



KOMITI ITI MAHERE Ā- NGAHURUTANGA / MAHERE Ā-TAU LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

30 May 2022

Order Paper for the meeting to be held in the
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,
on:

Tuesday 7 June 2022 commencing at 9.30am

The meeting will be livestreamed on Council's Facebook page.
Member of the public wishing to speak to an item on the agenda are asked to contact
democraticservicesteam@huttcity.govt.nz

Membership

	Mayor C Barry (Chair)
	Deputy Mayor T Lewis (Deputy Chair)
Cr G Barratt	Cr J Briggs
Cr K Brown	Cr B Dyer
Cr S Edwards	Cr D Hislop
Cr C Milne	Cr A Mitchell
Cr N Shaw	Cr L Sutton

For the dates and times of Council Meetings please visit www.huttcity.govt.nz

Have your say

You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing DemocraticServicesTeam@huttcity.govt.nz or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY

LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Membership:	13
Ouorum:	Half of the members
Meeting Cycle:	Meets as required during the LTP and Annual Plan processes
Reports to:	Council

PURPOSE

To carry out all necessary considerations and hearings, precedent to the Council's final adoption of Long Term Plans (LTP) and Annual Plans (AP) which give effect to the strategic direction and outcomes set by the Policy, Finance and Strategy Committee through setting levels of service, funding priorities, the performance framework and budgets.

Determine:

- Development of a framework and timetable for the LTP and AP processes.
- The nature and scope of engagement and public consultation required.
- Statements to the media.
- Such other matters as the Subcommittee considers appropriate and which fall within its Terms of Reference.
- Informal engagement with the community, and the hearing of any formal public submissions.
- Consideration of submissions on Hutt City Council's Assessment of Water and Sanitary Services.

Consider and make recommendations to Council:

- Levels of service, funding priorities, performance framework, budgets, rating levels and policies required as part of the LTP or AP, excluding any policies recommended to Council by the Policy, Finance and Strategy Committee.
- Consultation Documents.
- Council's proposed and final LTP.
- Council's proposed and final AP.
- Final content and wording, and adoption of the final Hutt City Council Assessment of Water and Sanitary Services.

Note:

Extract from the Controller and Auditor General's October 2010 Good Practice Guide: Guidance for members of local authorities about the Local Authorities (Members' Interests) Act 1968

Appointment as the local authority's representative on another organisation

- 5.47 You may have been appointed as the authority's representative on the governing body of a council-controlled organisation or another body (for example, a community-based trust).
- 5.48 That role will not usually prevent you from participating in authority matters concerning the other organisation – especially if the role gives you specialised knowledge that it would be valuable to contribute.
- 5.49 However, you could create legal risks to the decision if your participation in that decision raises a conflict between your duty as a member of the local authority and any duty to act in the interests of the other organisation. These situations are not clear cut and will often require careful consideration and specific legal advice.
- 5.50 Similarly, if your involvement with the other organisation raises a risk of predetermination, the legal risks to the decision of the authority as a result of your participation may be higher, for example, if the other organisation has made a formal submission to the authority as part of a public submissions process.

TE KAUNIHERA O TE AWA KAIRANGI | HUTT CITY COUNCIL

KOMITI ITI MAHERE Ā-NGAHURUTANGA / MAHERE Ā-TAU
LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Meeting to be held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt
on
Tuesday 7 June 2022 commencing at 9.30am.

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA (22/1142)

Whakataka te hau ki te uru
Whakataka te hau ki te
tonga
Kia mākinakina ki uta
Kia mātaratara ki tai
E hī ake ana te atakura
He tio, he huka, he hau hū
Tihei mauri ora.

*Cease the winds from the west
Cease the winds from the south
Let the breeze blow over the land
Let the breeze blow over the ocean
Let the red-tipped dawn come with
a sharpened air.
A touch of frost, a promise of a
glorious day.*

2. APOLOGIES

3. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

5. RECOMMENDATIONS TO TE KAUNIHERA O TE AWA KAIRANGI |
COUNCIL - 7 June 2022

- a) Seaview Marina Limited - Final Statement of Intent 2022/23 to 2024/25 (22/1207)

Report No. LTPAP2022/3/98 by the Senior Management Accountant

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CHAIR'S RECOMMENDATION:

“That the recommendations contained in the report be discussed.”

- b) Urban Plus Group - Final Statement of Intent 2022/23 to 2024/25
(22/1230)

Report No. LTPAP2022/3/99 by the Senior Accountant 37

CHAIR'S RECOMMENDATION:

"That the recommendation contained in the report be endorsed."

- c) Final decisions on the Annual Plan 2022-2023 (22/1185)

Report No. LTPAP2022/3/100 by the Manager Financial Strategy & Planning 64

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be endorsed."

6. QUESTIONS

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

7. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA

Unuhia!	<i>Release us from the supreme sacredness</i>
Unuhia!	<i>of our tasks</i>
Unuhia i te uru-tapu-nui	<i>To be clear and free</i>
Kia wātea, kia māmā	<i>in heart, body and soul in our</i>
Te ngākau, te tinana, te	<i>continuing journey</i>
wairua i te ara takatū	<i>Oh Rongo, raise these words up high</i>
Koia rā e Rongo whakairihia	<i>so that we be cleansed and be free,</i>
ake ki runga	<i>Yes indeed, we are free!</i>
Kia wātea, kia wātea!	<i>Good and peaceful</i>
Ae rā, kua wātea!	
Hau, pai mārīre.	

Kate Glanville
SENIOR DEMOCRACY ADVISOR

16 May 2022

File: (22/1207)

Report no: LTPAP2022/3/98

Seaview Marina Limited - Final Statement of Intent 2022/23 to 2024/25

Purpose of Report

1. The purpose of this report is to consider the final Statement of Intent (SOI) for Seaview Marina Limited (SML) for the three years commencing 1 July 2022.

Recommendations

That the Subcommittee recommends that Council:

- (1) notes that several changes have been made to the final Statement of Intent for Seaview Marina Limited (SML);
- (2) notes and receives the SML Chief Executive statement regarding the Seaview Marina refurbishment works, attached as Appendix 1 to the report;
- (3) notes that the final stage of the in-water development is now on hold, whilst SML complete the planned refurbishment works at an estimated cost of \$3M over the next 3 years;
- (4) notes that further detailed planning and procurement works are to be undertaken to confirm the final timing and costs of the refurbishment works;
- (5) receives and agrees to the final Statement of Intent for SML for the three years commencing 1 July 2022, attached as Appendix 2 to the report;
- (6) notes that Council has approved a loan funding facility to Seaview Marina Limited of \$2.7M for the period 1 July 2021 to 30 June 2031;
- (7) agrees to increase the loan funding facility to Seaview Marina Limited from \$2.7M to \$3.2M for the period 1 July 2022 to 30 June 2031; and
- (8) notes that the loan funding requirements of Seaview Marina Limited will be further reviewed as part of the Statement of Intent process for the year starting 1 July 2023.

