2	(22)	0
ML Talbut Bequest (Parks and Reserves Activity) To provide for the planting and maintenance of reserves.	13	0	(13)	(0)
Eastbourne Arts Trust (Museums Activity) To purchase for the Dowse Collection works of art created by Eastbourne artists, being artists who have or have had a significant association with Eastbourne.	14	1	(16)	(0)
Totals	80	4	(82)	2

PRUDENCE REPORTING

RATES AFFORDABILITY BENCHMARK

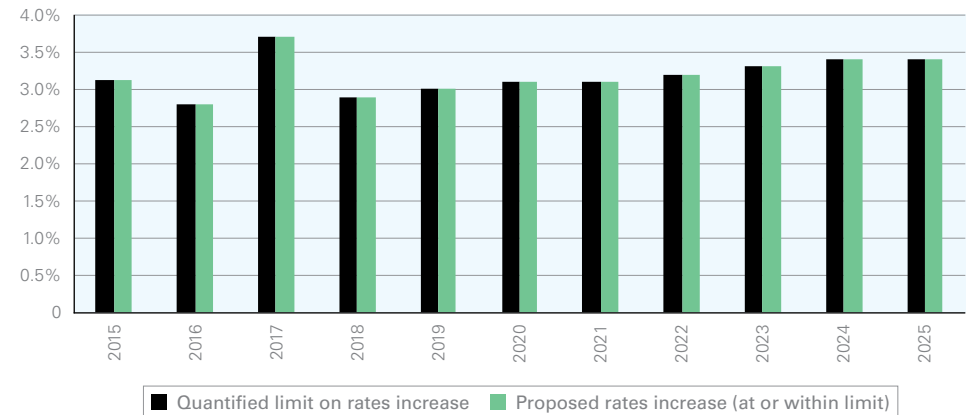
The Council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.



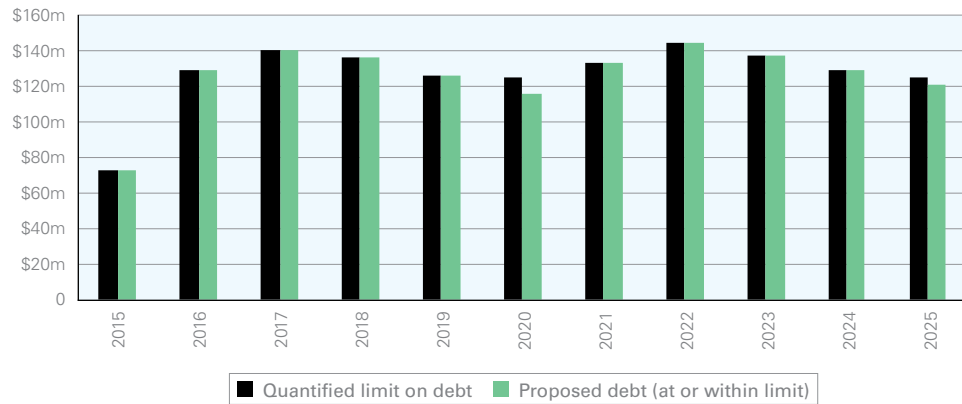
RATES (INCOME) AFFORDABILITY BENCHMARK

The above graph compares the Council's planned rates with a quantified limit on rates contained in the Financial Strategy included in this Long Term Plan. The quantified limit is to increase rates in each year by no more than inflation plus 1% for growth plus an additional 1% in 2015, 2016 and 2017.



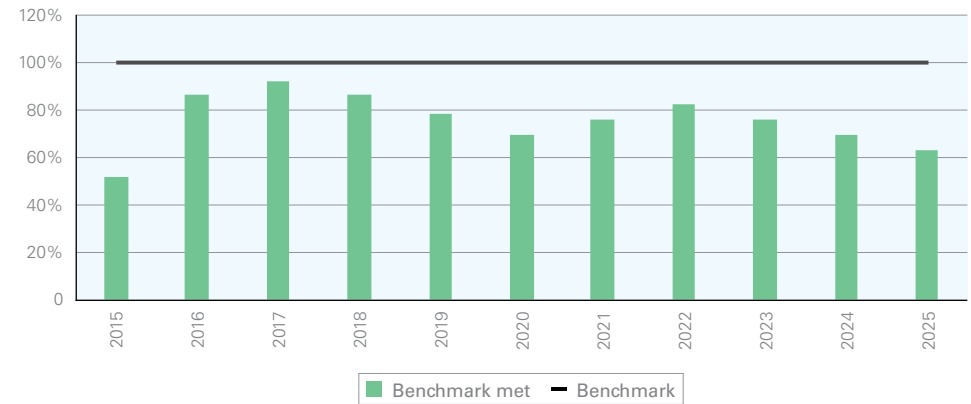
RATES (INCREASE) AFFORDABILITY BENCHMARK

The above graph compares the Council's planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included in this Long Term Plan. The quantified limit is to increase rates in each year by no more than inflation plus 1% for growth plus an additional 1% in 2015, 2016 and 2017.



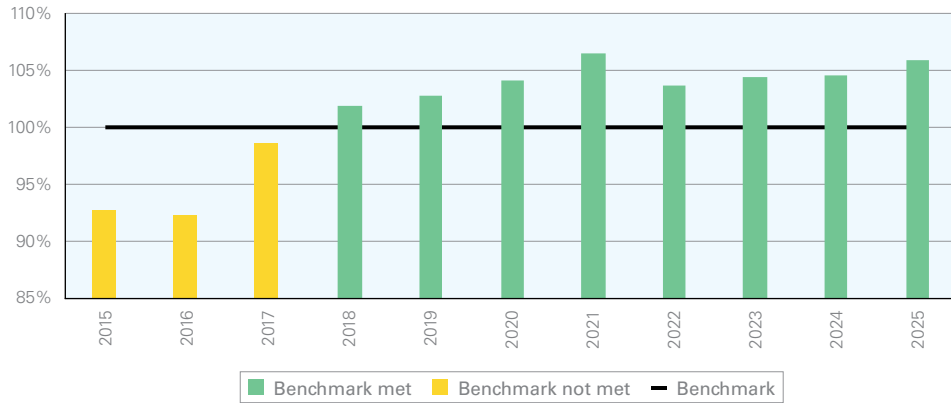
DEBT AFFORDABILITY BENCHMARK (PLANNED DEBT COMPARED TO DEBT LIMITS)

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The above graph compares the Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan. The quantified limit is to achieve debt levels below our annual target (as outlined in the Long Term Plan).



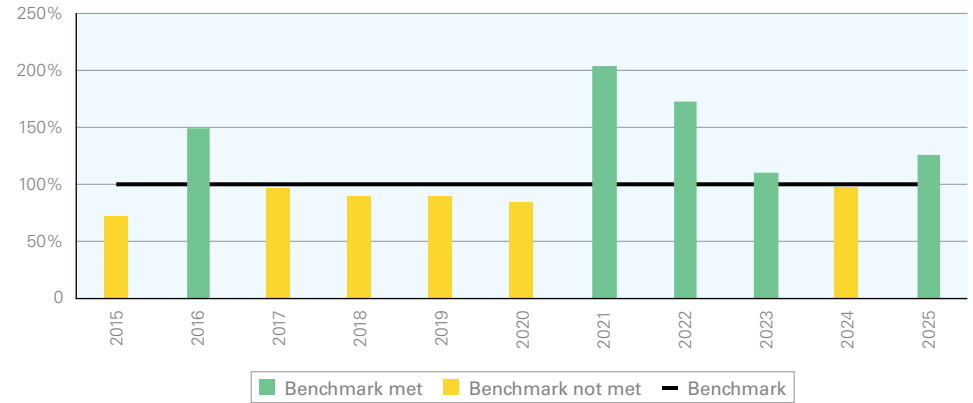
DEBT AFFORDABILITY BENCHMARK (PLANNED DEBT AS PERCENTAGE OF REVENUE)

The above graph compares the Council's borrowing as a percentage of revenue with a quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is to achieve debt levels below our annual target (as outlined in the Long Term Plan).



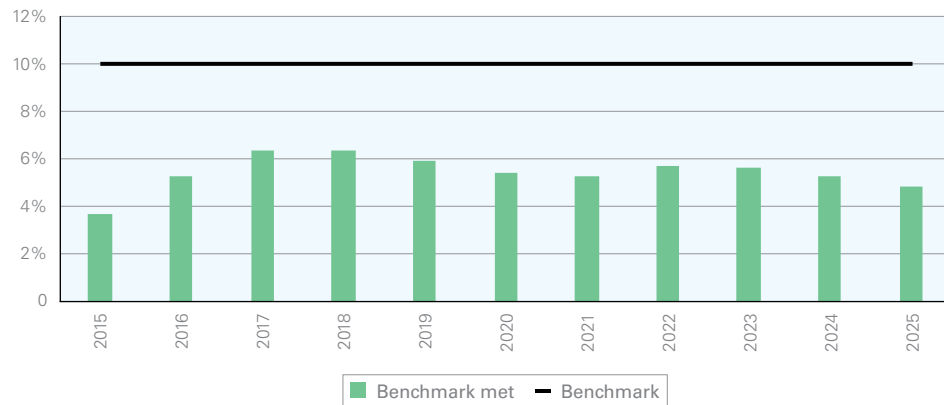
BALANCED BUDGET BENCHMARK (PLANNED REVENUE GREATER THAN PLAN EXPENDITURE)

The above graph displays the Council’s planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivate financial instruments and revaluations of property, plant or equipment). The Council meets this balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses. The benchmark has not been met in 2015, 2016, and 2017 due to grants paid to the Community Facilities Trust which are being treated as an operating expense but are being used to create community assets that would normally be treated as a capital expense.



ESSENTIAL SERVICES BENCHMARK

The above graph displays the Council’s planned capital expenditure on network services as a proportion of depreciation on network services. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



DEBT SERVICING BENCHMARK

The above graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant and equipment). Because Statistics New Zealand projects the Council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equals or are less than 10% of its planned revenue.

