



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

17 February 2025

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

Monday 24 February 2025 commencing at 9:00 am

The meeting will be livestreamed on Council's You Tube page.

Membership

	Mayor C Barry (Chair)
	Deputy Mayor T Lewis
Cr G Barratt	Cr J Briggs
Cr K Brown	Cr B Dyer
Cr S Edwards	Cr A Mitchell
Cr K Morgan	Cr C Parkin
Cr N Shaw	Cr T Stallinger
Cr G Tupou	

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

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

Chair:	Mayor Campbell Barry
Deputy Chair:	Deputy Mayor Tui Lewis
Membership:	All Councillors (11)
Quorum:	Half of the membership
Meeting Cycle:	Meets on an eight-weekly basis or as required during the LTP/ AP process
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 Komiti Ratonga Rangatōpū me te Rautaki | 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 Komiti Ratonga Rangatōpū me te Rautaki | 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.

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
Monday 24 February 2025 commencing at 9:00 am.

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA

Whakataka te hau ki te uru	<i>Cease the winds from the west</i>
Whakataka te hau ki te tonga	<i>Cease the winds from the south</i>
Kia mākinakina ki uta	<i>Let the breeze blow over the land</i>
Kia mātaratara ki tai	<i>Let the breeze blow over the ocean</i>
E hī ake ana te atakura	<i>Let the red-tipped dawn come with</i>
He tio, he huka, he hau hū	<i>a sharpened air.</i>
Tihei mauri ora.	<i>A touch of frost, a promise of a</i>
	<i>glorious day.</i>

2. APOLOGIES

An apology from Cr Shaw has been received.

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. PETITION

Closure of the Pedestrian Walkway on Ava Rail Bridge

Report No. LTPAP2025/1/32 by the Senior Democracy Advisor

5

5. 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

6. **RECOMMENDATIONS TO TE KAUNIHERA O TE AWA KAIRANGI COUNCIL - 24 February 2025**

- a) Draft Annual Plan 2025-26 update

Report No. LTPAP2025/1/31 by the Manager Financial Planning & Performance 21

CHAIR'S RECOMMENDATION:

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

- b) Draft Annual Plan 2025-26 - Rating Policy decisions 2

Report No. LTPAP2025/1/30 by the Manager Finance Transaction Services 301

CHAIR'S RECOMMENDATION:

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

7. **FURTHER ADVICE ON FOOD ORGANICS AND GREEN ORGANICS**

Report No. LTPAP2025/1/36 by the Advisor Resource Recovery 366

CHAIR'S RECOMMENDATION:

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

8. **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.

9. **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 continuing</i>
Te ngākau, te tinana, te wairua i	<i>journey</i>
te ara takatū	<i>Oh Rongo, raise these words up high</i>
Koia rā e Rongo whakairihia ake	<i>so that we be cleansed and be free,</i>
ki runga	<i>Yes indeed, we are free!</i>
Kia wātea, kia wātea!	<i>Good and peaceful</i>
Ae rā, kua wātea!	
Hau, pai mārire.	

Kate Glanville
SENIOR DEMOCRACY ADVISOR

10 February 2025

Report no: LTPAP2025/1/32

Petition: Closure of the Pedestrian Walkway on Ava Rail Bridge

Purpose of Report

1. To inform the Subcommittee about the petition received from the residents and staff of the Bob Scott Retirement Village. The petition addresses the closure of the pedestrian walkway on the Ava Rail Bridge, attached as Appendix 1 to the report.

Recommendations

That the Subcommittee:

- (1) notes that residents and staff of the Bob Scott Retirement Village submitted a petition to the Mayor regarding the closure of the pedestrian walkway on the Ava Rail Bridge on 23 January 2025;
- (2) notes that the petition exceeds the 150 word limit specified under Council's Standing Order 18.1;
- (3) approves the acceptance of the petition attached as Appendix 1 to the report; and
- (4) thanks the petitioners for the work that went into preparing the petition.

Background

2. Under Council's Standing Order 18.1, petitions must contain at least 20 signatures and consist of fewer than 150 words (not including signatures). They must be received by the Chief Executive at least seven working days before the meeting at which they will be presented.
3. The petition was received by the Mayor on 23 January 2025 and has a total of 223 signatures. However, the petition contains approximately 359 words.
4. Under Council's Standing Order 18.3, petitions presented by members on behalf of petitioners must confine themselves to presenting:
 - (a) the petition;
 - (b) the petitioners' statement; and
 - (c) the number of signatures.

Reason for the petition

5. Residents and staff of the Bob Scott Retirement Village have learned of the permanent closure of the pedestrian walkway on the Ava Rail Bridge from 24 February 2024.
6. The petition emphasises the importance and use of the pedestrian walkway. It states that Council was not informed about the need to fund the replacement of the walkway until October 2024. However, it requests that Council prioritise and fund the replacement urgently.

Appendices

No.	Title	Page
1↓	Petition from residents and staff at Bob Scott Retirement Village concerning the closure of the pedestrian walkway Ava Rail Bridge - 23 January 2025	7

Author: Kate Glanville
Senior Democracy Advisor

Approved By: Kathryn Stannard
Head of Democratic Services

The Residents,
Bob Scott Village,
25 Graham St,
Petone, 5012.
22nd January 2025.

The Mayor,
Hutt City Council,
30 Laings Rd,
Private Bag 31-912,
Lower Hutt City 5040.

Copy: Hon. Chris Bishop MP.

Closure of the Pedestrian Walkway on the Ava Rail Bridge

Dear Mayor Barry,

It is with concern that the following residents and staff of Bob Scott Retirement Village learned of the permanent closure of the Pedestrian Walkway on the Ava Rail Bridge from 24th February 2025.

We wish to register our concern that after 97 years of there being a walkway on the bridge there is no planned replacement by KiwiRail while they are renovating the railway lines or after they have finished.

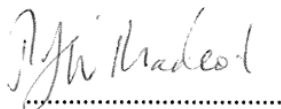
Some pertinent facts:

- 1) It is currently used by between 80 and 100 pedestrians, runners, and cyclists every day,
- 2) The walkway is used on weekdays by local students walking to the Hutt Valley High School, other colleges, and local residents to their places of employment,
- 3) It is approximately 1 km to the nearest up-river Ewen Bridge, and 1.5 km down-river to the Waione St Bridge,
- 4) To cross the Hutt River without the walkway from the west end of the bridge, to the east end via the Ewen Bridge, is a distance of 2.2 km, 30-40 minutes typical walking time,
- 5) By way of history, the bridge was constructed in 1927 by the Public Works Department for the benefit of both rail users and pedestrians crossing the Hutt River.
- 6) The bridge is recorded as an important evacuation route in the advent of a tsunami or earthquake occurring in the vicinity,
- 7) KiwiRail have said that funding by the Government was made available for upgrades to the metro railway in May 2024 and that they detailed the upgrade of the Ava Railway Bridge to the Hutt City Council in July forgetting to inform them of their inability to finance the replacement of the walkway, which requires a separate engineering structure designed to modern standards.
- 8) KiwiRail have announced that they are prepared to facilitate the Hutt City Council in building a footbridge to modern engineering standards erected on the existing bridge piers, but are prevented from making funding available as KiwiRail cannot fund non-rail enterprises.

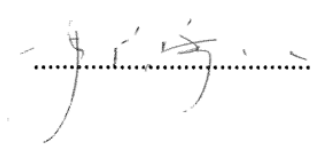
We realise that the Hutt City Council had not been made aware of the need to fund the walkway replacement until Oct 2024.

It is of paramount importance that funding can be found quickly to effect the replacement of the walkway as such a loss after 97 years is not in the interests of Hutt City residents.

Signed on behalf of the attached concerned signatories who are residents of Bob Scott Village.



.....
Petition Organising Committee.
Total Signatories 223



SUBJECT: 2 DAYS BETWEEN THE 13TH AND 21ST JANUARY

PETITION to the Hutt City Council by the undersigned residents of Bob Scott Retirement Village concerning the requested renewal of the Pedestrian Walkway over the Ava Rail Bridge.

To accompany the letter from the Organising Committee dated.....
House...GRAY..... Page...1.....

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[Handwritten Signature]	[Redacted]	[Handwritten Signature]	[Redacted]

PETITION to the Hutt City Council by the undersigned residents of Bob Scott Retirement Village concerning the requested renewal of the Pedestrian Walkway over the Ava Rail Bridge.

To accompany the letter from the Organising Committee dated.....

GRAY BLOCK

Page..... 2

SIGNATURE	APART.	SIGNATURE	APART.
PETE BOUTHEND			
Margaret Gray			
Res. 'eap.			
Olivia McHugh		uses bridge - 15/1/25	
Dan Reed		uses bridge Dan Reed	
Noel Bradbury		N.H. Bradbury	
Jennette Prince			
VALENE WENK			
Diana Geary			
MARGARET PREDDY			
Dorothy Long			
Barbara Feys			
Sisannah McHugh			
Leanne Carter			
ROBIN CLARKE			
MARY CLARKE			
R. Wederich			
H.L. Wederich			
Sheila Pratt			
Helen Glasgow			
Geoff Stevens			

PETITION to the Hutt City Council by the undersigned residents of Bob Scott Retirement Village concerning the requested renewal of the Pedestrian Walkway over the Ava Rail Bridge.