Background

2. The Local Government Act 2002 (LGA) requires the board of a Council Controlled Organisation (CCO) to deliver to its shareholders a draft SOI on or before 1 March of each year.
3. The LGA also requires Council to agree to a SOI, or if it does not agree, take all reasonable steps to require a SOI to be modified, as soon as practicable after a SOI of a CCO is delivered to it.
4. The Policy, Finance and Strategy Committee received and considered the draft SOI for the three-year period commencing 1 July 2022 for SML at its meeting held on 22 February 2022.

Changes made to the SOI

5. There are a range of changes incorporated in the SOI since the draft version was presented to the Policy, Finance and Strategy Committee. The final Statement of Intent for the period starting 1 July 2022 is attached as Appendix 2. The content that follows explains the changes made to the final SOI.
6. The vision and mission have been refreshed to focus on the important aspects of customer service and shareholder expectations.
7. Performance measures have been updated as follows:
 - a. Media and public relations measures removed.
 - b. Public benefit and environmental measures added.
 - c. Berth occupancy targets revised.
8. The pricing policy under (SOI section 13.1) has been refreshed to focus on value. Rental rates will be increased, effective 1 July 2022. The change in revenue between the draft and final SOI mainly relates to boat storage revenue, which historically has been markedly lower, compared with other marinas within the region:

Financial Year Ended 30 June	2022/23 Budget	2023/24 Plan	2024/25 Plan
Total revenue - Draft SOI	2,961,956	3,120,035	3,251,623
Total revenue - Final SOI	3,283,326	3,460,027	3,642,852
Increase in Revenue	321,370	339,992	391,229

9. SML's three year capital programme has been revised and increased:
- a. The Chief Executive has prepared a statement about the need for the Seaview Marina refurbishment work to be prioritised. This follows from recent asset condition assessment findings, refer Appendix 1.

The final stage of the in-water development is now on hold, while SML plans to upgrade the older piers at the marina (i.e. piers' A to E). A recent Marina Condition Report resulted in a refreshed refurbishment plan for the floating structures. Failure to upgrade these piers would eventually jeopardise SML's future ability to earn revenue from this source. The upgrade is estimated to cost \$3M over the next three years. A further upgrade is planned for 2025/26 at an estimated cost of \$607k.
 - b. A further \$250k has been added to the capital budget in 2022/23 and 2023/24 for leasehold improvements. This will enable SML to expand the capacity of its successful hardstand operation. SML's hardstand operation is the most capable in the region, serving the lower North and upper South Islands.
 - c. \$840k has been budgeted over three years for various capital items. These are required to either purchase new assets, replace worn out assets or extend the life of existing assets that are not part of the pier upgrade or potential leasehold refurbishment.
 - d. Overall, the three-year capital programme has been increased by \$2.6M, compared with the original programme presented in the draft SOI. An increase of \$500k to SML's existing loan of \$2.7M is proposed in 2022/23 to largely fund the capital investment programme, resulting in a total loan of \$3.2M.

Financial Year Ended 30 June	2022/23 Budget	2023/24 Plan	2024/25 Plan	Total
Miscellaneous Capital	280,000	280,000	280,000	840,000
Piers B (22/23), C (23/24) & E (24/25) Upgrade	606,500	606,500	606,500	1,819,500
Piers A (22/23) & D (23/24)	0	606,500	606,500	1,213,000
Sub Total Pier Upgrade	886,500	1,213,000	1,213,000	3,872,500
Leasehold Refurbishment	130,000	120,000	0	250,000
Total Capital Expenditure (as per Final SOI)	1,016,500	1,613,000	1,493,000	4,122,500
<i>As per Draft SOI</i>				
Miscellaneous	250,000	250,000	250,000	750,000
Final Stage Pier H and I Development	800,000	0	0	800,000
Total Capital Expenditure (as per Draft SOI)	1,050,000	250,000	250,000	1,550,000
Total Increase / (Decrease) Per Year	(33,500)	1,363,000	1,243,000	2,572,500

10. Expenses have increased, mainly due to increased interest and depreciation charges associated with the revised capital expenditure programme:

Financial Year Ended 30 June	2022/23 Budget	2023/24 Plan	2024/25 Plan
Total expenses - Draft SOI	2,716,962	2,771,383	2,824,503
Total expenses - Final SOI	2,869,985	2,980,735	3,158,684
Increase in Expenses	153,023	209,352	334,181

11. Both assets and liabilities have increased. The increase in assets reflects the revised capital expenditure programme, while the increase in liabilities is mainly due to the increase in borrowings to fund the revised capital programme:

Financial Year Ended 30 June	2022/23 Budget	2023/24 Plan	2024/25 Plan
Total assets - Draft SOI	13,413,328	13,495,237	13,627,246
Total liabilities - Draft SOI	3,334,775	3,365,655	3,390,138
Total equity - Draft SOI	10,078,553	10,129,582	10,237,108
Total assets - Final SOI	14,149,651	14,820,838	15,679,295
Total liabilities - Final SOI	3,898,761	4,424,859	5,134,715
Total equity - Final SOI	10,250,889	10,395,979	10,544,580
Total assets - Increase	736,323	1,325,601	2,052,049
Total liabilities - Increase	563,986	1,059,204	1,744,577
Increase in Equity - Final SOI	172,337	266,397	307,472

12. Due to the above changes the Return on Equity (ROE) has changed as follows:

Financial Year Ended 30 June	2022/23 Budget	2023/24 Plan	2024/25 Plan
Return on equity - Draft SOI	2.5%	3.5%	4.2%
Return on equity - Final SOI	4.2%	4.7%	4.7%
Increase	1.7%	1.2%	0.4%

Climate Change Impact and Considerations

13. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
14. SML has added new measures to its performance measures aimed at reducing its carbon emissions.

Consultation

15. There are no consultation requirements arising from this report.

Legal Considerations

16. There is an obligation on the board of a CCO, that each SOI and each modification that is adopted to a SOI, "must be made available to the public within one month after the date on which it is delivered to the shareholders or adopted, as the case may be". The final SOI will be made available to the public via the website of Seaview Marina Limited after receiving notification of approval of the final SOI by Council.

Financial Considerations

17. Following decisions to finalise the Long-term Plan 2021-2031, Council approved a loan facility for SML of \$2.7M until 30 June 2031 (refer HCC2021/3/140). Prior to this Council decision, the loan facility was \$3.5M for many years. The reduction in the loan facility at this point was due to SML borrowing never exceeding \$2.7M since 2014 and no expected need to increase the loan funding anticipated in June 2021.
18. Recent asset condition assessment work has resulted in a refurbishment programme for Seaview Marina being prioritized. To fund the planned investment programme, SML will need to increase its loan facility by \$500k for the 2022/23 financial year, from \$2.7M to \$3.2M. Regarding the longer term loan funding requirements, SML will seek further approval through the next SOI process during 2022/23. By this stage, there will be greater clarity around the cost of the refurbishment programme and the future borrowing requirements.
19. The table below shows the SML's required borrowing for the next financial year, and indicative amounts for the next two out-years:

Financial Year Ended 30 June	2022/23 Budget	2023/24 Plan	2024/25 Plan
SML Loan - Draft SOI	2,700,000	2,700,000	2,700,000
Loan at Start of Year	2,700,000	3,200,000	3,700,000
Borrowings - Required By year	500,000	500,000	700,000
Loan at End of Year	3,200,000	3,700,000	4,400,000

20. Initial analysis indicates SML will be able to commence repayment of the additional \$1.7M loan from the 2026/27 financial year. This this will be further reviewed in the preparation of the next SOI.
21. SML will be charged interest by the Council for the increased funding lines.
22. The total equity of SML is estimated to be \$9.953M on 30 June 2022.
23. From the 2021/22 financial year, there are no longer any tax losses within SML to carry forward and offset against its future net taxable revenue, which means SML will be subject to tax. This has been reflected in the SOI for the next three years.
24. Dividend payments to Council of \$200k a year have been budgeted by SML, beginning in 2023/24 in line with the long-term plan.
25. A Dividend Policy for Council's consideration and approval will be developed prior to 2023/24.