FUNDING IMPACT STATEMENT INCLUDING RATES FOR 2015-2016

This section includes full details of how rates are calculated. This statement should be read in conjunction with Council's Revenue and Financing Policy, which sets out Council's policies in respect of each source of funding of operating expenses.

SUMMARY OF FUNDING MECHANISMS AND INDICATION OF LEVEL OF FUNDS TO BE PRODUCED BY EACH MECHANISM

The Whole of Council Funding Impact Statement on page 98 sets out the sources of funding to be used for 2015-2018, the amount of funds expected to be produced from each source, and how the funds are to be applied. Details of user charges and other funding sources, and the proportion applicable to each activity, are included in the Council's Revenue and Financing Policy.

RATES FOR YEAR

For the 2015-2016 year, and for subsequent years, it is intended that Council will set the following rates:

a) Water Supply Rate

A separate targeted rate will be set to meet 100% of the costs of water supply and reticulation in the city. Lump sums will not be invited in respect of this rate.

Council has set the targeted rate for water supply on the basis of the following factors:

- a charge per separately used or inhabited part of a rating unit which is connected to the water reticulation system; and
- a charge of 50% of the above charge per separately used or inhabited part of a rating unit that is not connected to, but is able to be connected to, the water reticulation system.

Provided that:

- rating units situated within 100 metres from any part of the water reticulation network are considered to be able to be connected (i.e. serviceable);
- rating units that are not connected to the system, and that are not able to be connected, will not be liable for this rate; and
- the owner of a rating unit with more than one separately used or inhabited part may opt to install a water meter to measure the total water consumed. In such a case only one charge will be made for the entire rating unit, but the owner will be liable to pay for water consumed as measured by the meter.

The charges for the 2015-2016 rating year are as follows:

CATEGORY	CHARGE
Connected	\$367.00 per part
Serviceable but not Connected	\$183.50 per part

b) Wastewater Rate

A separate targeted rate will be set to meet 100% of the costs of wastewater collection, treatment and disposal within the city. Lump sums will not be invited in respect of this rate.

Council proposes to set the targeted rate for the wastewater function on the basis of the following factors:

- for Commercial rating units a charge for the first water closet (WC) or urinal connected to the wastewater system from each rating unit; and
- an additional charge of 50% of the above charge for the second and each subsequent WC or urinal connected to the wastewater system from each rating unit.

Provided that:

- each residential household is charged for no more than one WC, regardless of the actual number;

- no charge is made to any rating unit not connected to the wastewater system; and
- in the case of urinals each 900mm or part thereof will be treated as being equivalent to one WC.

The charges for the 2015-2016 rating year are as follows:

CATEGORY	CHARGE
First WC or urinal per rating unit	\$444.00 each
For commercial properties second and each subsequent WC or urinal per rating unit	\$222.00 each

c) Recycling Charge

A separate targeted rate will be set to meet 100% of the costs of the recycling collection service from residential properties. Lump sums will not be invited in respect of this rate.

The targeted rate will be set as a fixed amount per Separately Used or Inhabited Part (SUIP) of each rating unit in the Residential differential category.

The charge for the 2015-2016 rating year is as follows:

CATEGORY	CHARGE
Rating units in the Residential category receiving or able to use the recycling collection service	\$40.00

d) Jackson Street Programme Rate

A separate targeted rate, based on the capital value of each rating unit, will be set to raise revenue from rating units being operated as businesses and with a frontage to Jackson Street, Petone, between Hutt Road and Cuba Street. The revenue raised from this rate will be applied to meet the costs of the Jackson Street Programme, which is a community-based initiative to help reorganise and revitalise commercial activities in Jackson Street. Lump sums will not be invited in respect of this rate.

The charge for the 2015-2016 rating year is as follows:

CATEGORY	RATE
Rating units in any business category having frontage to Jackson Street, Petone, between Hutt Road and Cuba Street	0.10074 cents per \$ of Capital Value

e) General Rate

A general rate will be set:

- to meet the costs of Council activities, other than those detailed above;
- based on the Capital Value of each rating unit in the city; and
- on a differential basis, based on the use to which the land is put.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

Council does not propose to set a UAGC for 2015-2016, but in future years if a UAGC is set this will be calculated as one fixed amount per Separately Used or Inhabited Part (SUIP) of a rating unit.

DEFINITION OF SEPARATELY USED OR INHABITED PART (SUIP)

For the purposes of the UAGC or any targeted rate set as a fixed amount per SUIP of a rating unit, a SUIP is defined as:

- any part of the rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement; and
- at a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or actual use by persons for purposes of conducting a business.

For the avoidance of doubt, a rating unit that has only one use (i.e. it does not have separate parts or is vacant land) is treated as being one SUIP.

DIFFERENTIAL RATING DETAILS

Each rating unit is allocated to a differential rating category (based on land use) for the purpose of calculating the general rate, or any specified targeted rate based on Capital Value.

Set out below are the definitions used to allocate rating units to categories, together with details of the differential rating relationships between each category of rating unit for the purposes of setting and assessing the general rate. The relationships are calculated to produce, as near as is practicable, the correct proportion of general rate revenue from each group, as is indicated by Council's Revenue and Financing Policy.

For the 2015-2016 rating year, only the general rate has been set using these differential categories and relationships.

DEFINITION OF RATING CATEGORIES

CATEGORY	DESCRIPTION
Residential (RE)	All rating units in the city which are: <ul style="list-style-type: none"> • used primarily for residential purposes; • used or set aside for reserve or recreational purposes (other than East Harbour Regional Park), excluding properties categorised as rural.
Rural (RU)	All rating units in the city which are: <ul style="list-style-type: none"> • used primarily for any purpose other than residential, commercial, industrial, recreational or reserve; • used primarily for residential purposes, having an area in excess of 3,000 m², but not connected to either water or sewerage reticulation; • East Harbour Regional Park.
Business Accommodation (BA)	All rating units in any part of the city which are used primarily for commercial accommodation.
Business Central (BC)	All rating units which are located within the Central Area Parking District and which are used primarily or predominantly for commercial and/or industrial purposes, excluding properties categorised as: <ul style="list-style-type: none"> • Utility Networks; • Business Accommodation.

CATEGORY	DESCRIPTION
Business Suburban (BS)	All rating units in any part of the city which are used primarily or predominantly for commercial and/or industrial purposes, excluding properties categorised as: <ul style="list-style-type: none"> • Community Facilities; • Business Central; • Utility Networks; • Business Accommodation.
Utility Networks (UN)	All rating units which comprise all or part of a utility network.
Community Facilities 1 (CF1)	All land in the city which is: <ul style="list-style-type: none"> • non-rateable in terms of the Local Government (Rating) Act 2002; • 50% non-rateable in terms of the Local Government (Rating) Act 2002.
Community Facilities 2 (CF2)	All rating units in the city occupied by charitable trusts and not-for-profit organisations which either: <ul style="list-style-type: none"> • use the land for non-trading purposes for the benefit of the community; • would qualify as land which is 50% non-rateable in accordance with Part 2 of Schedule 1 of the Local Government (Rating) Act 2002 if the organisation did not have a liquor licence, but excluding any rating unit used for residential purposes.
Community Facilities 3 (CF3)	All rating units in the city occupied by not-for-profit community groups or organisations whose primary purpose is to address the needs of adult members for entertainment or social interaction, and which engage in recreational, sporting, welfare or community services as a secondary purpose.

For the purposes of these definitions:

- rating units which have no apparent land use (or where there is doubt as to the relevant use) will be placed in a category which best suits the activity area of the property under the District Plan;
- rating units which have more than one use (or where there is doubt as to the relevant primary use) will be placed in the category with the highest differential factor;
- Central Area Parking District is as defined in the District Plan – City of Lower Hutt.

For the avoidance of doubt, “commercial purposes” includes rating units used:

- as a hotel, motel, inn, hostel or boarding house
- primarily as licensed premises
- as a camping ground
- as a convalescent home, nursing home, rest home or hospice operating for profit
- as a fire station
- by a government, quasi-government or local authority agency for administration or operational purposes
- as an establishment similar to any of the kinds referred to above, except to the extent that any such rating unit is non-rateable land in terms of the Local Government (Rating) Act 2002.

A “utility network” includes:

- a gas, petroleum or geothermal energy distribution system
- an electricity distribution system
- a telecommunications or radio communications system
- a wastewater, stormwater or water supply reticulation system.

“Commercial accommodation” means the provision of accommodation for more than five persons (with or without any care, medical or other treatment or services) in the course of business, and to that extent includes:

- a hotel, motel, inn, hostel or boarding house
- any licensed premises where the provision of accommodation is the primary use
- a camping ground
- a convalescent home, nursing home, rest home or hospice operating for profit.

Subject to the right of objection set out in section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of Council to determine the use or primary use of any rating unit in the city.