To accompany the letter from the Organising Committee dated.....

Gleny Block Page.....5

SIGNATURE	APART.	SIGNATURE	APART.
Si Samson			
Ruth Rice			
David B...			
FAY MCDONALD		Y. McDonald	
Joyce Nicholls			
Shirley McGregg		Shirley McGregg	
Robert McGregg		Robert McGregg	

PETITION to the Hutt City Council by the undersigned residents of Bob Scott Retirement Village concerning the requested renewal of the Pedestrian Walkway over the Ava Rail Bridge.

To accompany the letter from the Organising Committee dated.....

House... Huntson Road Page.....

SIGNATURE	APART.	SIGNATURE	APART.
<i>Stacy Lewis</i>		<i>David</i>	
<i>JUDITH HOGAN</i>		<i>[Signature]</i>	
<i>Honorable</i>			
<i>William Wiebin</i>			
<i>Ba O'Brien</i>		<i>Ba O'Brien</i>	
<i>R. Debb</i>		<i>[Signature]</i>	
<i>MARION Pickerny</i>		<i>[Signature]</i>	
<i>Stella Edwards</i>			
<i>Jean Lee</i>			
<i>Graham Roll</i>			
<i>P. Archer</i>			
<i>[Signature]</i>		<i>[Signature]</i>	
<i>RODIE</i>			
<i>A.C. Burt</i>			
<i>John O'Brien</i>			
<i>Jim Wall</i>			
<i>B. STAYER</i>		<i>[Signature]</i>	
<i>May Dick</i>		<i>[Signature]</i>	
<i>Richard Flann</i>		<i>[Signature]</i>	
<i>Ronda Hancock</i>		<i>[Signature]</i>	

PETITION to the Hutt City Council by the undersigned residents of Bob Scott Retirement Village concerning the requested renewal of the Pedestrian Walkway over the Ava Rail Bridge.

To accompany the letter from the Organising Committee dated.....

House... LESLIE Page..... 1

SIGNATURE	APART.	SIGNATURE	APART.
<i>[Signature]</i>			
Nancy Scott		M. Scott	
A. HILLENHAR		<i>[Signature]</i>	
H. McMillan		H. Rotenauer	
Hison Roberts		<i>[Signature]</i>	
Eileen Lynch		<i>[Signature]</i>	
<i>[Signature]</i> - Ron Burd		<i>[Signature]</i>	
DeeAnn Burd		<i>[Signature]</i>	
PATRICIA JONES		P. A. C.	
Patricia Thyon		P. Thyon	
Sune Woods		g. Woods	
GRAEME ROBERTS		<i>[Signature]</i>	
Patricia Parkinson		<i>[Signature]</i>	
PETER COLLARD		<i>[Signature]</i>	
Shirley Day		<i>[Signature]</i>	
Ineke Dijkstra		<i>[Signature]</i>	
MIKE HOBSON		<i>[Signature]</i>	
PETER HARRISON		<i>[Signature]</i>	
MIKE GREEN		<i>[Signature]</i>	
Cynthia Krogh		<i>[Signature]</i>	
Kath Evans		K. Evans	
Judy Patience		<i>[Signature]</i>	

PETITION to the Hutt City Council by the undersigned residents of Bob Scott Retirement Village concerning the requested renewal of the Pedestrian Walkway over the Ava Rail Bridge.

To accompany the letter from the Organising Committee dated..... House... LESLIE Page... 2

SIGNATURE	APART.	SIGNATURE	APART.
J'Connor			
J+E STANWISH		E. Atwood	
J W Wilson			
Ann Connor			
Janet Curran		ped	
to Morgan			
B. G. O'Connell			
JIM O'BRIEN			
J M Ballin			
B L Bolton			
A Reilly			
H. Witaszek			
F HAY			
Bill Spencer			
Murray Wood			



Long Term Plan/Annual Plan Subcommittee

10 February 2025

Report no: LTPAP2025/1/31

Draft Annual Plan 2025-26 update

Purpose of Report

1. The purpose of this report is to finalise the financial aspects of the Draft Annual Plan 2025-26 and to approve the engagement approach and content.

Recommendations

That the Subcommittee recommends that Council:

- (1) notes that at its meeting on 16 December 2024, the Long-Term Plan/ Annual Plan Subcommittee agreed a range of financial decisions related to the preparation of the draft Annual Plan 2025-26;
- (2) considers the budget matters as detailed in table 2 and provides direction to officers in the preparation of the Draft Annual Plan 2025-26;
- (3) notes the detailed budget review process undertaken for the draft plan in order to offset cost pressures and notes that a range of savings, project deferrals and user fee increases have been applied;
- (4) notes that to reduce the rates revenue increase impacts for 2025-26, that officers require direction from elected members on areas of levels of service reduction, such as projects stopped or deferred;
- (5) notes the projected higher debt levels together with unfavourable movement in the balanced operating budget as detailed in tables 5 and 6;
- (6) notes the changes to the balanced operating budget target as defined in our Financial Strategy and changes to the prudence benchmark per the legislative requirements of the Local Government Act and Financial Reporting and Prudence Regulations 2014 as outlined in Section D of the report;

- (7) approves the rates revenue increase to be included in the Draft Annual Plan 2025-26 be retained as per the Long Term Plan 2023-2034 of 13.4% (after growth) and future years as detailed below;

Rates revenue increase (after growth of 0.9%)	2026	2027	2028	2029	2030	2031	2032	2033	2034
Long Term Plan 2023-2034	13.4%	12.6%	12.6%	12.4%	12.0%	7.0%	7.0%	7.0%	7.0%
Draft Annual Plan 2025-26	13.4%	12.9%	12.9%	12.7%	12.3%	7.8%	7.8%	7.8%	7.8%

- (8) approves the targeted rates for Wastewater and Water Supply presented in Section E of this report to be included in the Draft Annual Plan 2025-26;
- (9) approves the targeted rates for Refuse, Recycling and Green Waste presented in Section E of this report to be included in the Draft Annual Plan 2025-26;
- (10) approves the proposed fees and charges schedule for inclusion in the draft plan, refer Appendix 2 of the report;
- (11) provides feedback on the draft engagement document, attached as Appendix 1 to the report;
- (12) delegates the power to the Annual Plan Working Group (the Mayor and Committee Chairs) to progress the engagement document and make content decisions ahead of final recommendations for Council consideration on 25 March 2025;
- (13) agrees that the engagement to the draft Annual Plan 2025-26 will run from 27 March to 27 April 2025; and
- (14) considers any further feedback and direction to be provided to officers on the content of the draft Annual Plan 2025-26, attached as Appendix 2 to the report.

For the reasons outlined in the report

Acronyms

DAP26 - Draft Annual Plan 2025-2026

LTP - Long Term Plan 2024-2034

Capex - Capital expenditure

Opex - Operating expenditure

LGA - Local Government Act 2002

CCOs - Council Controlled Organisations (Urban Plus Ltd, Seaview Marina Ltd)

Rates SUIP – separately used or inhabitable part

Section A - Background - Council decisions and direction to-date

2. In June 2024, Council adopted its Long-Term Plan (LTP), focusing on getting the basics right by investing in essential infrastructure, including our ageing water network and transport systems. To continue delivering on the LTP, officers are preparing the Draft Annual Plan for 2025-2026 (DAP26).
3. Following decisions and directions of Council in August and December 2024, officers have been progressing the review and update of DAP26 budgets. This has included adjusting for projected inflation and interest rates, accounting for unavoidable cost increases like contractual obligations, updating employee costs to meet safety and service requirements, and revising depreciation and other justifiable budget changes.
4. A strong focus has been on maintaining the plan agreed by Council in the LTP and ensuring that capital investment and services continue to be delivered as agreed. There has been a range of challenges and cost pressures to resolve, for example due to reduced NZTA Waka Kotahi funding than had been assumed in the LTP and reduced regulatory revenue in the current economic context. Rates affordability continues to be a key consideration and Council direction has ensured that the rates increase has been retained in line with the LTP and not moved higher.
5. The inherent key challenges for Council remain the same as the LTP and are summarised as:
 - a) infrastructure deficit - Council owns a lot of ageing assets which require significant investment
 - b) affordability constraints - Council must consider carefully what it invests in to ensure the best return on investment for the community today and for future residents
 - c) borrowing capacity – rising costs across the board increasing debt funding required and the consequent need to prioritise the investment options to manage the debt.
 - d) cost of living challenges for the community and challenges with the affordability of rates charges.
6. There has been a thorough budget review as per Council decisions to date and a comprehensive effort to offset costs. This work has enabled the current projected result presented here which shows no changes to the rates increase for 2025-26 from that projected in year 2 of the LTP. Officers would need advice from members on what services to stop or defer if further savings are to be made to offset the project rates revenue increase.