Appendices

No.	Title	Page
1	Chief Executive statement regarding Seaview Marina refurbishment works	13
2	Seaview Marina Limited Statement of Intent for the Three Years - 2022/23 to 2024/25	16

Author: Sharon Page
Senior Management Accountant

Reviewed By: Ben Wu
Financial Accounting Manager

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Helen Oram
Director Environment and Sustainability



Summary: Funding requirement - Seaview Marina Refurbishment

Background

Seaview Marina's (SML) scope of activity as defined by the 2021 – 2022 Statement of Intent (SOI) is the operation of boating facilities and services, which covers the maintenance of marina piers as infrastructural assets.

Marina piers live in a harsh environment and require continual maintenance. At the proper time, they will require significant refit. SML's first piers (piers A through D) were constructed in the early 1990's. Pier E followed a decade later. These piers require all their components be systematically replaced in what the industry calls a "half-life refit."

The purposes for refurbishment of this type include:

- Manage the increasing risk to the structure as it ages.
- Reduce the likelihood of requiring newly casted and more costly concrete pontoons.
- Upgrade the life expectancy of the earlier like components.
- Lessen the total structure movement and associated wear and tear.
- Improve the overall facility condition for the benefit of customers.

As part of a focus to refresh SML's asset management program, in January 2022 A Pier Condition Report (referred to as "the report") was requested for all piers. Shorewise Engineering Consultants were board approved to supply the report. Rob Brown, managing director, is a chartered professional engineer and is widely known in the marine industry for a thorough approach to marina condition assessment. Rob Brown participated in the design of SML floating structures and performed the inspection in person. SML CE, Tim Lidgard, has previously received Shorewise condition reports and considers them superior in content.

The report highlighted the need to promptly plan a marina refurbishment program. The report recommended an aggressive refurbishment timeline. The report conclusion included the statement *"Generally piers A, B, C, D and E are in need of replacement or refurbishment within the next 1-2 years due to the highly corroded state of the corner frames, pile guides and through rods"*.

The following tables are an excerpt from the report and highlight the requirement for urgent refurbishment.



Definition of condition grades

We have utilised the International Infrastructure Management Manual (IIMM 2015) process and rating system for all components, the condition rating is as below:

1	2	3	4	5
Very Good Condition	Good Condition	Moderate Condition	Poor Condition	Very Poor Condition
Remaining life 100% – 65%	Remaining life 65% – 40%	Remaining life 40% – 25%	Remaining life 25% – 10%	Remaining life 10% – 0%
As new	Very minor wear and tear, but does not have a functional impact	Wear and tear evident very minor functional impact if any	Significant wear and tear or damages. May have a functional impact such as reliability issues developing	At the point of failure or failed. On failure the asset function is no longer performed

SML Inspection Scores – averaged to provide overall rating by pier

Pier	Pontoon average condition rating	Waler average condition rating	Through rod average condition rating	Corner Frame average condition rating	Pile guide average condition rating	Pile average condition rating	Cleat average condition rating	Average pier rating
A	3.0	3.7	4.0	5.0	4.1	3.6	3.0	3.8
B	3.0	4.0	4.0	4.8	4.0	3.7	3.6	3.9
C	3.0	3.5	4.0	4.1	3.9	3.5	3.2	3.6
D	3.0	3.5	4.0	4.1	3.8	3.3	2.8	3.5
E	3.1	2.8	5.0	4.5	4.0	2.6	2.8	3.6
F	2.5	2.3	3.9	4.0	2.7	2.2	2.0	2.8
G	1.2	1.7	2.9	2.2	1.5	1.5	1.5	1.8
H	1.1	1.1	2.1	1.6	1.0	1.1	1.0	1.3

The scores across each pier have been averaged to provide a pier rating, the higher the number the worse the condition of the pier. The pier rating needs to be considered along with corner frames and requiring prompt replacement due to the extent of the deterioration.

19 May 2022

File: (22/1230)

Report no: LTPAP2022/3/99

Urban Plus Group - Final Statement of Intent 2022/23 to 2024/25

Purpose of Report

1. The purpose of this report is to consider the final Statement of Intent (SOI) for Urban Plus Group (UPL) for the three years commencing 1 July 2022.

Recommendations

That the Subcommittee recommends that Council receives and agrees to the final Urban Plus Group Statement of Intent for the three years commencing 1 July 2022 attached as Appendix 1 to this report.

Background

2. The Local Government Act 2002 (LGA) requires the Board of a Council Controlled Organisation (CCO) to deliver to its shareholders, a final SOI on or before 30 June each year.
3. The LGA also requires Council to agree to a SOI, or if it does not agree, take all reasonable steps to require a SOI to be modified, as soon as practicable after a SOI of a CCO is delivered to it.
4. The Policy, Finance and Strategy Committee received and considered the draft SOI for the three year period commencing 1 July 2022 for Urban Plus Group at its meeting held on 22 February 2022.

Discussion

5. No significant changes have been made to the SOI that was considered by the Policy, Finance and Strategy Committee in February. Below highlights the changes that have been made:

- a. An acknowledgement of the commercial risk associated with the delivery of projects to Community Housing Providers has been added.
- b. Financial statements have been updated with the latest information.

Legal Considerations

6. There is an obligation on the board of a CCO, that each SOI and each modification that is adopted to a SOI, “must be made available to the public within one month after the date on which it is delivered to the shareholders or adopted, as the case may be”. The final SOI will be made available to the public via the website of Urban Plus after receiving notification of approval of the final SOI by Council.

Financial Considerations

7. The SOI contains financial forecasts for the three year period commencing 1 July 2022.
8. Following decisions to finalise the Long-term Plan 2021-2031, Council approved a loan facility for Urban Plus of up to \$43M until 30 June 2031 (refer HCC2021/3/140). This was to enable the broader work programme and outcomes agreed to.
9. The cashflow requirements of this latest SOI are consistent with those presented at the time Council approved the loan facility and are expected to be progressively increased, with a peak expected late in 2023.
10. UPL’s planned activities for the period of the SOI are funded via retained earnings, operating cash flows and the loan agreement with Council. A commercial interest rate is charged to UPL in line with legislative requirements.
11. The Total Equity of UPL is estimated to be \$47.133 million at 30 June 2022.
12. The UPL Board has no intention to pay a dividend in the three year period of the SOI.