SUMMARY OF REVENUE REQUIRED BY DIFFERENTIAL GROUP

DIFFERENTIAL GROUP	TOTAL RATES BY CATEGORY 2015-2016 \$000	PROPORTION OF TOTAL RATES %
Residential	76,596	67.2%
Rural	715	0.6%
Utility Networks	4,683	4.1%
Business:		
Accommodation	747	0.7%
Central	8,333	7.3%
Suburban	21,582	18.9%
Community Facilities:		
1	901	0.8%
2	176	0.1%
3	173	0.1%
Total Rates Levied	113,906	100%

Relationships of Differential Categories

The rate in the dollar set and assessed in respect of each specified category of rating units shall vary from the rate in the dollar in respect of any other specified category of property as set out below. Council has amended the differential factors used in 2011-2012 and 2012-2013 and these will be introduced over a 10 year period that commenced in 2012-2013. The figures below are based on the current year's rates:

CATEGORY	DIFFERENTIAL FACTOR				TRANSITION OVER 10 YEARS							DIFFERENTIAL FACTOR AFTER 10 YEARS
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Residential (RE)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Rural (RU)	0.65	0.67	0.68	0.70	0.71	0.73	0.74	0.76	0.77	0.79	0.80	0.80
Business Accommodation (BA)	3.00	2.93	2.86	2.79	2.72	2.65	2.58	2.51	2.44	2.37	2.30	2.30
Business Central (BC)	3.70	3.56	3.42	3.28	3.14	3.00	2.86	2.72	2.58	2.44	2.30	2.30
Business Suburban (BS)	3.40	3.29	3.18	3.07	2.96	2.85	2.74	2.63	2.52	2.41	2.30	2.30
Utility Networks (UN)	2.50	2.48	2.46	2.44	2.42	2.40	2.38	2.36	2.34	2.32	2.30	2.30
Community Facilities 1 (CF1)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community Facilities 2 (CF2)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Community Facilities 3 (CF3)	2.50	2.48	2.46	2.44	2.42	2.40	2.38	2.36	2.34	2.32	2.30	2.30

The differential categories and charges for the 2015-2016 rating year are as follows:

CATEGORY	RATIO	CHARGE PER \$ OF CAPITAL VALUE
Residential (RE)	1.00	0.33514 cents
Rural (RU)	0.71	0.23795 cents
Business Accommodation (BA)	2.72	0.91159 cents
Business Central (BC)	3.14	1.05235 cents
Business Suburban (BS)	2.96	0.99202 cents
Utility Networks (UN)	2.42	0.81105 cents
Community Facilities 1 (CF1)	1.00	0.33514 cents
Community Facilities 2 (CF2)	0.50	0.16757 cents
Community Facilities 3 (CF3)	2.42	0.81105 cents

SUMMARY OF REVENUE REQUIRED FROM RATES

RATE	AMOUNT (INCLUSIVE OF GST) \$000	AMOUNT (EXCLUSIVE OF GST) \$000
General Rate	78,241	68,036
Targeted Rates:		
Water Supply	14,801	12,871
Wastewater	19,148	16,651
Jackson Street	151	132
Recycling	1,537	1,336
Private Drains	28	24
Total Rate Revenue	113,906	99,050

Note: Total rate revenue includes rates charged on Council-owned properties.

FUNDING IMPACT STATEMENT INCLUDING RATES FOR 2015-2016

EXAMPLES OF RATES ON A RANGE OF TYPICAL PROPERTIES

The examples below show how a range of properties are affected by the rates for 2015-2016:

PROPERTY CATEGORY	2014/2015 RATES		2015/2016 RATES		
	RATEABLE VALUES 2014 AS AT 1 JULY 2014 \$	CURRENT RATES \$	RATES \$	CHANGE AMOUNT \$	CHANGE AMOUNT %
Average Residential	373,321	2,046	2,102	56	2.79
Average Business Central	1,235,897	14,124	14,037	(87)	(.62)
Average Business Suburban	997,999	10,925	10,933	8	0.07
Average Business Accommodation	2,307,407	24,119	24,287	168	0.70
Average Rural (no water services)	559,215	1,255	1,330	75	5.98
Community Facilities 1	1,040,000	3,183	3,277	94	2.95
Community Facilities 2	1,800,000	5,321	5,390	69	1.30
Community Facilities 3	7,325,000	65,381	66,880	1,499	2.29
Utilities	2,370,000	18,680	19,222	542	2.90
Residential	250,000	1,647	1,688	41	2.49
Residential	500,000	2,455	2,526	71	2.89
Residential	750,000	3,263	3,364	101	3.10
Business Suburban	458,500	5,576	5,581	5	0.09
Business Suburban	917,000	10,123	10,130	7	0.07
Business Suburban	1,375,500	14,670	14,678	8	0.05

RATES INSTALMENT DETAILS

The amount of the annual rates payable on each rating unit is payable by six equal instalments by the following dates:

Instalment No.	Due Date
One	20 August
Two	20 October
Three	20 December
Four	20 February
Five	20 April
Six	20 June

Where the annual rates are not able to be set in time for the first instalment, the first instalment will be calculated and charged as one sixth of the previous year's rates.

The remaining five instalments will then be calculated as each being one fifth of the amount of the annual rates, after deducting the amount of instalment one.

PENALTIES ON UNPAID RATES

If the rates instalment amount is not paid by the due date then the following penalty charges will be incurred:

- after the due date shown for each instalment, a penalty charge of 10% of the amount remaining unpaid for that instalment will be added to the rate account
- all rates levied in any previous financial year (including any penalty amounts already added for late payment) which remain unpaid after the due date for payment of the first instalment in the current year (20 August), will incur a further penalty charge of 10%
- all rates levied in any previous financial year (including any penalty amounts already added for late payment) which remain unpaid after the due date for payment of the fourth instalment in the current year (20 February), will incur a further penalty charge of 10%.

No penalty shall be added to any rate account if:

- a direct debit authority is in place for payment of the rates by regular weekly, fortnightly or monthly instalments, and payment in full is made by the end of the rating year
- any other satisfactory arrangement has been reached for payment of the current rates by regular instalments by the end of the rating year.

RATING BASE

Based on the projected increase of 1% in the rating base each year, the following table shows the projected number of rating units in the city as at 30 June:

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
38,799	39,187	39,578	39,973	40,374	40,777	41,185	41,596	42,012	42,433

RECONCILIATION OF FINANCIAL STATEMENTS TO FUNDING IMPACT STATEMENT

	ESTIMATE 2015 \$000	BUDGET 2016 \$000	FORECAST 2017 \$000	FORECAST 2018 \$000	FORECAST 2019 \$000	FORECAST 2020 \$000	FORECAST 2021 \$000	FORECAST 2022 \$000	FORECAST 2023 \$000	FORECAST 2024 \$000	FORECAST 2025 \$000
Total Revenue from Prospective Statement of Comprehensive Income	141,651	150,288	154,028	157,983	162,223	166,613	175,866	177,078	182,355	187,238	194,260
Less Capital Contributions	(4,049)	(8,072)	(6,554)	(6,021)	(5,977)	(5,681)	(10,658)	(7,112)	(7,117)	(6,793)	(8,240)
Plus Internal Charges	17,388	15,937	15,213	15,465	15,291	15,280	15,583	15,382	15,361	15,589	15,305
Funding Impact Statement Total Operating Funding (A)	154,990	158,153	162,687	167,427	171,537	176,212	180,791	185,348	190,599	196,034	201,325
Total Expenditure from Prospective Statement of Comprehensive Income	141,651	150,288	154,028	157,983	162,223	166,613	175,866	177,078	182,355	187,238	194,260
Less Depreciation	(4,049)	(8,072)	(6,554)	(6,021)	(5,977)	(5,681)	(10,658)	(7,112)	(7,117)	(6,793)	(8,240)
Less Internal Charges	17,388	15,937	15,213	15,465	15,291	15,280	15,583	15,382	15,361	15,589	15,305
Funding Impact Statement Total Applications of Operating Funding (B)	154,990	158,153	162,687	167,427	171,537	176,212	180,791	185,348	190,599	196,034	201,325
Net Surplus per Prospective Statement of Comprehensive Income	(9,638)	(10,929)	(623)	4,335	5,940	8,072	12,860	8,664	10,032	10,529	13,340
Add Depreciation Expense	32,026	33,729	33,247	34,548	35,774	35,697	37,317	39,284	39,608	41,177	42,812
Less Capital Contributions	(4,049)	(8,072)	(6,554)	(6,021)	(5,977)	(5,681)	(10,658)	(7,112)	(7,117)	(6,793)	(8,240)
Funding Impact Statement Surplus (Deficit) of Operating Funding (A-B)	18,339	14,728	26,070	32,862	35,737	38,088	39,519	40,836	42,523	44,913	47,912



FEES AND CHARGES FOR 2015/2016

The following is a consolidated list of Hutt City Council's fees and charges. All fees and charges include Goods and Services Tax (GST).

ANIMAL SERVICES

	2015/2016
Dog	
Entire Dog	\$125.00
Neutered	\$90.00
All dogs not registered by 3 August	\$175.00
Classified "Dangerous"	\$150.00
Classified "Dangerous" and not registered by 3 August	\$225.00
Responsible owner status	\$65.00
Replacement registration tags	\$5.00
Euthanasia at owner's request	\$35.00
Dog disposal/surrender fee (plus sustenance fee below if required)	\$35.00
Licence fee for keeping more than two dogs	\$35.00
After hours collection fee	\$40.00
Requested Dog pick-up/delivery	\$65.00
RDO property inspection	\$65.00
Infringement fees set in the Dog Control Act 1996 apply	
Micro-chipping fee	\$35.00
Boarding fee per day	\$20.00
Impounding and Sustenance Fees (Registered Dogs)	
First impounding during year of registration	\$100.00
Second impounding during year of registration	\$160.00
Sustenance fee per dog per day	\$20.00
Seizure fee	\$80.00
Impounding and Sustenance Fees (Unregistered Dogs)	
First impounding during year of registration	\$120.00
Second impounding during year of registration	\$200.00
Sustenance fee per dog per day	\$20.00
Seizure fee	\$120.00

ARCHIVES

	2015/2016
There is no charge for inspecting items at the public reading room	
Search Fees¹	
First hour of research	Free of charge
Fee per additional half-hour or part thereof	\$38.00
Research Questions²	
Fee per half-hour or part thereof	\$38.00
¹ Search Fees include requests for information on a topic, individual or property where Archive staff can identify and retrieve records for the relevant information	
² Research Questions include requests for information on a topic, individual or property where Archive staff need to retrieve and research the records for the relevant information	
Photocopy Fees	
Copying is subject to the physical condition and type of the item - in the interest of preserving the archive, and copyright legislation.	
All copying of archives will be carried out by Archive staff. For copies larger than A3 staff will inform you of the cost.	
There is a separate charge for postage and, for digital copies, a DVD-RW disc.	
Photocopying A4, up to 20 pages	Free of charge
Photocopying A4 after the first 20 pages	\$0.20 per page*
Photocopying:	\$2.00 per page
A3 black and white	for black and white or colour*
A3 colour	
Scanning – first half hour	Free of charge
Scanning per additional hour	\$38.00 per hour

*Fees to recover the cost of staff time may apply.