Section B - High Level Plan for Draft Annual Plan 2025-26

7. Table 1 sets out the timeline for DAP26 process as agreed to by Council.

Table 1: High Level Plan

Activity	Date	Status
Council agrees high level plan and approach to DAP26, including key assumptions	26-Aug-24	Complete
Council Briefing	27-Nov-24	Complete
Council initial decisions on DAP26	16- Dec-24	Complete
Council briefing on DAP26	12-Feb-25	Complete
Council agrees to final DAP26 decisions and approves engagement approach	24-Feb-25	Today
Council adopts DAP26 and engagement material for the engagement process	25-Mar-25	Not Started
Community engagement	April 2025	Not Started
Council receives the feedback analysis from engagement.	14-May-25	Not Started
Council provides initial direction and progresses decisions to support DAP26 being finalised	16-May-25	Not Started
Council meets to make final decisions	4-Jun-25	Not Started
Council adopts Annual Plan 2025-26 and sets the rates	27-Jun-25	Not Started

Risks and challenges

8. There is a risk that costs may increase beyond what has been budgeted. Officers will focus on understanding the potential impacts and exploring service level options. If these challenges arise, officers will provide Council with advice to help support their decisions.
9. Council will need to prioritise what it wants to do and what it is prepared to ask our community to pay for, given that the cost of living has increased substantially. The LTP already included a range of savings, and additional savings have been identified as part of the DAP26 review. These efforts have kept us within the rates revenue limits set in the LTP. Making further savings would mean reducing some service levels. Significant work was done during the LTP process to weigh up trade-offs and make thoughtful choices, and this approach will continue as officers move forward.
10. In August 2024, our Standard and Poors Credit Rating was downgraded to an AA- with flow on impacts of higher borrowing costs. There is a continued risk of further downgrades due to higher borrowing levels and a delayed timeline for achieving a balanced operating budget compared to the LTP (i.e. restricted operating revenue to fund operating expenditure).

Water services reform

11. Officers are facing an environment with continuing legislative changes and uncertainty. The change with the most significance for DAP26 is around water services reform.
12. The government's "Local Water Done Well" programme has been progressing, and Councils in the Wellington region are working together to support this. Water Service Delivery Plans (WSDP) are due for delivery to the government in September 2025. Ahead of this, public consultation on the plans will take place around March/April 2025. This will be reported to Council on 11 March 2025.
13. Some early modelling has been completed based on LTP budgets to determine the impact of water services reform on Council. This indicates the position post reform is likely to be favourable, but that position is dependent on a number of assumptions around repayment of water services debt and transition activities.
14. Based on the range of uncertainties as to the impacts of the changes and timing, at this point, it remains appropriate to continue to assume Council will continue to operate the three water services and, therefore, will include three waters in DAP26 forecasts and planning.
15. The proposed go-live date for the new entity is 1 July 2026, which has recently been brought forward by one year. The final decisions on the WSDP are likely to require an LTP amendment to be completed in 2025-26, depending on further legislation and guidance from Department of Internal Affairs on this. Further advice on the position post reform will be provided as more clarity is obtained on assumptions and timelines.

Section C – Budget matters for consideration

33. Council is requested to consider the capital rephasing matters in table 2 and provide direction to officers. The table includes a brief description and the financial impact.

Table 2: Budget rephasing for consideration by Council

	Brief Description	Financial impact and officer recommendation
1	<p><u>Reserves Development budget rephasing</u></p> <p>Change in timing due to delays expected due to community consultation and scope reviews in reserve development projects.</p>	<p>\$1.8M capex rephased from 2024-25 to 2025-26.</p> <p>Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.</p>
2	<p><u>Silverstream Landfill Transfer Station</u></p> <p>Utilities upgrades to Transfer Station not expected until 2025/26 now.</p>	<p>\$0.5M capex rephased from 2024-25 to 2025-26.</p> <p>Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.</p>
3	<p><u>Cycling Micromobility Programme</u></p> <p>Both Taitā and Avalon projects are commencing in late 2024-25 due to funding and engagement delays and unlikely to be fully spent this year.</p>	<p>\$2.2M capex rephased from 2024-25 to 2025-26.</p> <p>Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.</p>
4	<p><u>Park building capital renewals</u></p> <p>Two of the three Fraser park buildings to be demolished will now take place in 2025/26 due to delays and further engagement activities and in the case of Riddiford gardens, as agreed to be deferred by Council.</p>	<p>\$1.5M capex rephased from 2024-25 to 2025-26.</p> <p>Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.</p>
5	<p><u>Wainuiomata Town Centre reserve development</u></p> <p>This funding is no longer required and is proposed to be returned to the reserve development pool under Parks and Reserves.</p>	<p>Capex reduction of \$0.5M in 2024-25 and transferred over to Reserves development programme budget in 2025-26.</p> <p>Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.</p>

	Brief Description	Financial impact and officer recommendation
6	<p><u>Te Wai Takamori o Te Awa Kairangi (formerly RiverLink)</u></p> <p>Change in timing due to delays expected in project because of changes to delivery mechanisms and negotiations.</p>	<p>\$4.7M capex rephased from 2024-25 to 2025-26.</p> <p>Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.</p>
7	<p><u>Facilities seismic strengthening</u></p> <p>War Memorial Library delayed due to the Petone Library project taking priority</p>	<p>\$1.8M capex rephased from 2024-25 to 2025-26.</p> <p>Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.</p>
8	<p><u>Wellington Water Limited advice</u></p> <p>Stage 2 advice has been received from WWL. This details some changes to both the capex and opex programme and highlights the risks around these.</p> <p>Refer to Appendix 3 for detailed advice.</p>	<p>Capex carryover of \$1.2M from 2024-25 to 2025-26, reduction of \$1.7M over 10 years.</p> <p>Subsidy revenue reduction of \$0.4M in 2024-25, decrease of \$5.1M over 10 years related to joint venture programme changes.</p> <p>Opex increase of \$0.26M for 2025-26 for management and advisory services to be funded through other savings with net nil impact overall to Council.</p> <p>Officers recommend that Council agrees to the proposed budget changes.</p>
9	<p><u>Swimming pools - Learn to swim</u></p> <p>Elected member query to report back on retaining fees at the 2024-25 levels and not to increase the learn to swim fees in 2025-26 by inflation as proposed.</p> <p>Refer to Appendix 4 for further information.</p>	<p>\$0.04M revenue reduction p.a. 0.02% rates increase impact</p> <p>Officers recommend that Council provides direction on the budget changes to be included in DAP26.</p>
10.	<p><u>Community hubs fees</u></p> <p>Elected member query to report back on impact of increasing fees at the minimum 2.2% cost inflation escalation assumption instead of the current 5% applied in the DAP.</p> <p>Refer to Appendix 4 for further information.</p>	<p>\$0.25M revenue reduction p.a. 0.14% rates increase impact</p> <p>Officers recommend that Council provides direction on the budget changes to be included in DAP26.</p>

	Brief Description	Financial impact and officer recommendation
11.	<u>Parks - new fee</u> Proposed new fee to charge for Parks officers' time spent on processing subdivision applications. Refer to Appendix 4 for further information.	\$0.06M revenue increase p.a. Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.
12.	<u>Parks - new fee</u> Proposed new fee to charge for officer time on leases and licenses for public use of private land (application fee, first 5 hours free, hourly charge thereafter). Refer to Appendix 4 for further information.	\$0.02M revenue increase p.a. Officers recommend that Council agrees to the proposed budget changes to be included in DAP26.

Fees and charges

34. At the Council meeting on 16 December 2024, Council reviewed the fees and charges as presented. Proposed fees and charges are included in Appendix 2, and Council approval of these is sought.

Growth related revenue

35. Council approved the Development contributions policy through the LTP, including the three year phasing in of the Valley floor charges and the assumption that charges would be increased by the producer price index each year. This is already factored into the budget projections through the LTP and the DAP26. The updated development contribution charges are included in the Fees and charges schedule in Appendix 2 to the report.

Council Controlled Organisation impacts on budgets

36. The potential sale of the breakwaters to Seaview Marina Ltd (SML) is undergoing further investigation and legal review. It is expected that this will be resolved ahead of the final Statement of Intent for SML being approved by Council in June 2025. Council decisions on this will be incorporated into the final Annual Plan 2025-26. The impact on Council financial projections is expected to be a minor rephasing of borrowings and interest income.

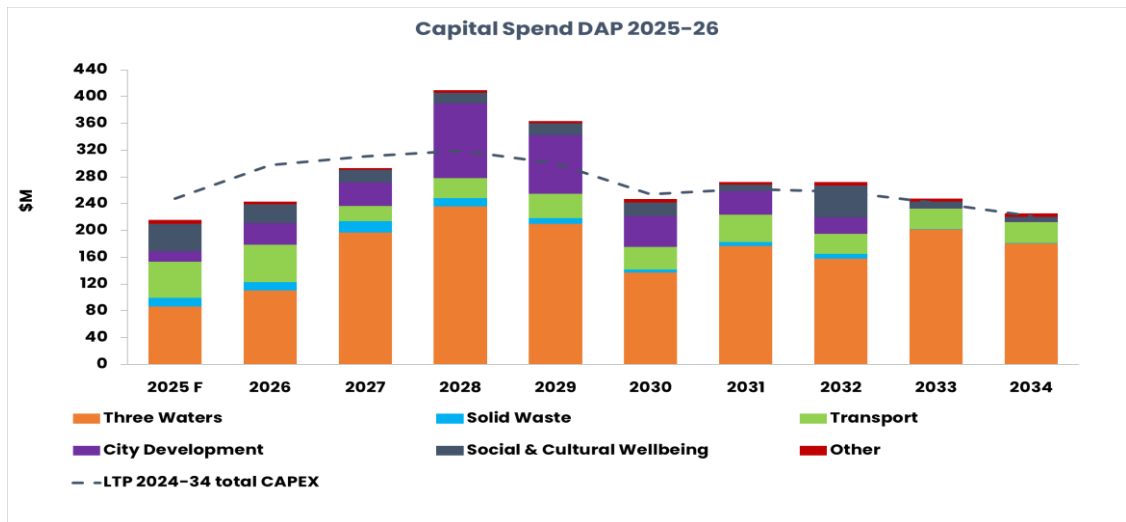
Section D - Projected impact of the proposed budget changes

37. Based on financial modelling completed after DAP26 budget review process, the information that follows provides early indicative impacts of the changes.