Climate Change Impact and Considerations

13. In the consideration of Councils’ commitment to climate change UPL have included within the SOI specific actions targeted at reducing our carbon footprint. This includes the action of ensuring all new housing units shall achieve a certified HomeStar design rating of at least six stars.

Appendices

No.	Title	Page
1↓	Appendix One - UPL Group Statement of Intent 2022/23-2024/25	40

Author: Simon George
Senior Accountant

Reviewed By: Ben Wu
Financial Accounting Manager

Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Kara Puketapu-Dentice
Director Economy and Development

19 May 2022

File: (22/1185)

Report no: LTPAP2022/3/100

Final decisions on the Annual Plan 2022-2023

Purpose of Report

1. The purpose of this report is to confirm final Annual Plan 2022-2023 decisions following the public engagement process.

Recommendations

That the Subcommittee recommends that Council:

- (1) notes that Council approved the Draft Annual Plan 2022-2023 for a light public engagement process on 4 April 2022;
- (2) notes that the analysis and results of the light engagement were reported to Council on 18 May 2022;
- (3) considers the budget matters as detailed in table 2 and agrees decisions on these matters for the final Annual Plan 2022-2023;
- (4) endorses the proposed rates revenue increase for inclusion in the final Annual Plan 2022-2023 of 5.9%, together with a growth-related rates revenue component of 1.1%, refer Section F;
- (5) notes the projected rating impact for 2022-2023 for the average residential ratepayer is \$2.58 per week, refer Section F;
- (6) notes the latest projected debt and balanced budget results, as detailed in graphs 2 and 3;
- (7) endorses the proposed updates to Draft Annual Plan narratives to reflect latest information, refer Section G;
- (8) agrees that the Annual Plan Working Group (comprising the Mayor, Deputy Mayor and Chairs of Committees) be delegated the authority to make decisions as required in preparing the Annual Plan 2022-2023 for Council adoption on 30 June 2022;
- (9) requires that any such decisions made by the Annual Plan Working Group be reported back to the Council meeting on 30 June 2022; and
- (10) considers any further direction and guidance to be provided to officers ahead of preparation of the final Annual Plan 2022-2023 to be adopted by Council on 30 June 2022.

For the reasons outlined in this report.

Executive Summary

2. The Long Term Plan 2021-2031 (LTP) was adopted by Council on 30 June 2021. This lays out Council's strategic intent and direction for the 10 years from 2021-2031. The LTP sets Council's strategic direction of getting the basics right to address the challenges that are being faced by the city and achieve the vision for Lower Hutt of a city where everyone thrives.
3. There was extensive consultation around the LTP, which included early consultation on the direction and focus of the LTP, followed by a consultation period where material was available through a range of media channels, community meetings and in person hearings with Council.
4. Council agreed to a light-touch engagement for the draft Annual Plan 2022-2023 (DAP). Extensive consultation has not been undertaken for the DAP as it aligns with the direction set in the LTP. The public engagement consisted of an online survey with accompanying social media collateral, along with a short, printed document distributed to all households in Lower Hutt. The engagement period took place from 12 April to 3 May 2022.
5. Results of the light touch engagement process on the DAP were included on the agenda to the subcommittee on 18 May. Officers have considered the response from the light engagement process in the preparation of this report.
6. Since Council adopted the DAP for engagement, officers have been working through a review of the budgets to consider any final updates and changes required. A range of budget updates, primarily for carryovers were considered by Council on 18 May 2022. There are a range of remaining budget matters where decisions/direction is sought in order to finalise the Final Annual Plan (FAP).
7. As reported to Council, the delivery of our capital programme and the capacity of our contractors has been impacted in the current year, including the ongoing effects of COVID-19, availability of staff and contractors, timeliness of delivery by contractors, supply chain issues.
8. Delays in delivery have included forecast achievement of 69% of our three waters capital programme in 2021-22. The budget matters included in this report include Wellington Water Limited's consideration of their capital programme from an achievability perspective for 2022-2023. This proposes a budget of \$41.8M in 2022-23 (refer Appendix 1).
9. Council's interest rates assumption has been reviewed in light of changing financial market conditions. The initial projections were prepared in October 2021 and produced a projected average 3.2% over the period of the plan. The latest projections have been revised up to 3.6% average over the ten years.
10. Council agreed to include a rates revenue increase in the DAP which aligns with the LTP, being an overall rates revenue increase of 5.9% together with a growth-related rates revenue component of 1.1%. This rates revenue increase along with targeted rates were approved by Council for inclusion in the FAP on 18 May 2022.

11. The proposed rates rise equates to an average increase of \$2.58 per week per household or an average increase of \$134 per annum. Investment in our Three Waters infrastructure makes up about half (\$65) of the average \$134 per annum rise. The remaining \$69 covers cost increases for all the other services provided (including transport, parks, community facilities, rubbish, recycling etc.).

Property Category Capital value (CV)	2021-2022 Rates	2022-2023 Rates	\$ Change Annual	\$ Change Weekly
Average Residential, CV \$630k	\$2,951	\$3,085	\$134	2.58
Average Commercial Central, CV \$1.8M	\$15,119	\$16,320	\$1,201	\$23.09

12. Following decisions by the Subcommittee at this meeting, officers will be preparing the FAP which will be presented to Council on the 30 June 2022 for adoption and to strike the rates for 2022-2023.

Section B - High level plan for the Annual Plan 2022-2023

13. Table 1 sets out the timeline for the Annual Plan 2022-2023 process as agreed to by Council.

Table 1: High level plan

Activity	Date	Status
Officers progress initial planning and preparation	August/September 2021	Complete
Council endorsement of high-level plan and key assumptions.	1 November 2021	Complete
Council meeting – Review of cost pressures, work programme changes and reprioritisation, funding options.	16 December 2021	Complete
Initial DAP and draft engagement material reviewed by Council. Further budget decisions.	28 February 2022	Complete
Council endorse DAP and engagement material for public engagement	4 April 2022	Complete
Public engagement - “light” engagement	12 April 3 May 2022	Complete
Community feedback received and considered. Officer advice to support decisions for the FAP.	18 May 2022	Complete
Council meets to make final decisions	7 June 2022	Today
Council adopts the AP and sets the rates	30 June 2022	

Section C - Proposed budget changes requiring Council decisions

14. Since Council adopted the DAP for engagement, officers have been working through a review of the budgets to consider any final updates and changes required. This includes reviewing budgets to reflect latest information in regard to:

- a. Unavoidable increases (such as known rent reviews, contractual cost escalations and reviews, salary increases);
- b. Known decreases (such as one-off items, items no longer required, known savings such as contract rate reductions);
- c. Known changes to the timing of the projects/initiatives;
- d. Known changes related to staff resourcing;
- e. Latest forecast information for 2021-22 and flow on implications for 2022-23, including carry overs;

- f. Other justifiable changes required to budgets, such as updates to forecast depreciation and interest cost of borrowings
15. The delivery of our capital programme has been impacted in the current year by the ongoing effects of COVID-19. This has included inflation, availability of staff and contractors, timeliness of delivery by contractors, supply change issues. Delays in delivery have included forecast achievement of 69% of our three waters capital programme in 2021-22 as at the time of our April forecast.
16. A range of budget updates, primarily for carryovers were considered by Council on 18 May 2022. There are a range of remaining budget matters where decisions are sought in order to progress the FAP:
- a. Projects which have experienced delays in 2021-2022 and are proposed to be deferred to later years which impact the LTP;
 - b. Updates to projects due to new information that is now available that was not at the time of the drafting of the plan, including rephrasing of spending based on latest information;
 - c. Updates to underlying assumptions.
17. The proposed budget changes are included in Table 2.