BOAT SHEDS

	2015/2016
Boat shed	Independent valuation on a square metre basis

CEMETERIES

	2015/2016
Plot Purchase and Maintenance In-perpetuity	
Adult	\$1,550.00
Child (1 to 12 years)	\$650.00
Infant (under 1 year)	\$140.00
Ashes	\$585.00
Ashes garden, Taita and Wainuiomata	\$945.00
Memorial tree plots, Block 18	\$950.00
Ponga trail, Block 19	\$760.00
Interment Fees	
Adult	\$795.00
Child (1 to 12 years)	\$515.00
Infant (under 1 year)	\$140.00
Ashes	\$105.00
RSA Section	
Burial plot purchase	Free of charge
Burial interment fee	\$795.00
Ashes plot purchase	Free of charge
Ashes interment fee	\$105.00
Ashes interment (memorial wall)	\$105.00
Disinterments	
Burial (body) ¹	\$2,000.00
Ashes ¹	\$200.00
Re-interments	
To be charged as for interment fees	

	2015/2016
Special Fees and Charges	
Outside district fees ²	\$1,060.00
Outside district fee - children under 12 ²	\$935.00
Outside district fee - RSA ²	\$1,060.00
Outside district fee - ashes ²	\$765.00
Casket larger than standard	\$235.00
Extra depth (90 centimetres)	\$190.00
Weekend interment - casket	\$410.00
Weekend interment - ashes	\$200.00
Plaque/Memorial fees	\$75.00
Plot cancellation fee	\$50.00
Transfer of exclusive right	\$50.00
Breaking of concrete	Actual cost
Search fee: per entry (up to 30 minutes)	\$20.00

¹ These figures are indicative only and the actual charge may differ depending on the nature of the disinterment.

² Applies to all plot purchases where deceased has lived outside the city for the last five or more years. Reimbursement for unused plots is calculated at the rates originally paid for the plots.

ENCROACHMENT ON HUTT CITY COUNCIL LAND

	2015/2016
Application fee (new applications)	\$173.00
Application fee (alterations to existing use)	\$58.00
Gardens	\$115.00pa
Single garage	\$128.00pa
Double garage	\$256.00pa
Commercial	Assessed by Council at a market rate

Note: These are indicative figures only and actual charges may differ depending on the nature of the encroachment. Other encroachment types will be assessed by Council on an individual basis.

ENGINEERING RECORDS AND LAND INFORMATION SERVICES

PRINT SIZE	2015/2016	
	80 GSM JETBOND	95 GSM COATED
A0	\$5.00	\$5.50
A1	\$2.50	\$2.75
A2	\$1.25	\$1.50
A3	\$1.00	\$1.00
A4	\$0.50	\$0.50
GIS Specialist's time (per hour)		\$70.00

ENVIRONMENTAL CONSENTS

Resource Consents

All fees include GST and are payable under section 36 of the Resource Management Act (RMA) 1991. Additional charges may apply (see below). Application fees cover the cost of processing your application only. Consultants fees and costs of disbursements will also be additionally charged and invoiced when consent is completed.

After you start building, there may be charges to cover Council's monitoring costs; such as site visits, research, photos, communications and administration.

If your application is withdrawn or cancelled, a refund may be given based on the amount of time already spent on it.

NON-COMPLYING, DISCRETIONARY, RESTRICTED DISCRETIONARY, CONTROLLED	2015/2016
Notified application - hearing required (includes up to 40 hours of processing and administration, and one hour of monitoring)	\$6,150.00
If application is required to be notified in a daily newspaper, an additional fee of \$1,000.00 is required	
Notified application - no hearing required (includes up to 30 hours of processing and administration, and one hour of monitoring)	\$4,650.00
Limited notification (includes up to 30 hours of processing and administration, and one hour of monitoring)	\$4,650.00
Non-notified resource consent (includes up to seven hours of processing and administration, and one hour of monitoring)	\$1,200.00
Non-notified resource consent - residential additions and alterations (includes up to five hours of processing and administration, and one hour of monitoring)	\$900.00
All additional processing, administration and monitoring (per hour)	\$150.00
Hearing Commissioner time to be recovered from applicants for time spent in hearings and deliberating (per hour)	Council Commissioners: Chair \$100.00 Members \$80.00 Independent Commissioners: Chair - Actual cost Member of hearing panel - \$80.00

NON-COMPLYING, DISCRETIONARY, RESTRICTED DISCRETIONARY, CONTROLLED	2015/2016
Fast Track - non-notified consents only - issued within 10 days (conditions apply, applications will be accepted on a case-by-case basis)	Two times normal fee (payment of twice normal initial fee at receipt of application: \$300.00 per hour of additional processing time will be charged)
Fast Track - non-notified consents only - issued within five days (conditions apply, applications will be accepted on a case-by-case basis)	Three times normal fee (payment of three times normal initial fee at receipt of application: \$450.00 per hour of additional processing time will be charged)

SUBDIVISIONS (INCLUDING UNIT TITLE, CROSS LEASE)	2015/2016
Notified application – hearing required (includes up to 42 hours of processing and administration, and one hour of monitoring)	\$6,450.00
If application is required to be notified in a daily newspaper, an additional fee of \$1,000.00 is required	
Notified application – no hearing required (includes up to 32 hours of processing and administration, and one hour of monitoring)	\$4,950.00
Limited notification (includes up to 32 hours of processing and administration, and one hour of monitoring)	\$4,950.00

SUBDIVISIONS (INCLUDING UNIT TITLE, CROSS LEASE)	2015/2016
Subdivision consent including land use consent (includes up to 12 hours of processing and administration, and one hour of monitoring)	\$1,950.00
Subdivision consent including certificate under section 223 of the RMA (includes up to 10 hours of processing and administration, and one hour of monitoring)	\$1,650.00
All additional processing, administration and monitoring (per hour)	\$150.00
Certificate under section 224 of the RMA	\$300.00
Certificate under section 226 of the RMA (includes up to three hours of processing)	\$450.00
Section 241 and 243 RMA application (includes up to six hours of processing)	\$900.00
Rights of way (includes three hours of processing)	\$450.00
Rights of way sealing fee	\$180.00
Hearing Commissioner time to be recovered from applicants for time spent in hearings and deliberating (per hour)	Council Commissioners: Chair \$100.00 Members \$80.00 Independent Commissioners: Chair - Actual cost Member of hearing panel - \$80.00

FEES AND CHARGES FOR 2015/2016

OTHER FEES	2015/2016
Sec 139A Existing Use Certificate application (includes up to six hours of processing)	\$900.00
Certificate of Compliance (includes up to six hours of processing)	\$900.00
Outline Plan (includes up to six hours of processing and one monitoring inspection)	\$1,050.00
Outline Plan waiver (includes up to six hours of processing)	\$1,050.00
Section 10 waiver, section 37 waiver, section 125 extension, section 126 cancellation, sections 127 & 128 review (non-notified) RMA (includes up to six hours of processing)	\$900.00
Section 357, 357A and 357B objection (non-notified)	\$900.00
Certificate of Use under Sale of Liquor Act 1989	\$180.00
Any special inspections (per hour)	\$150.00
Sealing fee (for urgent applications for registrable instruments)	\$150.00
Certificate under Overseas Investment Act 1973	\$450.00
Cost of disbursements, i.e. venue hire, photocopying, catering, postage, public notification	Actual cost
Independent consultants, advisors, specialists	Actual cost
All consents and certificates additional processing hours (per hour)	\$150.00
Discharge or withdrawal of registrable instruments – legal costs plus officers' time at (per hour)	\$150.00
Processing request for removal of building line (includes one hour of processing time)	\$150.00 (additional time will be charged at \$150.00 per hour, disbursements will be charged at actual cost)

OTHER FEES	2015/2016
Adjustment or revocation of easements – legal costs plus officers' time at (per hour)	\$150.00
Bond preparation and/or release (includes two hours of processing time)	\$300.00 (additional time will be charged at \$150.00 per hour, disbursements will be charged at actual cost)

ENVIRONMENTAL SUSTAINABILITY INITIATIVES	2015/2016
Domestic solar hot water heating panels	Free of charge for up to five hours of initial processing and one monitoring inspection, after which standard charges for the category of consent will apply
Solar water heating systems	
Hot water systems, i.e. wetbacks associated with wood pellet stoves or low-emission wood burners	
Hot water heat pump systems	
Solar photo-voltaic systems	
Double glazing retrofits on buildings pre-2000	
Rainwater tanks	
Demolition of chimney	
Eco Design Advisor home assessment (two hours)	Free of charge
Home Star certified assessment	\$460.00
All additional monitoring inspections (per visit)	\$150.00

RESOURCE CONSENT TERMS AND LATE PAYMENT

Initial and Additional Fees

Fees must be paid before applications are processed/work undertaken by council. Further charges will be invoiced if additional time is spent processing requests and/or disbursements.

Terms of Payment

Payment of additional fees is due by the 20th of the month following invoice processing.

Late payment will incur:

- an additional administrative fee (lesser of 10% of the overdue amount or \$300.00)
- all costs and expenses (including debt collection or legal fees) associated with recovery of the overdue amount
- daily interest (rate of 15% pa) from the date of default.

BUILDING CONSENTS

All fees include GST and if your application is withdrawn or cancelled, a refund may be given based on the amount of time already spent on it. Additional charges may apply (see below).

Please note that the fees listed below are initial fees only. They include administration time, processing time and a specified number of inspections. They do not include any additional administration, processing or inspections, disbursements, consultant fees, Building Research Association of NZ (BRANZ) and Ministry of Business, Innovation and Employment (MBIE) levies. The BRANZ levy is \$1.00 per \$1,000 for works \$20,000 and over, and MBIE levy is \$2.01 per \$1,000 for works \$20,444 and over. You will be notified of these additional fees after the process has been completed.