Capital investment

- 38. The capital programme for DAP26 totals \$2.791M and includes \$1.255M renewals, \$1.095M new capital and \$440M growth related works.
- 39. Graph 1 shows the current capital programme. Capex has increased by \$77M in DAP26 compared to LTP over the 10 years. This is mainly because of capex deferrals from the 2023-24 period to later years, as well as increased investment for the landfill of \$23M and water services of \$23M, together with a decrease in Transport capex of \$19M as approved by Council. Additionally, there are updates to the budget for capital projects that have been rephased, as shown in table 2, and changes due to updated higher inflation adjustors of \$50M.

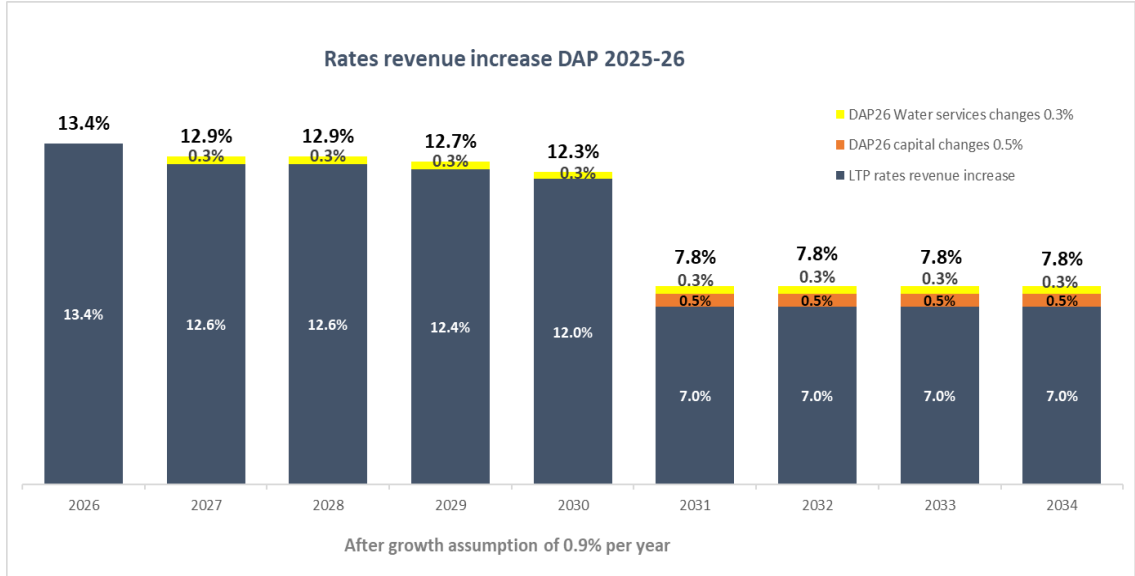
Graph 1: Capital investment plan, comparison of DAP26 with LTP



Financial strategy considerations

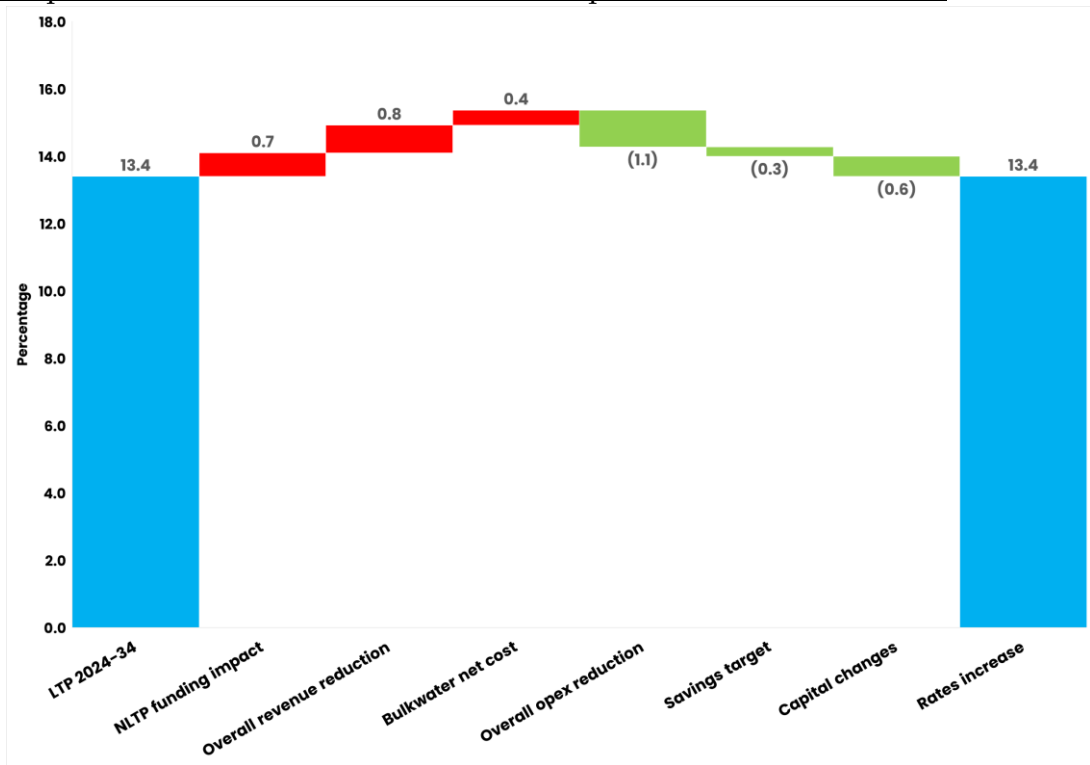
- 40. Rates increase is proposed to remain at the level approved per the LTP in 2025-26. In later years slight increases above the LTP levels are proposed to offset impacts of higher interest costs on rephased capital programme and additional budget for Water Services capital. Refer to graph 2.

Graph 2: Rates revenue increases, comparison of DAP26 with LTP



- 41. A range of cost pressures have been managed in DAP26 through efforts made to reprioritise spending, increases to fees and charges and inclusion of a savings target each year of \$0.5M. Key drivers of increases include transport funding reduction (NLTP), revenue reductions (market driven), bulk water cost increase (GWRC) with offsets from savings and reduced interest costs of debt (delay in capex). Graph 3 below outlines how the rates increase has been maintained as planned through the LTP for 2025-26 at 13.4% (after growth).

Graph 3: 2025-26 Rates revenue increase, comparison of DAP26 with LTP



42. Tables 5 and 6 below provide comparisons of DAP26 to the LTP for the Financial Strategy debt limits, balanced budget, and rates impact for the average residential property. Debt headroom has reduced largely due to the increase in the capital programme driving up debt levels. The balanced budget has moved out several years largely due to the increase in depreciation off the back of the water asset revaluation (refer to the December 2024 report, which provided detailed content related to this).

Table 5: Financial projections compared to Financial Strategy debt limits

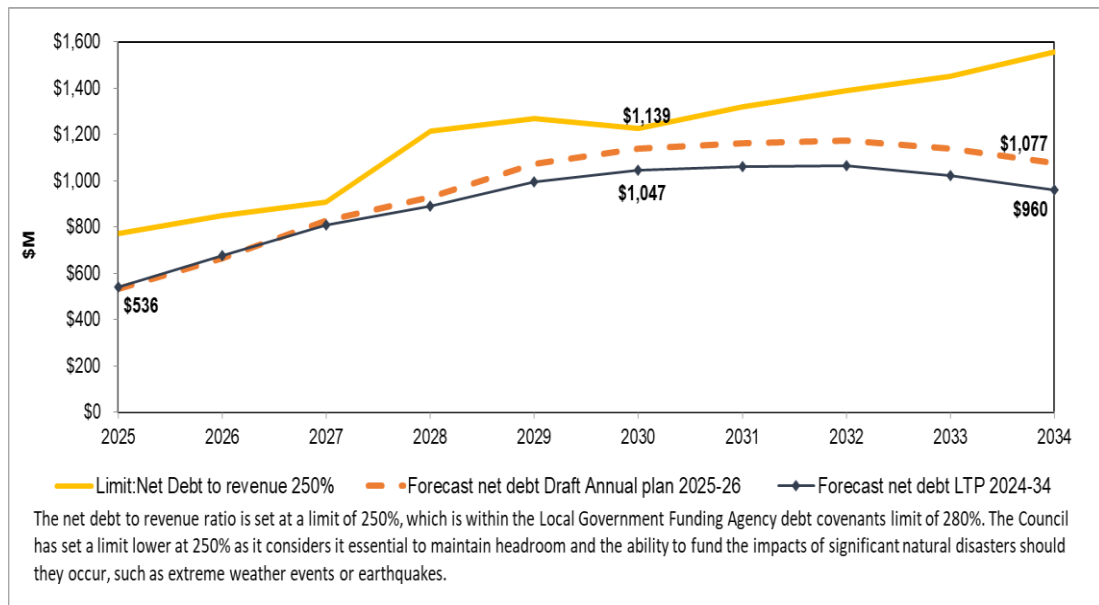
Financial strategy debt limits	HCC limit	LTP	DAP26
Net debt to revenue peak, Headroom at peak debt	250%	216% (Headroom \$158M)	232% (Headroom \$86M)
Net interest to rates revenue peak	25%	15.5%	16.5%
Net interest to revenue peak	15%	10.9%	11.9%