Table 2: Budget matters requiring review and decisions

	Brief Description	Financial impact over the ten years of the LTP and officer recommendation	Further information in Appendix 2
a.	<p>Three waters</p> <p>The three waters capital programme in 2022-23 has been considered from an achievability perspective. As a result, Wellington Water are proposing to limit the budget for the planned capital programme to reflect the level of contracts expected to be in place by 30 June 2022. Remaining budgets are proposed to be moved into the 2023-24 year.</p> <p>The proposed budget for 2022-23 includes carryovers from the 2021-22 year.</p> <p>A wider work programme will still aim to be progressed by Wellington Water and budget will be brought forward as part of quarterly updates where other budget areas are able to be progressed.</p>	<p>This proposes a total three waters budget of \$41.8M (including carryovers) in 2022-23. Remaining budget to be transferred to the 2023-24 year.</p> <p>Officers recommend the approval of the proposed change.</p>	Refer Appendix 1
b.	<p>Tapua Horo Nuku - Eastern Bays Shared Path</p> <p>The project's design for the first two bays has been finalised at \$16.9M.</p> <p>Work is underway by the Alliance on the design and costs for the remaining four bays.</p> <p>This carryover is required as there was a redesign required and delays in the signing of the Alliance agreement.</p>	<p>Transfer capex funding of \$2.5M and related subsidies/ grants from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment A

	Brief Description	Financial impact over the ten years of the LTP and officer recommendation	Further information in Appendix 2
c.	<p>Cross Valley Transport Connections</p> <p>The costs are being moved as we haven't had the resources to start work on this until July 2022 when a Project Manager will begin work.</p> <p>Funding is also requested to be bought forward to reflect the expected work programme in 2022-23. There are a number of activities that are scheduled to take place in the 2022/23 year, including:</p> <ul style="list-style-type: none"> • Esplanade Optimisation • Train station accessibility (3 sites) • Start of Woburn to Melling and Hutt Rd to Melling projects 	<p>Transfer capex funding of \$0.21M and related subsidies from 2021-22 to 2022-23.</p> <p>Bring forward \$4M and related subsidies from 2023-24 and 2024-25 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment B
d.	<p>Bridge Maintenance</p> <p>Funding to undertake the physical works of structural maintenance/renewal as identified in the inspections.</p> <p>The work has been delayed in the current year due to internal staff constraints.</p>	<p>Transfer capex funding of \$0.55M and related subsidies from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment C
e.	<p>Area Wide Pavement Treatment</p> <p>Rehabilitation and reconstruction of the road carriageway pavements when they have reached the end of their useful life.</p> <p>The project has been delayed due to COVID-19 restrictions impacting contractor capacity.</p>	<p>Transfer capex funding of \$1.4M and related subsidies from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment D

	Brief Description	Financial impact over the ten years of the LTP and officer recommendation	Further information in Appendix 2
f.	<p>Road resurfacing</p> <p>Resurfacing and rehabilitation of the network's roads to ensure the safety and travel comfort of road users, as well as providing waterproofing to the road pavements to provide for longer life.</p>	<p>Transfer capex funding of \$0.26M and related subsidies from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment E
g.	<p>Micro-mobility - Street for People Programme</p> <p>Additional subsidy funding of \$2.4M from Waka Kotahi available at a rate of 90% which can be realised through repurposing a small budget from the existing program subsidised at 51%.</p> <p>The Micro-mobility programme has been developed to provide a strategic walking and cycling network and its connections within the Hutt City area;</p> <p>It has been identified that there are some gap areas in linking to these strategic networks</p> <p>The additional 90% funded project is therefore proposed to accelerate and extend improvement opportunities in these gap areas</p> <p>For the current Micro-mobility programme, an additional \$500k is requested to be carried over due to delays in the current year.</p>	<p>Transfer capex funding of \$0.5M and related subsidies from 2021-22 to 2022-23.</p> <p>Add \$2.41M of additional funding and related subsidies from 2021-22 to 2023-24.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment F

	Brief Description	Financial impact over the ten years of the LTP and officer recommendation	Further information in Appendix 2
h.	<p>Heritage Incentives</p> <p>The total budget allocated for the year 2021-2022 is \$150k.</p> <p>HCC has granted \$7k to only one applicant and is processing \$25k for another application which is expected to be finalised within this financial year.</p> <p>The remaining heritage budget for this year is expected to be \$118K. Further applications are expected that will utilise this funding. However, these will not be resolved until the next financial year.</p>	<p>Transfer opex funding of \$0.11M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment G
i.	<p>McKenzie Pool Decarbonisation</p> <p>Council has been successful in an application for co-funding from EECA for the McKenzie baths decarbonisation project.</p> <p>The heating change was originally scheduled for 2030-31 in Council's LTP 2021-31.</p> <p>Project funding by EECA is tied to delivering this project sooner than otherwise would be the case. Therefore, it is proposed to pull forward the timing of replacement of the heating plant at McKenzie Pool to utilise this funding.</p>	<p>Bring forward funding of \$0.38M from 2030-31 to 2022-23 and 2023-24 and increase the funding to \$0.39M.</p> <p>Include EECA co-funding of \$100k in 2023-24.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment H

Footpath renewals and maintenance

18. At the committee meeting on 18 May 2022, Councillors noted themes in the engagement feedback around footpath condition and requested further information.
19. 2021-22 is the first year that Council has approved an increase in funding for a footpath renewals programme in the LTP. Funding was approved ongoing from 2022/23 of \$405,000 for footpaths and \$300,000 for the associated drainage.

20. Two projects were planned for this year, Adelaide Street and Wellington Road. Adelaide Street is scheduled for completion by 30 June 2022 with Wellington Road to be completed in 2022-23.
21. Work is currently underway to develop the forward work programme for 2022-23 and future years. This will be based on priority.
22. Impacts of the funding approved in the LTP are expected to be seen as the programme progresses over the LTP period.

Section D – Significant forecasting assumptions and financial risks

Inflation

23. Inflation rates used in the plan are the Local Government Cost Index (LGCI) prepared by BERL for local government. These rates are prepared annually and most recently received in October 2021. The adjustors used are based on data to June 2021. Recent Consumer Price Index information indicates that higher than planned for inflation continues to be a risk. Statistics NZ reported the March 2022 CPI annual change result of 6.9%.
24. The inflation risks for Council are in part managed through having contracts in place for services and for projects/initiatives. This helps provide a level of certainty in the near to medium-term. As part of the DAP budgeting process officers worked hard to remain within the budgets set in the LTP. Officers found costs savings or re-prioritised within the base budget to balance rising costs and to retain the rates revenue increases as projected in the LTP. Maintaining the rates revenue increase at 5.9% as per the LTP (excluding the growth assumption) has been particularly challenging in the current inflationary environment.
25. Specific financial risk factors identified through the budgeting process have been brought to Council for decision, for example the reserves maintenance and road maintenance contracts.
26. The wider economic environment continues to carry a number of uncertainties and risks due to impacts COVID-19 is having. Further specific risk factors are expected to be identified and brought to Council for decision as part of the next budget update process for the draft Annual Plan 2023-2024.