TOTAL BC VALUE OF WORK	2015/2016	
		BC
Free standing and Inbuilt fire (includes 1.5 hours processing and admin)	1 inspection visit	\$375.00
Fast Track – five days		
Minor works (Minor drainage, pool fencing)	1 inspection visit	\$450.00
(includes 2 hours processing and admin)		
Standard garages		\$637.50
(includes up to 2.25 hours processing and admin)	2 inspection visits	
Fast Track - five days		

TOTAL BC VALUE OF WORK	2015/2016	
		BC
< \$5,000 (includes up to 2.75 hours processing and admin)	2 inspection visits	\$712.50
To \$10,000 (includes up to 5 hours processing and admin)	2 inspection visits	\$1,050.00
To \$19,999 (includes up to 5.5 hours processing and admin)	3 inspection visits	\$1,275.00
To \$50,000 (includes up to 7 hours processing and admin)	4 inspection visits	\$1,650.00
To \$100,000 (includes up to 8 hours processing and admin)	5 inspection visits	\$1,975.00
To \$200,000 (includes up to 10 hours processing and admin)	6 inspection visits	\$2,400.00
To \$300,000 (includes up to 11 hours processing and admin)	7 inspection visits	\$2,700.00
To \$500,000 (includes up to 12 hours processing and admin)	8 inspection visits	\$3,000.00
To \$1,000,000 (includes up to 14 hours processing and admin)	8 inspection visits	\$3,300.00
Over \$1,000,000 (includes up to 16 hours processing and admin)	8 inspection visits	\$3,600.00
Fast Track - processed within 10 working days (conditions apply, applications will be accepted on a case-by-case basis)	Two times application fee (additional time will be charged at \$300.00 per hour)	
Building consent for demolition of chimney		Free of charge

OTHER FEES		2015/2016
All additional processing and admin (per hour)		\$150.00
All additional inspection visits (per visit)		\$150.00
Amendment to building consent		\$150.00
	(additional time will be charged at \$150.00 per hour)	
PIM (includes 2 hours processing)		\$300.00
	(additional time will be charged at \$150.00 per hour)	
Disbursements (per sheet of paper) for building consents and amendments with an estimated value of \$20,000 or more		A4 - \$0.20 A3 - \$0.40 A2 - \$0.80 A1 - \$1.60
Section 72 - building on land subject to natural hazards		Actual cost
Section 75 - building on two or more allotments		Actual cost
Vehicle crossing construction		Actual cost
Structural checking fee		Actual cost
Water connection/alteration		Actual cost
Sewer/stormwater connection/ disconnection		Actual cost
Backflow prevention device		Actual cost
Sanitary sewer TV survey		Actual cost
Stormwater TV survey		Actual cost
List of building consents – monthly (received or granted)		Available free on our website
Service connection application fees		
Wastewater		\$38.00
Stormwater		\$38.00
Water		\$88.00

OTHER FEES		2015/2016
Certificate for public use		Single fee of \$300.00 (additional time will be charged at \$150.00 per hour)
Certificate of acceptance		
Works under \$100,000.00		\$895.00 (deposit plus normal consent fees and levies for MBIE)
Works \$100,000.00 and over		\$2,590.00 (deposit plus normal consent fees and levies for MBIE)
Compliance schedule (CS)/Building warrant of fitness (BWF)		
BWOF		\$150.00
BWOF/CS inspection		\$150.00 per hour
Amendment to CS		\$150.00
		(additional time will be charged at \$150.00 per hour)
Commercial cable car		\$150.00
Residential cable car		Free of charge
Domestic Pools		
Pool audit inspection		\$130.00
Pool re-inspection (1 to 3 items)		\$70.00
Pool re-inspection (4 to 6 items)		\$100.00
Pool re-inspection (7 or more items)		\$130.00

ENVIRONMENTAL SUSTAINABILITY INITIATIVES	2015/2016	
Domestic solar hot water heating panels	Free of charge	
Solar water heating systems		
Hot water systems, i.e. Wetbacks associated with wood pellet stoves or low-emission wood burners		
Hot water heat pump systems		
Solar photo-voltaic systems		
Double glazing retrofits on buildings pre-2000		
Rainwater tanks		
Eco Design Advisor home assessment (two hours)		
Home star certified assessment		\$460.00
All additional monitoring inspections (per visit)		\$150.00

Note: Building Consent (BC), Certificate for Public Use (CPU), Certificate of Acceptance (COA), Project Information Memorandum (PIM), Compliance Schedules (CS) and Building Warrants of Fitness (BWOF).

BUILDING CONSENT TERMS AND LATE PAYMENT

Initial Fees and Additional Fees

Initial fees must be paid before applications are processed/work undertaken by council. Further charges will be invoiced for disbursements and if additional time is spent processing the application.

Terms of Payment

Payment of additional consenting, administration, disbursements and consultants' fees shall be paid before application is issued. Additional inspections fees shall be paid before Code Compliance Certificate is issued.

Late payment will incur:

- an additional administrative fee (lesser of 10% of the overdue amount or \$300.00)
- all costs and expenses (including debt collection or legal fees) associated with recovery of the overdue amount
- daily interest (rate of 15% pa) from the date of default.

POOLS LATE PAYMENT

If payment is not received by the 20th of the month following the date of the invoice, the following will apply:

- an additional administrative fee (lesser of 10% of the overdue amount or \$300.00)
- all costs and expenses (including debt collection or legal fees) associated with recovery of the overdue amount
- daily interest (rate of 15% pa) from the date of default.

BUILDING WARRANT OF FITNESS TERMS AND LATE PAYMENT

Registration fees must be paid between the Building Warrant of Fitness renewal date and the 20th of the following month.

If payment is not received by the 20th of the month following the renewal date of your Building Warrant of Fitness, the following will apply:

- an additional administrative fee (lesser of 10% of the overdue amount or \$300.00)
- all costs and expenses (including debt collection or legal fees) associated with recovery of the overdue amount
- daily interest (rate of 15% pa) from the date of default.

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

Development and financial contributions are payable in relation to the subdivision and development of land. The amounts payable are described in Council's Policy on Development and Financial Contributions.

PROPERTY INFORMATION

2015/2016	
Property information sent by email	\$20.00 (includes 30 minutes' processing) plus \$50.00 per half-hour thereafter
Property information copied to CD	\$20.00 (includes 30 minutes' processing) plus \$50.00 per half-hour thereafter
Property information requested in hard copy	\$1.00 per A4 black and white sheet \$2.00 per A4 colour sheet \$2.00 per A3 black and white sheet \$3.00 per A3 colour sheet
Plumbing & Drainage Plan (online)	No cost
A4 colour aerial photo	\$3.50
A3 colour aerial photo	\$7.50
Certificate of Title	\$20.00
Interests/document, e.g. transfer, easement, covenant, lease	\$20.00

LAND INFORMATION MEMORANDUM (LIM)

All fees include GST and if your application is withdrawn a refund may be given based on the amount of time already spent processing the LIM. Costs of disbursements, where applicable, will also be additionally charged and invoiced when LIM is completed.

Residential Property LIM (deposit – includes 3.5 hours' processing time and disbursements)	\$320.00
Commercial property LIM (deposit – includes 3.5 hours' processing time and disbursements)	\$500.00
Additional processing hours over 3.5 hours (per hour)	\$90.00
Fast Track - processed within 5 working days (conditions apply, applications will be accepted on a case-by-case basis)	\$480.00 (\$180.00 per hour of additional processing time will be charged)

LIMS/PROPERTY INFORMATION TERMS AND LATE PAYMENT

Initial Fees and Additional Fees

Fees must be paid before applications are processed/work undertaken by council. Further charges will be invoiced for disbursements and if additional time is spent processing the application.

TERMS OF PAYMENT

Payment of additional processing, administration and disbursements shall be paid before application is issued.

Late payment will incur:

- an additional administrative fee (10% of the overdue amount)
- all costs and expenses (including debt collection or legal fees) associated with recovery of the overdue amount
- daily interest (rate of 15% pa) from the date of default.

ENVIRONMENTAL HEALTH

Premises meeting the required standard by 1 July are eligible for a discount, provided re-registration is applied for by 20 August.

FOOD PREMISES	2015/2016		
	FEE	DISCOUNT FEE	A GRADE
Class One – Fruiterers, pre-packaged only (low risk, pre-packaged)	\$365.00	\$247.00	\$200.00
Food Control Plan – Class One - Fruiterers, pre-packaged only (low risk, pre-packaged)	\$365.00	\$247.00	\$200.00
Class Two – Dairies, service stations (small premises – ready-made foods – some ice cream/pre-wrapped pies), clubs (medium), supply of low-risk food	\$434.00	\$303.00	\$251.00
Food Control Plan – Class Two – Dairies, service stations (small premises – ready-made foods – some ice cream/pre-wrapped pies), clubs (medium), supply of low-risk food	\$434.00	\$303.00	\$251.00
Class Three – Clubs (large), rest homes (<25), service stations (large), minimarts, canteens (small), supply of medium-risk food	\$556.00	\$390.00	\$367.00
Food Control Plan – Class Three – Clubs (large), rest homes (<25), service stations (large), minimarts, canteens (small), supply of medium-risk food	\$556.00	\$390.00	\$367.00
Class Four – Takeaways, eating houses (<40), meat and fish, delicatessens, canteens (large), caterers (small), bakeries, wholesalers (small), rest homes (25-50), supermarkets (medium), supply of high-risk food	\$648.00	\$453.00	\$374.00
Food Control Plan – Class Four - Takeaways, eating houses (<40), meat and fish, delicatessens, canteens (large), caterers (small), bakeries, wholesalers (small), rest homes (25-50), supermarkets (medium), supply of high-risk food	\$648.00	\$453.00	\$374.00
Class Five – Eating houses (>40), caterers (large), wholesalers (large), rest homes (>50), supermarkets (large), supply of high-risk food	\$1,067.00	\$740.00	\$606.00

FOOD PREMISES	2015/2016		
	FEE	DISCOUNT FEE	A GRADE
Food Control Plan – Class Five - Eating houses (>40), caterers (large), wholesalers (large), rest homes (>50), supermarkets (large), supply of high-risk food	\$1,067.00	\$740.00	\$606.00
Clubs/canteens (small) – type 16 – no food preparation	\$145.00	\$100.00	\$83.00
Food Control Plan – Clubs/canteens – minimal food preparation	\$145.00	\$100.00	\$83.00
Travelling shops – food – high risk	\$426.00	\$320.00	N/A
Food Control Plan – Travelling shops – food – high risk	\$426.00	\$320.00	N/A
Travelling shops – food – medium risk	\$296.00	\$201.00	N/A
Food Control Plan – Travelling shops – food – medium risk	\$296.00	\$201.00	N/A
Travelling shops – food – low risk	\$194.00	\$178.00	N/A
Food Control Plan – Travelling shops – food – low risk	\$194.00	\$178.00	N/A
Stalls – food – high risk	\$426.00	\$320.00	N/A
Food Control Plan – Stalls – food – high risk	\$426.00	\$320.00	N/A
Stalls – food – medium risk	\$296.00	\$201.00	N/A
Food Control Plan – Stalls – food – medium risk	\$296.00	\$201.00	N/A
Stalls – food – low risk	\$194.00	\$178.00	N/A
Food Control Plan – Stalls – food – low risk	\$194.00	\$178.00	N/A

Note: Food premises operating under approved Food Control Plans will continue to be charged according to the listed risk category.