43. The table below outlines the initial financial projections including the proposed rates revenue levels.

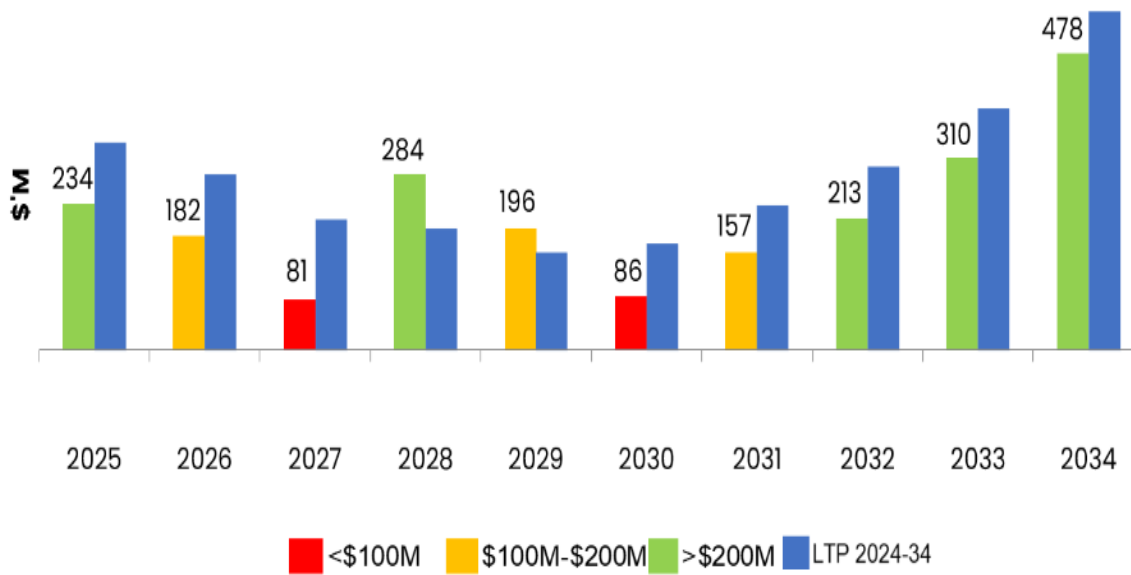
Table 6: Other Financial Strategy considerations for rates revenue increases

Other considerations	LTP	DAP26
Rates increase limit	13.4% (after growth)	13.4% (after growth)
Balanced operating budget metric HCC	2028-29	Moves out by 5 years to 2032-33
Balanced operating budget metric LGA and Financial reporting and Prudence regulations (FRP)	Met in all years	Met from 2028

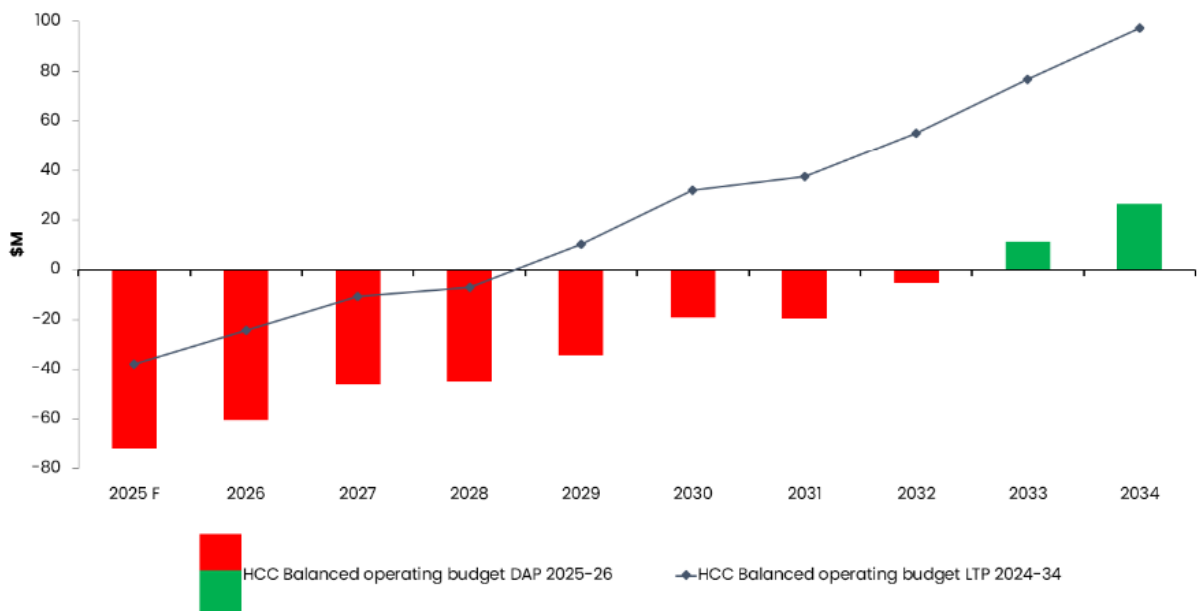
Graph 4: Projected net debt to revenue, comparison of DAP26 and LTP



Graph 5: Projected debt headroom, comparison of DAP26 and LTP

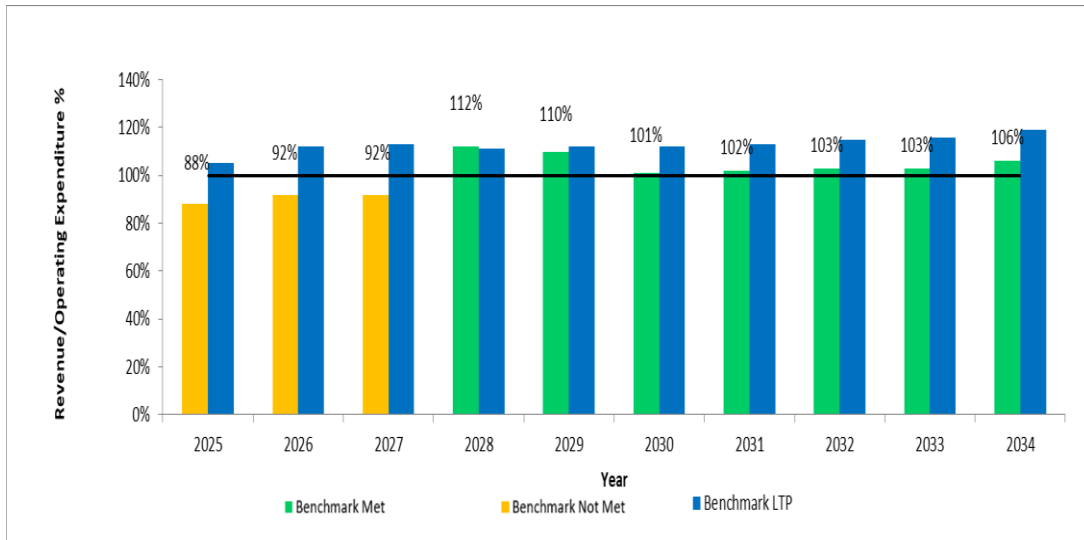


Graph 6: Projected balanced operating budget, comparison of DAP26 and LTP



Council does not meet the legislative balanced budget requirement as defined in s100 of the Local Government Act 2002 until 2028 of the plan (you can refer to our Financial Strategy for further details). The legislative calculation includes capital grants and subsidies which can only be applied to capital projects and cannot be used to fund everyday operational costs over the period. As Council is projecting to receive significant capital grants and subsidies over the period of the plan, the legislative calculation makes it appear that there is more income available to meet everyday operational costs than there actually is. Therefore, we have excluded capital improvement subsidies and capital grants from the graph to only show the projected operating balanced budget for everyday operational income and costs.