Interest rates assumption

27. One of the significant forecasting assumptions included in the draft plan is the interest rates and the impact on long term cost of borrowings.
28. Alongside the current inflationary environment, we are seeing the Reserve Bank's moves to combat this through increases in the Official Cash Rate(OCR). This has the flow on effect on Council's borrowing rates. Global uncertainty is also resulting in greater uncertainty and fluctuations in long term borrowing rates.
29. Officers have worked with PWC external treasury specialists to review and update the projected interest rate assumption. The treasury advice includes sensitivity analysis for a range of long-term outcomes.

30. The initial projections were prepared in October 2021 and produced a projected average 3.2% over the period of the plan. The latest projections have been revised up to 3.6% average over the ten years. This is reflected in higher interest rates across all years of the LTP.

Central Government Infrastructure Acceleration Fund

31. In the DAP Council included initial indicative capital funding of \$57.5M for construction of wastewater elements and concept design of stormwater elements of the valley floor growth projects. This funding was included to show intent from Council to support the application to the Infrastructure Acceleration Fund.
32. The DAP includes \$50M assumed receipt from the Infrastructure Acceleration Fund for valley floor growth wastewater and stormwater projects that relate to the funding of \$57.5M included if we were successful. Total project costs or potential funding has not been included at this stage.
33. Council has recently been invited into the final stage of this process to enter negotiations with Kāinga Ora. This stage will see further due diligence undertaken and both funding and housing outcome agreements negotiated before funding can be confirmed.
34. Further advice will be provided to Council on full budget impacts of implementing the full valley floor growth projects, including capital costs, infrastructure acceleration fund finding, and development contributions, as the negotiation process progresses. Due to the current uncertainty, officers advice is to retain the assumptions as per the DAP.

Central Government Three Waters Reform programme - "Better off" funding

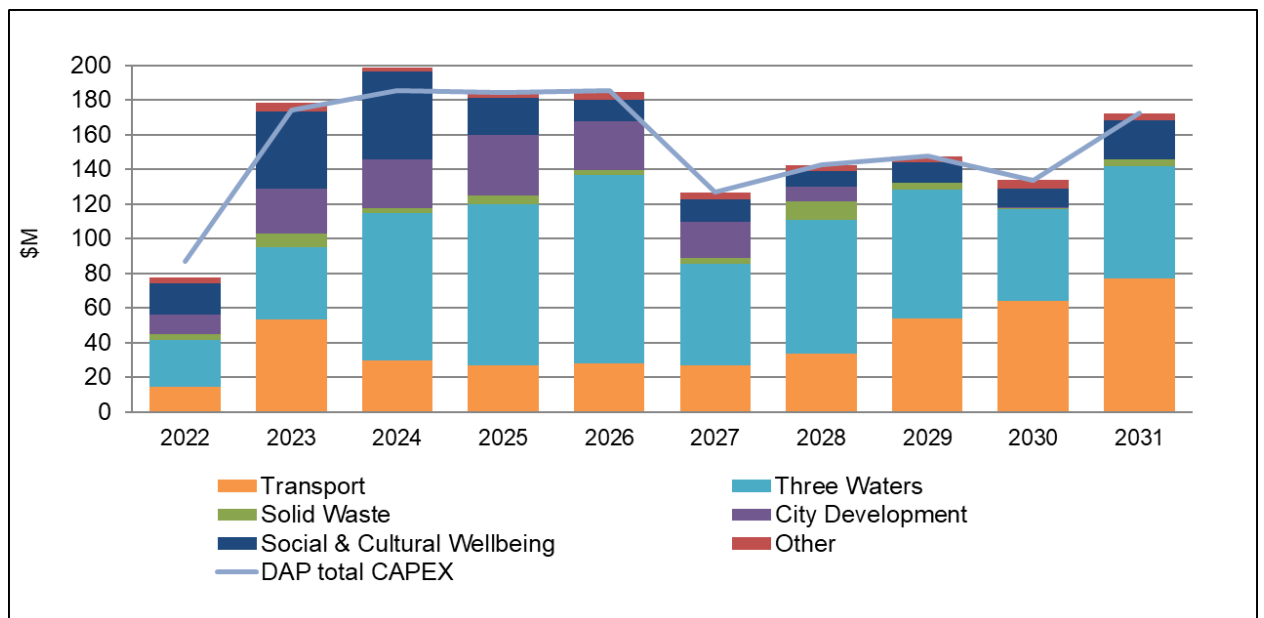
35. The detailed criteria for the Three Waters Reform "better off" funding was released in April 2022. Officers are currently preparing advice on potential options that the first tranche of funding of \$8.36M.
36. This funding is intended to be applied to projects not currently included in the Annual Plan 2022-2023. Funding proposals are required to be completed by 30 September 2022.
37. The DAP did not include any additional revenue or associated expenditure related to this "better off" funding. Given the timing of the application process and uncertainty related to Council and Government decisions, it is proposed that no adjustments are made to the budgets for the FAP in relation to this.

Section E - Summary financial information

Capital investment

- 38. Graph 1 shows the updated capital programme for the FAP (after inclusion of the carryovers and other budget decisions in table 2).
- 39. The 2022-23 to 2025-26 capex has decreased to \$746M in the FAP compared to the DAP capex of \$729M. This change is primarily as a result of carryovers offset by a technical accounting adjustment to move the costs of the Go Digital Programme from capex to opex, offset by carryovers into the period. This change has been made following technical review of the costs involved which will primarily be for implementing software as a service solutions.