OTHER LICENCES	2015/2016		
	FEE	DISCOUNT FEE	A GRADE
Travelling shops – no food	\$140.00	N/A	Set by statute
Hairdressers	\$302.00	\$194.00	N/A
Camping grounds	\$517.00	\$461.00	N/A
Hawkers	\$55.00	N/A	N/A
Amusement devices	\$89.00	N/A	N/A
Mortuaries	\$383.00	\$261.00	N/A
Offensive trades	\$419.00	\$292.00	N/A

ADDITIONAL CHARGES	2015/2016
One-off food stalls	\$45.00
Market organiser/operator fees for one-day markets, festivals and special events	<10 food stalls \$200 11-20 food stalls \$400 21-40 food stalls \$600 41-60 food stalls \$800
Sale of low risk food (where food sales are counted as less than 20% of business)	\$80.00
Food Control Plan (FCP) initial consultation fee (per visit)	\$140.00
Replacement FCP (photocopy and bound)	\$25.00
Replacement diary (photocopy and bound)	\$25.00
Thermometer	\$25.00
Additional inspections of registered premises or follow-up visits for non-compliance with Food Control Plan (corrective actions)	\$140.00
Complaints Investigations – vexatious, repeat offending	\$140.00
New premises – establishment fee	\$140.00
Initial registration fee	\$100.00
Transfer registration fee	\$60.00

NOISE CONTROL	2015/2016
Seizure fine (stereo equipment)	\$170.00 and \$1.00 per day after the 1st month of storage
	\$300.00 for any subsequent seizures of equipment from a property within a 6 month period and \$1.00 per day after the 1st month of storage
Security alarms – daytime attendances	\$112.50
Security alarms – after hours attendances	\$188.60
Consultancy and survey fee	\$105.00 per hour



ENVIRONMENTAL POLICY

2015/2016	
Requests for Change to District Plan (deposit)	\$5,111.00
All actual costs related to the proposed plan change, including Council officers' time, will be borne by the applicant as follows:	
<ul style="list-style-type: none"> All work undertaken by Council officers in connection with the request for the change shall be charged against the deposit at: 	\$150.00 per hour
<ul style="list-style-type: none"> All work undertaken by independent consultants, advisors and/or specialists in connection with the request for the change shall be charged at the actual costs plus disbursements against the deposit. 	
<ul style="list-style-type: none"> Any hearing shall be charged against the deposit at: 	\$1,022.00 per day or part day
<ul style="list-style-type: none"> Hearing Commissioner time shall be recovered for time spent in hearings and deliberating (per hour) 	Council Commissioners: Chair \$100.00 Members \$80.00 Independent Commissioners: Chair - Actual cost Member of hearing panel - \$80.00
<ul style="list-style-type: none"> If the proposed change is notified publicly, advertising charges will be actual costs payable by the applicant. 	
<ul style="list-style-type: none"> All information requested by Council shall be supplied at the applicant's cost. 	
Notice of Requirement and Alterations to Notices of Requirement (deposit)	\$5,111.00
All actual costs related to the requirement, including Council officers' time, will be borne by the Requiring Authority as follows:	
<ul style="list-style-type: none"> All work undertaken by Council officers in connection with the requirement shall be charged against the deposit at: 	\$150.00 per hour
<ul style="list-style-type: none"> All work undertaken by independent consultants, advisors and/or specialists in connection with the requirement shall be charged at the actual costs plus disbursements against the deposit. 	
<ul style="list-style-type: none"> Any hearing shall be charged against the deposit at: 	\$1,022.00 per day or part day
<ul style="list-style-type: none"> Hearing Commissioner time shall be recovered for time spent in hearings and deliberating (per hour) 	Council Commissioners: Chair \$100.00 Members \$80.00 Independent Commissioners: Chair - Actual cost Member of hearing panel - \$80.00
<ul style="list-style-type: none"> If the requirement is notified publicly, advertising charges will be actual costs payable by the Requiring Authority. 	
<ul style="list-style-type: none"> All information requested by Council shall be supplied at the Requiring Authority's cost. 	

2015/2016	
Operative District Plan	
Complete set	\$256.00
Text volume	\$128.00
Map volume	\$128.00

GAMBLING VENUE AND BOARD VENUE

Class 4 Gambling Venue and Board Venue applications	\$300.00
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LANDFILLS (ALL CHARGES INCLUDE GOVERNMENT WASTE AND EMISSIONS LEVIES)

2015/2016	
Domestic Vehicles (cash only)	
Cars and station wagons	\$15.00
Vans, utilities, SUV (four-wheel drives), small trailers (Maximum refuse dimensions: 2.5 metres long, one metre high, 1.5 metres wide) Note: Combinations of vehicles (vans, utilities, small trucks) and trailers will cost the sum of their respective charges	\$31.00
All Other Vehicles (per tonne)	\$118.00
Minimum charge	\$59.00
Special Wastes	Price on application
Minimum charge per tonne	\$160.00
Potentially Hazardous Wastes	
By negotiation, refer to the 'Hutt City Landfill – Waste Disposal Guide'	
Car Bodies (per tonne)	\$118.00
Tyres	
Disposal of more than four tyres (per tonne) regardless of vehicle type	\$320.00
Minimum charge	\$160.00
Polystyrene (per tonne)	\$320.00
Minimum charge	\$160.00
Refuse Bags Including Government Levy	
Plastic bags – packet of 5	\$12.50
Plastic bags – packet of 10	\$25.00
Plastic bags – packet of 50	\$125.00

LIBRARIES

2015/2016	
Interloans (non-urgent) per request	\$15.00
Interloans (urgent)	At cost
Lost/damaged items	Cost of the item at time of purchase by Hutt City Libraries
Rental collections	Vary according to format
Overdue charges	\$0.50 per day to a maximum of \$10.00 per item
Borrower's card replacement (per card)	\$5.00
Internet access and computer use	\$1.00 per half-hour

LITTERING INFRINGEMENT FEES

2015/2016	
Minor littering	Infringement fee \$100.00

Minor littering is defined as depositing in or on a public place or in or on private land without the consent of the occupier: cigarette butts; wrappers/paper; chewing gum; small food waste; take-away food/drink containers; fish & chip papers; plastic drink bottle(s); and aluminium can(s).

Note: For cigarette butt littering, this is a two-step enforcement process.

First step: Educate/warning – offender advised this is not acceptable.

Second step: If a person is found depositing cigarette butt litter having already been warned, an infringement fee of \$100.00 will be issued.

2015/2016	
Medium littering	Infringement fee \$200.00

Medium littering is defined as depositing in or on a public place or in or on private land without the consent of the occupier: single used disposable nappy or nappies; small dumping (eg shopping bags) – domestic/commercial waste in, or by, public litter bins; small dumping in or by commercial waste bins/clothing bins/recycling stations; persistent use of unofficial (non-Council) refuse bags; and small insecure load from truck or trailer.

Note: Small dumping is defined as up to four shopping bags or two refuse bags or single items. Small insecure load is defined as paper, a single item, grass clippings and dust that has come off a truck or trailer.

2015/2016	
Major littering	Infringement fee \$400.00

Major littering is defined as depositing in or on a public place or in or on private land without the consent of the occupier: household waste; commercial waste; green waste; car parts; and any other litter as defined in the Litter Act 1979 not defined as minor or medium littering above.

Note: The Litter Act 1979 defines the depositing of glass or glass bottles (or broken glass or bottles) as a dangerous form of litter and thus it is considered by Council as a major littering offence. The decision whether to issue an infringement notice for major littering or to refer the matter to the District Court will be determined on a case-by-case basis, based on the severity and malicious intent of the alleged offence.

OFFICIAL INFORMATION

2015/2016	
The following charges shall apply for requests made under the Local Government Official Information and Meetings Act 1987 (the 'Act'):	
a) If the request is made by an identifiable natural person seeking access to any personal information about that person, such requests are subject to the Privacy Act 1993 and these charges do not apply.	
b) If the aggregate amount of staff time spent in actioning a request exceeds one hour the basis of charging (except for the issue of a LIM under section 44A of the Act) is as follows:	
• charge per additional half-hour or part thereof including search, retrieval, provision of information and supervision	\$38.00
c) Photocopying on standard A4 where the total number of pages exceeds 20 (the first 20 pages will be free).	\$0.20 per page
d) All other charges incurred shall be fixed at an amount that recovers the actual costs involved. This will include:	
• producing a document by computer or other like equipment	
• reproducing a photograph, film, video or audio recording	
• arranging for the applicant to hear or view an audio or visual recording	
• providing a copy of any map, plan or other document larger than A4, retrieval of information off-site, or any situation in which a direct charge is incurred by Council in providing the information	
• where repeated requests are made from the same source in respect of a common subject in any eight-week period, requests after the first will be aggregated for charging purposes.	
e) A charge may be modified or waived at the discretion of a General Manager where payment might cause the applicant financial hardship, or where remission or reduction of the charge would facilitate good relations with the public, or assist the section, group or organisation in its work.	
f) The charge may not include any allowance for:	
• information that is not where it ought to be	
• time spent deciding whether or not access should be allowed and in what form (note that the actual physical editing of protected information is chargeable).	
g) Charges shall be paid in advance of receipt of information.	