Graph 7: Prudence benchmark(FRP/LGA), comparison of DAP26 and LTP



- 44. The balanced operating budget target per Council’s metric moves out by five years to 2032-33 (Graph 6), and the legislative prudence benchmark around a balanced budget is not met until 2028 (Graph 7).
- 45. The funding of depreciation is acknowledged through our Financial Strategy, which recognises that officers run deficits from a balanced operating budget perspective mainly due to revenues not covering the full cost of depreciation. Council is moving progressively towards achieving a balanced operating budget by using the financial levers of fees and charges, development and financial contributions, efficiencies, debt repayment and rates setting etc to achieve this.
- 46. Officer advice is that Council can resolve that it is financially prudent to have an unbalanced operating budget under both these metrics, as revenues are increasing over the 9 years of the DAP26 and repayment of debt is occurring to avoid a significant impact on future ratepayers. The projected balanced operating budget position does not impact Council’s ability to maintain its levels of service and undertake asset renewals and is consistent with the Revenue and Financing Policy. As such, the proposed approach to DAP26 complies with Section 100 of the LGA.

Section E – Early indicative rating impact for DAP26

- 47. The rates projections in table 7 provide early indicative modelling based on the 13.4% overall rates revenue increase plus 0.9% for growth in the 2025-26 year.
- 48. Assuming all decisions are approved as per officer advice the rates revenue rise equates to an average increase of \$9.44 per week per household or an average increase of \$491 per annum. Investment in water services infrastructure makes up around 51% (\$251) of the average \$491 per annum rise. The remaining \$240 covers cost increases for all the other services provided (including transport, parks, community facilities, rubbish, recycling etc.).

Table 7: Early indicative rates impact for DAP26 by property category

Property Category	1 July 2025 Capital Value	2024-2025 Rates Actual	2025-2026 Rates Proposed	\$ Change annual	\$ Change Amount Weekly	% Change
Average Residential	\$815,000	\$3,910	\$4,401	\$491	\$9.44	12.6%
Average Commercial Central	\$2,350,000	\$22,994	\$25,911	\$2,917	\$56.10	12.7%
Average Commercial Suburban	\$2,418,000	\$19,425	\$21,611	\$2,185	\$42.02	11.2%
Average Rural (no water or wastewater)	\$1,247,000	\$2,694	\$2,964	\$270	\$5.19	10.0%
Utilities	\$3,262,068	\$28,467	\$31,481	\$3,014	\$57.96	10.6%

Wastewater and water supply targeted rates

49. DAP26 proposes further investment in three waters above that which was planned previously. The proposed increase in the targeted rate for 2025-26 to fund the work programme for wastewater and water supply is detailed in table 8. These have decreased slightly compared to the figures presented in December, mainly due to further work on the underlying data and reflect the latest rating units and SUIPs projections, off the back of advice from Quotable Value.

Table 8: Proposed targeted rates for water supply and wastewater DAP26

Rate	2024-2025 Rates	2025-2026 proposed Rates	Proposed change
Wastewater - per rating unit or SUIP	\$746	\$886	\$140
Water supply - per rating unit of SUIP	\$766	\$877	\$111

Waste Services targeted rates.

50. These remain unchanged from the advice presented on 16 December 2024.
51. Officers have reviewed the forecast costs for services based on actual data, including contract inflation adjustments and rising disposal costs due to waste levy and general increases. Despite these changes, officers are not proposing any increase in the recycling service, encouraging households to continue minimising waste. The green waste service remains optional for those who choose to opt in.

Table 9: Proposed targeted rates for waste services DAP26.

Rate	2024-2025 Rates	2025-2026 proposed Rates	Proposed change
Refuse 80L - per SUIP	\$128	\$153	\$25
Refuse 120L - per SUIP	\$192	\$222	\$30
Refuse 240L - per SUIP	\$384	\$444	\$60
Recycling - per SUIP	\$130	\$130	\$0
Green waste - per SUIP	\$115	\$120	\$5

52. Table 10 provides a further detailed breakdown of an average residential property by suburb.

Table 10: Average residential rates impact by suburb

Residential Suburb	Capital Value 1 July 2024	2024-2025 Rates	2025-2026 proposed Rates	\$ Change Annual	\$ Change Weekly	% Change
ALICETOWN	\$899,500	\$4,125	\$4,638	\$513	\$9.86	12.43%
AVALON	\$760,000	\$3,770	\$4,246	\$477	\$9.17	12.65%
BELMONT	\$972,500	\$4,311	\$4,842	\$532	\$10.22	12.33%
BOULCOTT	\$922,500	\$4,184	\$4,702	\$519	\$9.97	12.40%
DAYS BAY	\$1,294,500	\$5,131	\$5,745	\$615	\$11.82	11.98%
EASTBOURNE	\$1,217,800	\$4,936	\$5,530	\$595	\$11.44	12.05%
EPUNI	\$834,900	\$3,960	\$4,457	\$496	\$9.54	12.53%
FAIRFIELD	\$818,300	\$3,918	\$4,410	\$492	\$9.46	12.55%
HARBOUR VIEW	\$912,100	\$4,157	\$4,673	\$516	\$9.92	12.41%
HAYWARDS	\$632,500	\$3,445	\$3,889	\$444	\$8.54	12.89%
HUTT CENTRAL	\$1,080,800	\$4,587	\$5,146	\$559	\$10.76	12.20%
KELSON	\$879,600	\$4,074	\$4,582	\$508	\$9.76	12.46%
KOROKORO	\$1,023,900	\$4,442	\$4,987	\$545	\$10.48	12.27%
LOWRY BAY	\$1,661,600	\$6,066	\$6,775	\$709	\$13.64	11.69%
MANOR PARK	\$896,400	\$4,117	\$4,629	\$512	\$9.85	12.44%
MAUNGARAKI	\$932,800	\$4,210	\$4,731	\$521	\$10.03	12.38%
MELLING	\$766,900	\$3,787	\$4,266	\$479	\$9.20	12.64%
MOERĀ	\$648,200	\$3,485	\$3,933	\$448	\$8.62	12.86%
NAENAE	\$659,200	\$3,513	\$3,964	\$451	\$8.67	12.83%
NORMANDALE	\$896,200	\$4,117	\$4,628	\$512	\$9.84	12.44%
PETONE	\$950,800	\$4,256	\$4,782	\$526	\$10.11	12.36%
POINT HOWARD	\$1,185,100	\$4,852	\$5,439	\$586	\$11.28	12.08%
STOKES VALLEY	\$648,800	\$3,486	\$3,935	\$448	\$8.62	12.85%
TAITĀ	\$661,400	\$3,519	\$3,970	\$451	\$8.68	12.83%
WAINUIOMATA	\$630,100	\$3,439	\$3,882	\$443	\$8.53	12.89%
WAIWHETŪ	\$802,800	\$3,879	\$4,366	\$488	\$9.38	12.58%
WATERLOO	\$887,700	\$4,095	\$4,605	\$510	\$9.80	12.45%
WOBURN	\$1,283,900	\$5,104	\$5,716	\$612	\$11.77	11.99%
YORK BAY	\$1,128,100	\$4,707	\$5,279	\$572	\$10.99	12.14%

Section F – Community engagement

53. Section 95(2)(A) of the Local Government Act 2002 provides an option for councils not to run a Special Consultation Process on their Annual Plan if the proposed annual plan does not include significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates.
54. Officers have assessed the proposed changes included in this report and consider that there is currently no material variation to Council's 2024-34 Long-Term Plan. As such, officers recommend running a 'light touch' engagement (not a formal consultation process) for DAP26.
55. If Council decides to introduce a voluntary targeted rate (refer to the separate report in this agenda), then officers will provide further advice on how best to consult on this initiative.
56. Officers note that any consultation process on options for water reform will be run separately from the engagement on DAP26.
57. Officers have developed a communications and engagement plan to support a light-touch approach to engagement, including:
 - a) communication sent out to every ratepayer informing them of changes in DAP26;
 - b) content on our website and social media platforms;
 - c) specific information online about rates and changes; and
 - d) printed information available at our hubs and libraries.
58. Because there are no significant or material differences from the content of the 2024-2034 Long-Term Plan, there is no requirement to have in person or public sessions.
59. A brief draft of the Engagement document has been created and is attached as Appendix 1 to the report.
60. The engagement process will take place from 27 March to 27 April 2025. It aims to gather qualitative feedback on the direction Council is taking for year two of its LTP. Officers will analyse the feedback to identify key themes and issues, which Council will review at their meeting in May 2025. This will help inform final decisions on the DAP26.

Next steps

61. Following decisions by the LTP/AP Subcommittee at this meeting, officers will prepare the designed version of the engagement material and the DAP26 to share with the community for feedback.
62. Any updated budgets based on decisions today and any new information will be presented to the LTP/AP Subcommittee on 25 March 2025.
63. Officers propose to use the Annual Plan Working Group (being the Mayor and Chairs) to finalise the content of the engagement material and DAP26. Any decisions made by the Working Group will be reported back to the LTP/AP subcommittee at its next meeting on 25 March 2025.

64. The final draft of DAP26 and designed engagement material will be considered by Council on 25 March 2025. Before this, the material will have undergone a rigorous quality assurance and independent proofreading process.

Climate Change Impact and Considerations

65. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
66. DAP26 directly responds to the need to achieve emission reductions by embedding emission reductions in a range of initiatives. For example, DAP26 includes a number of projects to reduce emissions, including the decarbonisation of Council facilities (including pools and the Dowse).

Legal Considerations

67. The most relevant legislation includes the Local Government Act 2002, Local Government (Rating) Act 2002 and the Rating Valuations Act 1998.