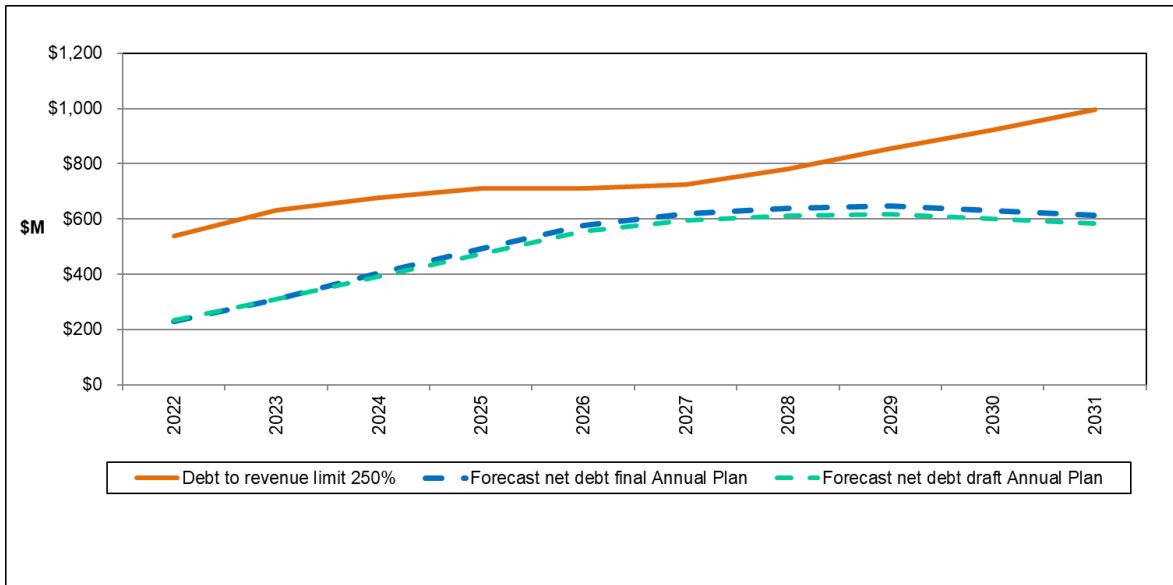
Graph 1: Capital investment plan, comparison of FAP with DAP



Borrowing

- 40. The change in the capital programme results in a corresponding adjustment in the level of borrowings required. Borrowing levels are maintained within the limits set in our financial strategy. Net debt is projected to peak in the FAP at \$646M in 2028-29 compared to a projected peak in the DAP of \$618M.

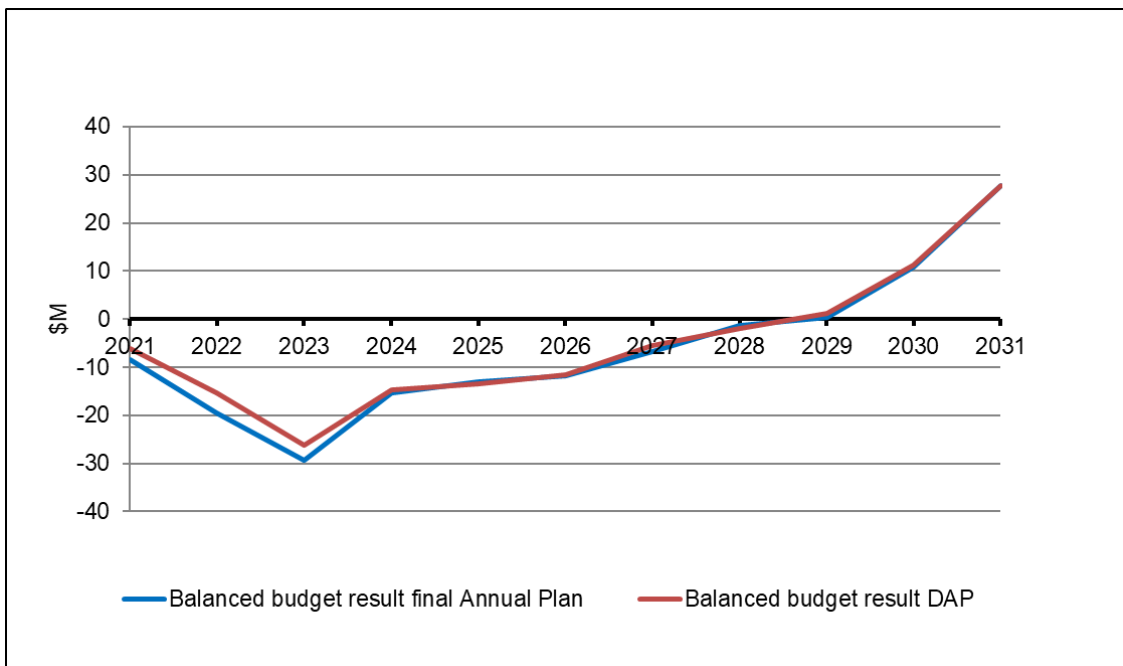
Graph 2: Projected net debt, comparison of DAP and FAP



Balanced budget

- 41. The balanced budget position in 2022-23 is projected to be a \$29.4M deficit compared to a deficit of \$26.2M in our DAP. This change is primarily as a result of an accounting adjustment to move the costs of the Go Digital Programme from capex to opex.
- 42. In the LTP we are projected to achieve a balanced budget in 2028-29; we remain within this projected timeframe for the FAP.

Graph 3: Projected balanced budget target, comparison of DAP and FAP



Section F - Rates Revenue

43. At the Council meeting on 18 May 2022, Council confirmed the rates revenue increase of 5.9% together with 1.1% for growth, including the following targeted rates, for inclusion in the FAP.

Table 3: Targeted rates for the final Annual Plan 2022-2023

Rate	LTP 2021-22	FAP 2022-23	Change
Wastewater - per SUIP	\$559	\$593	\$34
Water supply - per SUIP	\$520	\$551	\$31
Refuse 80L - per SUIP	\$105	\$105	\$0
Refuse 120L - per SUIP	\$144	\$148	\$4
Refuse 240L - per SUIP	\$288	\$296	\$8
Recycling - per SUIP	\$105	\$111	\$6
Green waste - per SUIP	\$95	\$101	\$6

44. At the Council meeting on 18 May 2022 Council confirmed the application of the rating policy agreed and consulted on as part of the LTP.
45. Updated modelling of the rating impact for 2022-2023 is included in table 4 and 5 below. The modelling has been prepared based on the rating policy decisions of Council for the FAP. The modelling is prepared based off the latest information and assumptions on growth from QV up to the start of May.
46. These projected rates impacts are indicative and are based on the latest rating information database. There is expected to be some further minor changes in the rating database ahead of the rates being set on 30 June 2022.
47. Updates include the confirmation of the revised value of the Queensgate property at \$320M, to be effective for the 2022-2023 rating year. The current value for 2021-2022 was \$295M and has been increased due to the property development undertaken. The rates for Queensgate are projected to increase by \$395k in 2022-2023 largely as a result of the property value changes together with the rates increase (rates in 2021-2022 \$2,301k).
48. Indicative rates increases for each property category in the FAP(refer table 4) have increased slightly in most cases with the average commercial suburban increasing slightly more than others. For commercial suburban the annual change is now expected to be \$1,222 per annum compared to \$1,095 in the DAP. The change is primarily as a result of lower than expected progress on developments, in part as a result of supply chain issues and the impacts of COVID-19. Forecasts for the DAP were based on expected growth based on consent data and expected completion at the time the modelling for the DAP was completed.