PARKING

Council operates Pay & Display metered parking in the CBD of Lower Hutt.

The metered area is generally from Market Grove at the southern end of the CBD to Downer Street at the northern end, bounded by Cornwall Street and the Riverbank car park.

Meter charges are structured into four tariff tiers HC2 to HC5.

A small number of P15 and P60 spaces are provided, free of charge, throughout the metered area for additional public convenience.

Mobility car parks are provided throughout the CBD, at the prevailing metered tariff.

Saturday parking is free from fees within the CBD. Time restrictions (P120) apply on Saturday to the Green HC2 parking zone.

Sunday parking – no fee or time restrictions apply on Sunday.

Hours of Meter Operation

Pay and Display parking meters operate for the following hours: 9am to 5pm Monday to Friday.

TARIFF STRUCTURE

2015/2016	
Shoppers (Green HC2) Zone	<p>\$1.50 per hour</p> <p>Two-hour maximum parking duration</p> <p>Monday to Friday 9am to 5pm</p> <p>Saturday P120 (no charge)</p> <p>Sunday and public holidays unrestricted</p>
Commuter (Yellow HC3) Zone	<p>\$1.00 per hour</p> <p>\$6.00 maximum daily charge</p> <p>No daily maximum parking duration</p> <p>Monday to Friday 9am to 5pm</p> <p>Saturday, Sunday and public holidays unrestricted</p>
Riverbank car park (Yellow HC4) Zone	<p>\$0.70 cents per hour</p> <p>\$4.00 maximum daily charge</p> <p>A monthly pass is available at \$62.00 per month (reduced to \$46.00 for December and January)</p> <p>No daily maximum parking duration</p> <p>Monday to Friday 9am to 5pm</p> <p>Saturday, Sunday and public holidays unrestricted</p>
Pavilion car park (Yellow HC5) Zone	<p>\$1.50 per hour</p> <p>Four-hour maximum parking duration</p> <p>Monday to Friday 9am to 5pm</p> <p>Saturday, Sunday and public holidays unrestricted</p>

Other Charges

Council Pay & Display machines support alternative payments from mobile telephone, text or credit cards when the network permits. A \$0.50 per transaction fee applies.

Council supports the use of SmartPark in-car meters. Hutt City Council SmartPark stored value cards are available at Council reception. A \$5.00 application fee applies. \$50.00 and \$100.00 denominations are available.

Reserved spaces - \$15.00 per day for short-term applications are available from Parking Enforcement.

Construction and Temporary Traffic Management exemptions are site specific. Charges are assessed on a case-by-case basis.

PARKING ZONES

Council has adopted the following zone structure. Small changes may be required from time to time as the CBD continues to develop.

Green Shopper HC2 Zone

High Street – Laings Road to Waterloo Road portion

Queens Drive – Laings Road to Waterloo Road portion

Laings Road – High Street to Queens Drive portion



Bunny Street
 Margaret Street
 Waterloo Road – Queens Drive to High Street portion
 Stevens Grove parallel parks
 Knights Road – Bunny Street to Laings Road portion
 Queens Drive – Laings Road to Fraser Street portion
 Fraser Street
 High Street – Fraser Street to Laings Road portion
 Ward Street
 Market Grove north side
 Knights Road south side – Bloomfield Terrace to Myrtle Street
 Myrtle Street east side angle parking – Knights Road to Laings Road portion
 Andrews Avenue
 Dudley Street
 Daly Street – Margaret Street to Andrews Avenue
 Rutherford Street, south end
 High Street – Waterloo Road to Downer Street
 Cornwall Street – Pretoria Street to Kings Crescent

Cornwall Street west side – Waterloo Road to Kings Crescent
 Pretoria Street, west end within CBD
 Raroa Road – east of Cornwall Street
 Kings Crescent – Cornwall Street to Queens Drive
 Osborne Place
 Queens Drive – Kings Crescent to Waterloo Road
 Waterloo Road – Bloomfield Terrace to Queens Drive
 Bloomfield Terrace – Kings Crescent to Knights Road
 Dowse car park
 Laings Road – Queens Drive to Myrtle Street
Yellow Commuter HC3 Zone
 Fountain car park (Laings Road)
 Myrtle Street west side – Laings Road to Knights Road
 Stevens Grove angle parking portion
 Rutherford Street, south of Queens Drive
 Raroa Road – High Street to Cornwall Street
 Cornwall Street east side – Kings Crescent to Waterloo Road
 Cornwall Street – Waterloo Road to Knights Road

Knights Road – Cornwall Street to Bloomfield Terrace
 Knights Road north side – Myrtle Street to Bloomfield Terrace
 Market Grove south side
Yellow Riverbank HC4 Zone
 Riverbank car park
 Myrtle Street – west side only, Laings Road to Huia Street
Yellow Pavilion Car Park HC5 Zone
 Laings Road Pavilion car park

RESIDENTS' PARKING SCHEMES

Council has one Residents' Parking Scheme in operation in High Street, Petone.

PENALTIES

Council sets the penalties in accordance with the maximum permitted in the Transport Act 1962

Metered Parking

2015/2016	
Failure to display a valid Pay & Display ticket	\$40.00
Overstaying, where the excess time is:	
Less than 30 minutes	\$12.00
More than 30 minutes	\$15.00
More than one hour	\$21.00
More than two hours	\$30.00
More than four hours	\$42.00
More than six hours	\$57.00
Parking on a Mobility car park, without displaying a valid Mobility Pass card	\$150.00

RECYCLING

2015/2016	
Replacement recycling containers	\$15.00



ROADING

Subdivision Inspection and Approval Charges

	2015/2016
Boundary adjustment	\$150.00
Additional lots/unit titles - 3.43% of total construction cost for one new lot reducing by 0.07% for each additional lot to 0.7% for 40 or more additional lots. This is the minimum fee irrespective of whether any construction work is necessary.	\$150.00

MOTOR CROSSING CHARGES	2015/2016	
	STANDARD FEE	ADMIN/INSPECTION
Concrete dished crossing per square metre	\$140.00	\$72.00
Extensions to existing concrete crossings per square metre	\$140.00	\$72.00
Installation of concrete dished crossing in conjunction with road reconstruction work per square metre	\$70.00	\$72.00
Concrete block crossing/pipe crossing/'slot' type crossing per square metre	\$140.00	\$72.00
Deposit for privately installed crossing (\$200.00 refunded upon satisfactory completion of crossing)	\$272.00	

CARRIAGEWAY ACCESS REQUEST FEES

	2015/2016
Corridor Access Request – Minor Work (per CAR request)	\$55.00
Corridor Access Request – Major Work (per CAR request)	\$112.00
Corridor Access Request – Project Work (per CAR request)	\$860.00
Fee for texturizing seal coat of a trench in carriageway	\$5.70/m2

ROAD CORRIDOR MANAGEMENT – COST RECOVERY

PROPOSALS, ADMINISTRATION AND MONITORING ON TIME BASIS:	2015/2016
Engineer (per hour)	\$118.00
Inspector (per hour)	\$102.00

SPORTSFIELDS AND PARKS

Season Charges

Set to recover the percentage of operating cost identified below plus the full operating cost of ancillary services:

RECOVERY RATES PERCENTAGE	2015/2016				
	LEVEL 1	LEVEL 2	LEVEL 3	CHILDREN	TRAINING/WINTER
Sports	30	20	10	5	5
Cricket/Croquet	25	15	10	5	N/A

One-off or Single Day Hire

Charged at 10% of the season charge per game or where the game lasts three hours or longer, 15% of the season charge per day.

SPECIAL CHARGES	2015/2016
Events and commercial operators	By quotation
Picnic bookings (30 or more people)	\$50.00
Filming per hour	\$150.00
Marquees for picnics/promotions - small	\$100.00
- up to 50m2	\$200.00
- up to 100m2	\$400.00
- larger	\$600.00
Weddings	\$100.00
Hire of rooms, social facilities, training fields etc.	By quotation
No. 1 field at Hutt Recreation Ground	\$650.00

Note: Bookings for the season will take priority over casual bookings. A bond may be payable in certain circumstances.

SWIMMING POOLS

	2015/2016
Casual Rates	
Adult	\$5.00
Child	\$3.00
Over 65s	\$3.50
Spectator (non-supervising adult)	\$1.50
Family pass (two adults/four children)	\$15.00
Concession Rates	
Adult 10 swim	\$43.00
Adult 30 swim	\$105.00
Accessibility 10 swim (for people with a disability)*	\$30.00
Child 10 swim	\$26.00
Child 30 swim	\$65.00
Over 65s 10 swim	\$30.00
Over 65s 30 swim	\$75.00
Pool Hire	
Regular hire (25 metres per hour)	\$60.00
Casual hire (25 metres per hour)	\$95.00
Regular hire (50 metres per hour) – Naenae and Wainuiomata Pools	\$125.00
Casual hire (50 metres per hour) – Naenae and Wainuiomata Pools	\$195.00
Lane charge (25 metres per hour)	\$18.00
School Groups	
Group hire for lessons (per head)	\$1.00
Meeting Rooms	
Casual hire (per hour)	\$20.00

*Carers or support people assisting them receive free admission.

FEES AND CHARGES FOR 2015/2016

VENUE HIRE

Community Hall

Rates for hall hire are set out below. Upon application, discounts are available for Charitable Trusts/Non-Profit organisations.