Financial Considerations

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

Appendices

No.	Title	Page
1	Appendix 1: Draft Engagement Document Annual Plan 25-26	40
2	Appendix 2: Draft Annual Plan 25-26	45
3	Appendix 3: WWL stage 2 advice memorandum	268
4	Appendix 4: Fees and Charges for Neighbourhoods and Communities	293

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03 February 2025

Report no: LTPAP2025/1/30

Draft Annual Plan 2025-26 - Rating Policy decisions 2

Purpose of Report

1. The purpose of this report is to further progress two rating policy aspects and agree the final approach for the Draft Annual Plan 2025-26.

Recommendations

That the Subcommittee recommends that Council:

Voluntary Targeted Rate for Infrastructure Repairs on Private Land

- (1) notes the updated information provided in the report regarding the proposed introduction of three Voluntary Targeted Rates (VTR) for funding three waters infrastructure repairs on private land;
- (2) notes the challenges associated with administering a VTR scheme beyond 1 July 2026 and agrees that proceeding with such a scheme is no longer the recommended option in the context of the proposed water reform programme;
- (3) agrees to rescind OR progress the proposed VTR scheme;
- (4) agrees that should the decision to proceed with the VTR scheme be made, direct officers to undertake the necessary community consultation, administrative planning as outlined in the report with a clear transition plan for how outstanding VTR agreements will be managed post 1 July 2026.

Reducing the Number of Rates Instalments

- (5) notes the additional information provided regarding the reduction of rates instalments, including the legal requirement for ratepayers to opt-in to receive rates invoices by email and the potential for further savings from reducing to two instalments, refer Section B of the report;
- (6) approves OR declines the proposal to reduce the number of instalments, as part of the planning for the 2025/26 financial year;

- (7) agrees to the implementation of a comprehensive communication plan to inform ratepayers about the change, and support for ratepayers through flexible payment options, including direct debits and email invoicing; and
- (8) considers any further direction and guidance to be given to officers in the preparation of the DAP26.

Acronyms:

DAP26 - Draft Annual Plan 2025-2026

LTP - Long Term Plan 2024-2034

LGA - Local Government Act 2002

LGRA - Local Government (Rating) Act 2002

Executive summary

- 2. This report presents an update to proposed changes to rating policies for consideration in the Draft Annual Plan 2025-2026 (DAP26):

- a) Voluntary Targeted Rate for Infrastructure Repairs on Private Land

Council previously resolved in December 2024 to progress changes required to implement a Voluntary Targeted Rate (VTR) scheme to assist ratepayers with three waters infrastructure repairs on private properties. However, following further analysis in light of the Government's "Local Water Done Well" (LWDW) programme, officers have reassessed the feasibility of the scheme. With three waters services expected now to transition to a new Council-Controlled Organisations (CCOs) by 1 July 2026, Council will no longer directly manage these assets, creating uncertainty about the administration of a VTR. While the scheme offered potential benefits, including financial assistance for ratepayers, the changing regulatory and operational landscape means it is no longer the recommended option in the context of the proposed water reform programme. Officers now recommend that Council formally rescind its previous decision to proceed with the VTR. However, if Council decides to proceed with the VTR despite these challenges, a structured implementation plan will be required.

- b) Reducing the Number of Rates Instalments

This report also follows up on Council's request for further information regarding the reduction of rates instalments. Key updates include clarification on the Local Government (Rating) Act 2002 (LGRA), which requires ratepayers to opt-in for email invoices, and the potential for further cost savings if the number of instalments is reduced to two.

Reducing the number of instalments from six to four would result in an estimated \$50,000 in savings from reduced printing and postage. Additionally, if the instalments were reduced to two, further savings of

\$50,000 could be achieved. Further promotion of email invoicing could also help reduce costs and support sustainability goals.

Section A - Introduction of a Voluntary Targeted Rate scheme (VTR) for three waters infrastructure repairs on private properties

Background and Council Direction

3. The concept of a VTR was previously consulted on as part of the Draft Long-term Plan 2021-2031 (DLTP21). While there was no direct community feedback on the proposal, the Council expressed strong support for introducing the VTR to facilitate repairs to private stormwater and wastewater systems.
4. However, the proposal was not pursued in the LTP 2021-2031 due to legal advice from the Commerce Commission, which indicated that such schemes could be classified as consumer credit under the Credit Contracts and Consumer Finance Act (CCCFA), particularly due to their interest charges and associated fees.
5. In April 2024, a key regulatory change under the CCCFA came into effect for the Credit Contracts and Consumer Finance Regulations 2004. New regulation 18 exempts VTR schemes from being considered consumer credit contracts, provided the Council has a Rates Remission or Rates Postponement Policy in place to assist ratepayers facing financial hardship. This change addresses previous concerns and provides a pathway for the reintroduction of the VTR.
6. On 26 August 2024, Council directed officers to provide further advice on the potential introduction of a Voluntary Targeted Rate (VTR) to assist ratepayers with funding the repair and replacement of three waters infrastructure on private properties. This initiative would form part of the Draft Annual Plan 2025-2026 (DAP26).
7. Officers reported on 16 December 2024 (refer to report LTPAP2024/5/360 for further details) and Council made the following resolutions in respect of the proposed VTR scheme.

(1) notes the information provided in the report regarding the proposed introduction of three Voluntary Targeted Rates (VTR) for funding three waters infrastructure repairs on private land;

(2) approves the necessary amendments to the Revenue and Financing Policy and Funding Impact Statement to provide for the new VTRs in the Draft Annual Plan 2026-2027 (DAP26);

(3) agrees the preferred approach to ratepayer agreements, including the contract terms for financial assistance, refer to paragraph 16 in the report;

(4) agrees to consultation and any necessary amendments to policies as outlined in Section A of the report, to ensure the implementation of the VTRs is lawful and aligns with Council's objectives;

8. Given Council's previous decision to proceed with the VTR, the proposal was further developed, including amendments to relevant policies and planning for the consultation process. The proposed amendments to the Revenue and Financing Policy and Funding Impact Statement as well as the Rates Remission Policy were agreed on 16 December 2024 and copies of these are attached as Appendices 1, 2 and 3. Proposed consultation material has also been developed and is attached as Appendix 4.
9. However, in light of the evolving "Local Water Done Well" (LWDW) programme, officers have reassessed the VTR proposal to determine its viability under the new regulatory environment.

Purpose of the Voluntary Targeted Rate Scheme

10. VTRs are a mechanism used by councils to assist property owners who cannot access traditional lending options. These schemes allow ratepayers to repay the cost of specific services or improvements through a targeted rate applied to their property over a set period.
11. For three waters infrastructure repairs, the proposed VTR scheme would enable property owners to finance the cost of private infrastructure repairs, such as pipe replacements, by repaying the amount over a fixed term (e.g., five years). This approach aims to reduce financial barriers, ensuring timely repairs to prevent environmental impacts and water loss from unrepaired leaks.

Reassessment in light of Water Services Reform

12. The Government's "Local Water Done Well" programme is progressing, with Councils in the Wellington region collaborating on Water Service Delivery Plans. These plans are due for submission to the government in early September 2025. Public consultation on these plans will occur around March/April 2025.
13. Councils in the region are working towards a "go-live" date for the future Water Services Council-Controlled Organisations (CCOs) on 1 July 2026. This go-live date was recently amended and brought forward from an initial assumed 1 July 2027.
14. This transition to the proposed new CCO is a significant change. It will result in Councils no longer directly managing three waters infrastructure within their districts. All the water services assets, revenue (targeted rates, metering charges, development contributions etc.) and debt would transfer to the new CCO. The CCO will be responsible for all planning and delivery functions related to the assets. It will provide all services directly to water customers and bill directly for water usage and services provided. Charges will be determined by the Board of the CCO, with oversight from the economic regulator.

15. Given that applications for assistance under the VTR scheme would likely be received throughout the 2025-26 financial year, with first repayments starting from 1 July 2026, there is uncertainty regarding whether Council will retain the ability to administer the scheme once three waters responsibilities transfer to the new entities. It is likely that the VTR scheme would transfer over to the new CCO. It is uncertain how this would be handled by the CCO as the water legislation has not been finalised. It may be best for the new CCO to consider the policy settings and the approach to handling this.
16. In light of this uncertainty, Council has an opportunity to advocate for the new CCO to introduce a financial assistance mechanism for property owners needing support with private infrastructure repairs. If Council does not proceed with the VTR, engaging with the new CCO as it develops its financial and operational policies could help ensure a dedicated financial assistance programme is considered. The approach and funding mechanisms would be determined by the CCO, subject to its governance and regulatory framework. Council could also advocate for the inclusion of financial assistance for private infrastructure repairs during the consultation stages of the upcoming legislation, with the aim of ensuring that such support is considered as part of the government's ongoing reform process.

Comparison with Existing Programmes

17. Porirua City Council (PCC) implemented a financial assistance programme in 2021 for private landowners needing water infrastructure repairs. Due to Commerce Commission advice, rather than recovering costs through a voluntary targeted rate, the assistance is recovered through an annual \$500 fee until the assistance is fully recovered.
18. To date, PCC has entered into two agreements under this programme.
19. Wellington Water Limited (WWL) has undertaken investigations into three waters infrastructure on private land here in Lower Hutt and has worked with property owners when issues have been identified. There have been limited instances where funding repairs posed a challenge, which was eventually resolved with the landowners to ensure repairs were completed.