Table 4: Projected rating impact for 2022-23 by property category

Property Category	2021-2022 Rates	Draft Annual Plan		Final Annual Plan		
		\$ Change Amount annual	\$ Change Amount Weekly	\$ Change Amount annual	\$ Change Amount Weekly	Change Amount %
Average Residential	\$2,951	\$132	\$2.54	\$134	\$2.58	4.5%
Average Commercial Central	\$15,119	\$1,234	\$23.73	\$1,201	\$23.09	7.9%
Average Commercial Suburban	\$13,135	\$1,095	\$21.05	\$1,222	\$23.50	9.3%
Average Rural (no water or wastewater)	\$1,954	\$70	\$1.34	\$72	\$1.39	3.7%
Utilities	\$19,260	\$1,595	\$30.68	\$1,803	\$34.67	9.4%

Table 5: Indicative projected rating impact on residential suburbs

Residential suburbs: average rateable value	Rateable value as at 1 July 2022	2021-2022 Rates	2022-2023 Rates	\$ Change Annual	\$ Change Weekly
Alicetown	\$661,500	\$3,032	\$3,169	\$137	\$2.64
Avalon	\$605,500	\$2,888	\$3,020	\$132	\$2.53
Belmont	\$711,000	\$3,160	\$3,301	\$142	\$2.72
Boulcott	\$736,500	\$3,225	\$3,369	\$144	\$2.77
Days Bay	\$990,000	\$3,878	\$4,046	\$168	\$3.23
Eastbourne	\$930,000	\$3,724	\$3,886	\$162	\$3.12
Haywards	\$405,000	\$2,371	\$2,484	\$113	\$2.17
Hutt Central	\$858,500	\$3,540	\$3,695	\$156	\$2.99
Korokoro	\$786,000	\$3,353	\$3,502	\$149	\$2.86
Lowry Bay	\$1,270,000	\$4,600	\$4,794	\$194	\$3.73
Manor Park	\$580,000	\$2,822	\$2,952	\$129	\$2.49
Maungaraki	\$688,000	\$3,100	\$3,240	\$140	\$2.68
Melling	\$539,000	\$2,717	\$2,842	\$126	\$2.41
Moera	\$506,000	\$2,632	\$2,754	\$122	\$2.36
Naenae	\$493,500	\$2,599	\$2,721	\$121	\$2.33
Normandale	\$661,000	\$3,031	\$3,168	\$137	\$2.63
Petone	\$754,000	\$3,270	\$3,416	\$146	\$2.80
Stokes Valley	\$486,000	\$2,580	\$2,701	\$121	\$2.32
Taitā	\$488,000	\$2,585	\$2,706	\$121	\$2.32
Wainuiomata	\$461,000	\$2,516	\$2,634	\$118	\$2.27
Waterloo	\$696,000	\$3,121	\$3,261	\$140	\$2.70
Woburn	\$953,000	\$3,783	\$3,947	\$164	\$3.16

Section G - Updates to the Annual Plan

49. The DAP will be updated to reflect the budget decisions made by Council on 18 May 2022 and for the outcomes of decisions in this report.
50. Officers are also working to update the narrative sections of the Annual Plan as we finalise the document ahead of 30 June 2022. This will include updates where external factors have changed since the preparation of the DAP. Changes are not expected to be significant.
51. Updates will include:
 - a. Removing the reference to a “draft” document and updating this to reflect the finalisation of the Plan.
 - b. Three waters reforms: on page 11 of the DAP there is a short section describing the proposed reforms, alongside our major three waters projects. For the FAP officers will include latest information in relation to three waters reform including the government’s response to the recommendations of the Working Group on Representation, Governance and Accountability of new Water Services Entities.
 - c. Central Government Infrastructure Acceleration Fund: since publication of the DAP, Council’s application to the Government’s Infrastructure Acceleration Fund has moved to the next stage. The application focuses on stormwater and wastewater upgrades across the valley floor and as part of the RiverLink project to intensify the CBD, and a short section on this will be added to the FAP.
 - d. Key projects: both Petone Wharf and some of our three waters projects have been rephased over the coming years, with some funding moving out of the 2022-23 financial year. The FAP will be updated to reflect the rephasing of these projects.
 - e. Assumptions: updates to significant forecasting assumptions where assumptions have been updated. This includes interest assumptions and Infrastructure Acceleration Funding. Updated significant forecasting assumptions are attached in Appendix 3.
 - f. Engagement: A small section will be added to note the light engagement undertaken on the draft annual plan.
52. Updated financial tables are attached in Appendix 4. These have been prepared on the assumption that Council accepts officer recommendations in this report.

Next steps

53. Officers will finalise the content of the Annual Plan to enable Council to adopt the plan on 30 June 2022. The rating resolutions will also be prepared for 30 June 2022.
54. The content for the final Annual Plan will require further review and checking. There are likely to be other updates and minor adjustments to content as this review process is completed.

55. Officers will report through to the Annual Plan Working Group (comprising the Mayor, Deputy Mayor and Chairs of Standing Committees) on any matters requiring decisions ahead of the agenda papers being prepared for the Council meeting to be held on 30 June 2022.

Climate Change Impact and Considerations

56. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
57. The Annual Plan directly responds to the need to achieve emission reductions, by embedding emission reductions in a range of initiatives. For example, Council's investment in Naenae Pool includes that the new building would not use natural gas for heating and instead utilise alternative low-carbon energy sources. The FAP also includes a number of projects to reduce emissions, including the decarbonisation of Council facilities (including pools and the Dowse).
58. Individual budget initiatives contain climate change related considerations; please refer to Table 2 and Appendix 1 for further details.

Consultation

59. Council agreed to a light-touch engagement for the draft Annual Plan 2022-2023. Extensive consultation has not been undertaken for the DAP as it aligns with the direction set in the LTP. The public engagement consisted of an online survey with accompanying social media collateral, accompanied by a short, printed document to all households in Lower Hutt. The engagement period took place from 12 April to 3 May 2022.
60. Results of the light touch engagement process on the DAP were included on the agenda to the subcommittee on 18 May. Officers have considered the response from the light engagement process in the preparation of this report.

Legal Considerations

61. The most relevant legislation includes the Local Government Act 2002, Local Government (Rating) Act 2002 and the Rating Valuations Act 1998. The documents referenced in this report have been prepared to meet the legislative requirements.
62. Under Section 95(2A) of the Local Government Act 2002, if the proposed Annual Plan does not include significant or material differences from the content of the LTP for the financial year to which the proposed Annual Plan relates then Councils can choose not to formally consult.
63. Section 97 of the Act provides that certain proposed decisions can only be pursued if provided for in the Long Term Plan. These include decisions to significantly alter the intended level of service provision for any significant activity, and decisions to transfer ownership or control of a strategic asset to or from the local authority. Section 103(4) requires that any significant amendment proposed to the Revenue and Financing Policy be included in a Long Term Plan.
64. Under ss99(4) and (5) of the Act, Council may amend the Long Term Plan at any time, but it must use the special consultative procedure to do so.

65. Section 83 sets out the requirements of the special consultative procedure. For a Long Term Plan (and any amendment) these consultation requirements are amended so that a consultation document is required. Section 93D sets out the content required of a consultation document for an amendment to the Long Term Plan.
66. Council's Significance and Engagement Policy:
- sets out the general approach Council will take to determine 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 Council and its communities attach to those matters.
67. 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.
68. A decision about budgets, 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.

Financial Considerations

69. No other financial considerations other than those contained in this report.

Appendices

No.	Title	Page
1	Appendix 1 - Wellington Water Limited 22-23 capital delivery plan advice	83
2	Appendix 2 - Detail project information to support budget decisions	93
3	Appendix 3 - Significant Forecasting Assumptions	111
4	Appendix 4 - Financial Tables	117

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