CHARGE PER HOUR	2015/2016					
	COMMUNITY RATE				COMMERCIAL RATE	
	MAIN HALL ONLY OR ALL FACILITIES MON - FRI	MAIN HALL ONLY OR ALL FACILITIES WEEKENDS AND HOLIDAYS	MEETING ROOM MON - FRI	MEETING ROOM WEEKENDS AND HOLIDAYS	MON - FRI	WEEKENDS AND HOLIDAYS
Moera, Eastbourne, Belmont, Hardwick-Smith Lounge	\$15.00	\$20.00	N/A	N/A	\$25.00	\$30.00
Wainuiomata, Taita, Naenae, Stokes Valley	\$15.00	\$20.00	\$10.00	\$12.00	\$25.00	\$30.00

Little Theatre

HOURS AND SESSIONS	2015/2016	
	MONDAY TO FRIDAY	WEEKENDS AND PUBLIC HOLIDAYS
One session (8am-1pm, 1pm-6pm or 6pm-11pm)	\$140.00	\$205.00
Two sessions in one day	\$225.00	\$306.00
Three sessions in one day	\$338.00	\$462.00
Per hour after 11 pm	\$76.00	\$107.00

Note: 25% discount for community organisations.

STADIUMS

WALTER NASH STADIUM	2015/2016
One court (per hour)	\$75.00
Two courts (per hour)	\$127.00
Function room (per hour)	\$23.00

Note: These are maximum charges.

These charges include: All permanent seating, Set-up of courts (i.e. hoops), Clocks/Scoreboards, Changing rooms and showers.

STORMWATER

	2015/2016
Stormwater connection fee	\$38.00

WASTEWATER

	2015/2016
Wastewater connection fee	\$38.00

Trade Waste Class

	2015/2016	
	CONSENT FEES	CONSENT + \$240 IF CONDITIONAL CONSENT REQUIRED
Class 1: High Risk	\$1,640.00	\$1,880.00
Class 2: Moderate Risk	\$825.00	\$1,065.00
Class 3: Low Risk	\$420.00	\$660.00
Class 4: Minimal Risk	\$210.00	\$450.00
Class 5: Minimal Risk Low Flow	\$105.00	N/A
Application fee	\$95.00	
Re-inspection fee	\$95.00	
Late payment additional fee	\$95.00	
Transfer additional fee	\$475.00	

	2015/2016
Flow (per cubic metre)	\$0.508 per cubic metre
Total suspended solids	\$0.929 per kilogram
COD (chemical oxygen demand)	\$0.374 per kilogram

WATER

	2015/2016
Upper Belmont Development Levy (per lot)	\$6,620.00
Water connection fee	\$88.00
Fee for use of water by builders on unmetered industrial and commercial sites	\$72.50
Charge for ordinary supply Class 2 Water	
Minimum charge	Uniform Annual Charge
Domestic water meter rental	\$69.00
Normal users per cubic metre	
Up to 100,000 cubic metres	\$1.88
In excess of 100,000 cubic metres	\$1.34
Water supplied by hydrant	
Per cubic metre	\$1.88
Minimum charge	\$32.00
Back flow prevention – annual inspection charge	\$170.00

DEFINITIONS

These definitions are intended to define terms used in this Long Term Plan in plain English. For legal definitions see the Local Government Act 2002.

ANNUAL PLAN

A plan that describes the activities of the local authority, with a particular focus on the financial year for which the document is produced.

APPROPRIATION/APPROPRIATED

Money that has been set aside from, or brought into, an operating or revenue account.

ASSET

Something of value that Council owns on behalf of the people of Hutt City, such as roads, drains, parks and buildings.

ASSET MANAGEMENT PLAN

A long term plan for managing an asset to ensure that its capacity to provide a service is kept up and costs over the life of the asset are kept to a minimum.

CAPITAL EXPENDITURE

Expenditure that will increase the value of Council's assets.

CAPITAL VALUE

Value of land including any improvements.

COMMUNITY BOARDS

Local elected bodies set up under the Local Government Act. Community boards are consulted by Council and can represent community concerns to Council. Hutt City Council has three community boards: Eastbourne, Petone and Wainuiomata.

COMMUNITY COMMITTEES

Local committees set up by Council. Community committees are consulted by Council and can represent community concerns to Council. Hutt City Council has four community committees: Central, Western, Northern and Eastern.

COMMUNITY OUTCOME

An outcome for the community that is identified as a priority.

COUNCIL-CONTROLLED ORGANISATIONS (CCOs)

Companies in which Council is at least 50% shareholder that independently manage facilities and deliver services and undertake developments on behalf of the Hutt City community. Where necessary, Council funds these organisations.

COUNCIL-CONTROLLED TRADING ORGANISATIONS (CCTOs)

CCOs that operate a trading undertaking for the purpose of making a profit.

EMPLOYEE COSTS

Expenditure on staff. This includes wages, salaries and related taxes, training and recruitment costs. Remuneration of elected and appointed representatives is also included under this heading.

FINANCIAL YEAR

Council's financial year runs from 1 July to 30 June of the following year.

FORECAST FINANCIAL STATEMENT

This is a 10-year plan for Council's revenue and expenditure, cash flows, and borrowing programme.

LAND VALUE

Value of land, excluding any improvements.

LOCAL GOVERNMENT ACT 2002

The key legislation that defines the powers and responsibilities of local authorities like Hutt City Council.

LONGTERM PLAN (LTP)

A plan that describes the activities of the local authority, the community outcomes and long term focus for the decisions and activities of the local authority.

MAINTENANCE COSTS

Expenditure in relation to repairs and maintenance of Council's assets.

MANA WHENUA

People with the mana of the land.

N/A

Not applicable i.e. no peer average available.

OPERATING EXPENDITURE

Expenditure for the normal services of Council.

OPERATING PROJECTS

Significant projects that do not result in the creation of Council assets.

PERFORMANCE MEASURE

A measure that shows how well Council is doing in achieving the goals it has set for itself.

PORT NICHOLSON BLOCK SETTLEMENT TRUST

A Trust established in August 2008 to receive and manage the Taranaki Whanui ki Te Upoko o Te Ika treaty settlement.

RATES

Funds collected by Council from levies on property. These are based on the capital value of the property but the term is often used to also include Targeted Rates.

SIGNIFICANCE

Degree of importance of the issue, proposal, decision or matter as assessed by the local authority in terms of its likely consequences for the current and future social, economic, environmental or cultural wellbeing of the community.

SIGNIFICANT ACTIVITIES

The Annual Plan lists 21 separate significant activities that fall within four groups of activities.

SUPPLIER COSTS

Expenditure for the purchase of general goods and services.

SUPPORT COSTS

The internal allocation of expenditure incorporated in the Support Services activity.

TAONGA

A highly prized resource.

TARGETED RATES

Any rate levied other than the general rate, which is targeted at users of a service such as water supply, wastewater and the Jackson Street Programme.

TE ATIWA

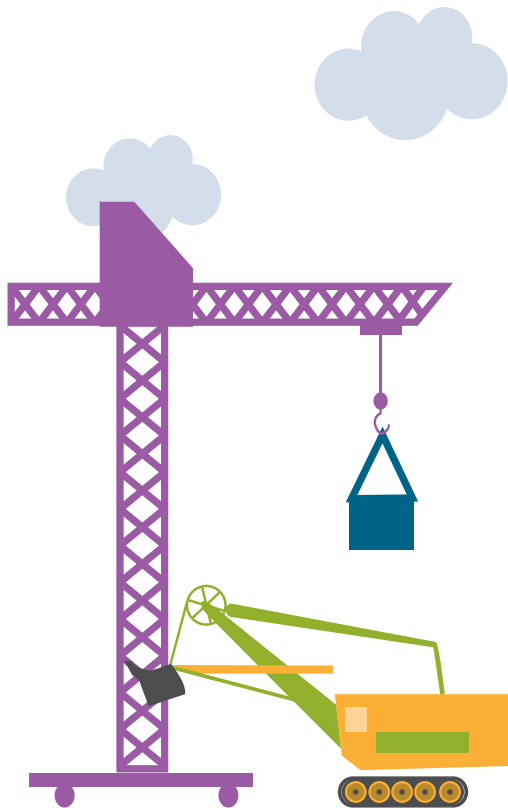
Local tangata whenua with inherited land ownership and kinship to Northern Taranaki Te Atiawa.

TE RUNANGANUI OTARANAKI WHANUI KITE UPOKO OTE IKA A MAUI

A representative Māori Council made up from local tangata whenua and representing the eight Taranaki tribes within the Wellington region.

USER CHARGES

Income to Council through fees paid by those who use specific services provided by Council.



CONTACT DETAILS

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WAR MEMORIAL LIBRARY

Address: Cnr Queens Drive & Woburn
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EASTBOURNE COMMUNITY LIBRARY

Address: Rimu Street, Eastbourne
Telephone: 04 562 8042

MOERA COMMUNITY LIBRARY

Address: Cnr Randwick Road
& Randwick Crescent, Moera
Telephone: 04 568 4720

NAENAE COMMUNITY LIBRARY

Address: Hillary Court, Naenae
Telephone: 04 567 2859

PETONE COMMUNITY LIBRARY

Address: Britannia Street, Petone
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STOKES VALLEY COMMUNITY LIBRARY

Address: Scott Court, Stokes Valley
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TAITA COMMUNITY LIBRARY

Address: Taine Street, Taita
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WAINUIOMATA COMMUNITY LIBRARY

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Mike Fisher CHAIR	04 976 7322	021 252 1773	mike.fisher@huttcity.govt.nz
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INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READER

INDEPENDENT AUDITOR'S REPORT ON HUTT CITY COUNCIL'S 2015/25 LONG TERM PLAN

I am the Auditor-General's appointed auditor for Hutt City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 25 June 2015.

OPINION

In my opinion:

- the plan provides a reasonable basis for:
 - long term, integrated decision-making and coordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 176-179 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Council's audited information.

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

BASIS OF OPINION

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards¹.

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

Our audit procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;

- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

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

RESPONSIBILITIES OF THE COUNCIL AND AUDITOR

The Council is responsible for:

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

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

INDEPENDENCE

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



Andy Burns, Audit New Zealand
On behalf of the Auditor-General,
Wellington, New Zealand

¹ The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination Prospective Financial Information*.



HUTT CITY
TE AWA KAIRANGI