Options Analysis

20. The previous decision to proceed with the VTR was based on its potential benefits, including financial assistance for ratepayers and infrastructure improvement. Given the changing regulatory structure under the LWDW programme and the limited demonstrated demand for a LTR scheme, officers have reassessed the options for assisting ratepayers with private three waters infrastructure repairs.

21. Option 1: Proceed with the VTR (previously supported). This option would allow ratepayers to opt-in to a VTR scheme to finance necessary repairs, with costs repaid through a targeted rate over a fixed term (e.g. five years).

Option 1 Advantages	Option 1 Disadvantages
Provides financial assistance to property owners who may not be able to afford upfront repair costs.	Likely low uptake, based on evidence from similar schemes elsewhere.
Flexible repayment terms make costs more manageable for ratepayers.	Significant administrative complexity, including tracking contracts and repayments.
Legally viable following recent regulatory changes.	Uncertainty about how the scheme would be managed after the transition to the new Water Services CCO in July 2026.
Voluntary participation ensures only those in need use the scheme.	

22. Option 2: Do Not Proceed with the VTR (Recommended). This option means retaining the status quo – Council would not offer a voluntary targeted rate scheme, and private landowners would remain responsible for financing their own repairs.

Option 2 Advantages	Option 2 Disadvantages
No additional administrative burden for Council.	No financial support for property owners who cannot afford upfront repair costs.
Avoids introducing new financial risk or obligations for ratepayers.	Some ratepayers may defer or neglect necessary repairs, which could contribute to ongoing infrastructure issues.
Aligns with the upcoming transition of water services to the new Water Services CCO.	

Alternative support mechanisms

23. If Council wishes to explore other ways to assist property owners, the following options could be considered:

Information and Advisory Support: Support property owners with better access to technical guidance, including education on leak detection, maintenance responsibilities, and available assistance.

Transition Planning with the CCO: Work proactively with the new water services entity to develop a long-term solution for private property issues under the new governance model.

Emergency Repair Grants: Investigate whether a small-scale grant program (eg for urgent repairs that protect public health) could be viable.

Officer Recommendations

24. While a VTR scheme offers a tool to assist ratepayers with private infrastructure repairs, current evidence does not indicate a significant level of demand in the community. Additionally, with the upcoming Water Services Reform, three waters infrastructure will no longer be under direct Council management after 1 July 2026. The new CCO would need to agree to the policy settings in relation to property owners financing the cost of private infrastructure repairs.
25. Given these factors, officers recommend that the proposal for a VTR scheme be discontinued
26. Officers also recommend that Council formally rescind its previous decision to proceed with the VTR, acknowledging the expected impact of the LWDW programme on Council's ability to manage and administer three waters functions beyond 1 July 2026.
27. While the benefits of the VTR were previously acknowledged, the change in governance and administrative responsibilities under LWDW means that the scheme is no longer a practical solution. Council is invited to consider this recommendation in the context of ongoing water sector reforms and broader financial support mechanisms for ratepayers.

Next Steps if Council Decides to Proceed

28. Should the decision be made to proceed with the VTR scheme despite the challenges identified, the following steps would be required:
- a) **Administrative Framework** – Establishing clear contractual agreements with ratepayers, including repayment terms, interest rates (if applicable), and eligibility criteria.
 - b) **Operational Readiness** – Ensuring the necessary administrative processes in place to manage applications, approvals, and repayments.
 - c) **Consultation and Implementation** – Engaging with the community through the DAP26 consultation process and preparing for implementation in the 2025-26 financial year.
 - d) **Transition Planning** – Identifying how responsibility for outstanding VTR agreements would be managed post-1 July 2026 when three waters services transition to the new Water Services CCOs.

Section B: Review of Rates Instalments

Background

Rising Postage Costs and Potential Savings

29. In recent years, postage costs have risen significantly, prompting Council to explore measures that could help mitigate these increases and identify potential cost savings. An option under consideration is reducing the number of rates invoice mailouts sent to ratepayers each year.
30. This section of the report provides additional details requested by Council at the meeting on 16 December 2024, particularly regarding the legislative requirement for ratepayers to opt-in to receive email invoices and the potential for further cost savings if the number of rates instalments were reduced to two. The reduction in the number of instalments from six to four will result in significant savings and operational efficiencies, and further reductions to two instalments could lead to additional savings.

Email Invoices and Legislative Requirements

31. As requested, further clarification is provided on the Local Government (Rating) Act 2002 (LGRA) regarding rates invoice emailing. Section 136 mandates that ratepayers must opt-in to receive invoices via email. Currently, 44% of ratepayers (18,625 accounts) are enrolled in email invoicing. There is potential to further promote this option, which would both reduce the cost of postage and contribute to Council's sustainability efforts.

Cost Savings and Environmental Impact

32. By reducing the number of instalments from six to four, Council will save approximately \$50,000 annually in printing and postage costs. This reduction also supports environmental goals by decreasing paper usage and the associated carbon footprint. Furthermore, reducing the instalments to two would generate an additional \$50,000 in savings, resulting in a total potential saving of \$100,000 annually.

Debt Management and Payment Flexibility

33. One of the benefits of reducing instalments is the potential for greater focus on debt management and payment flexibility. While larger individual invoices may initially be a concern for some ratepayers, Council will continue to offer a range of flexible payment options, such as direct debit, to ensure that ratepayers can spread their payments over the year in a manner that suits them best. Approximately 41% of ratepayers (18,083 accounts) already use direct debit, which provides a reliable and flexible method for managing payment schedules.
34. A number of ratepayers prefer not to use direct debit as their payment method. From conversations between officers and some of those ratepayers, the reasons include a historic distrust of direct debit systems, the potential of bank fees for unsuccessful payments, cashflow not supporting a regular payment agreement and a perceived lack of control over the payments being withdrawn from their bank accounts.

Implementation approach and support to ratepayers

35. Successful implementation of the reduced instalments will require a well-coordinated communication strategy to ensure ratepayers understand the rationale behind the change and how it will affect them. Key elements of the implementation plan include:
- clear communication: Inform ratepayers of the cost-saving rationale and the impact of fewer instalments through targeted inserts, website updates, and social media.
 - staff training: Provide training to call centre, front-line, and rates staff to address queries, explain the change, and assist ratepayers as needed.
 - payment options: The change in instalment frequency will not impact ratepayers' ability to pay their rates on their preferred schedule. Council will continue to offer direct debit options on any day of the week, with frequency choices including weekly, fortnightly, monthly, or on the due date. Approximately 41% of ratepayers (18,083 accounts) already use direct debit, providing flexibility in how payments are made.
 - direct debit adjustment: For ratepayers currently on a "due date" direct debit (which aligns with the instalment dates), we would transition them to a bi-monthly direct debit schedule. This change ensures payments remain spread throughout the year with no additional impact to the ratepayer.

- email invoices: Further cost savings can be realised by encouraging ratepayers to switch from receiving paper invoices to email invoices. Currently, 44% (18,625 accounts) of ratepayers already receive their invoices via email, while 48% receive paper copies. Officers will continue to promote email invoicing as a more efficient and environmentally friendly option. Ratepayers will be encouraged to opt into email invoices via the customer service team and communication channels.
36. To ensure a smooth transition and clear understanding of the proposed changes, a comprehensive communication strategy will be implemented. This plan will focus on informing ratepayers about the reasons behind the reduction in instalments and the benefits it offers, including cost savings, operational efficiencies, and environmental sustainability. Clear and consistent messaging will be communicated through a variety of channels, including targeted inserts with the final two rates instalment invoices in the current year, website updates, and social media. These communications will not only explain the rationale for the changes but also emphasise the flexibility in payment options still available to ratepayers, ensuring they continue to manage their rates payments in a manner that best suits them.
37. Additionally, the communication strategy will highlight the importance of email invoicing as a cost-effective and environmentally friendly option. Special attention will be given to the promotion of this service, encouraging ratepayers to opt-in to receive their invoices via email, with support available for those unfamiliar with the process. A proactive, accessible approach will be taken to address any concerns or questions from ratepayers, with staff across the Contact Centre and the Rates Team receiving the necessary information to assist effectively. This approach ensures that ratepayers are supported throughout the transition and continue to have the tools needed to manage their rates in a flexible and efficient way.

Officer Recommendation

38. Officers recommend proceeding with a reduction of instalments to be planned for the 2025-26 year, with ongoing promotion of email invoicing and payment flexibility to ensure the transition is as seamless as possible for ratepayers.

Consultation and engagement

39. A light community engagement is proposed for DAP26. A separate report in the agenda details how this is proposed to be carried out.
40. However, should Council wish to proceed with a proposal to introduce a VTR scheme, consultation on this, as well as changes to either the rates remission or rates postponement (or both), will be required. The RFP will also need to be amended to reflect the new targeted rate which will also need to be included in the consultation. The proposed consultation material is attached as Appendix 4.

Climate Change Impact and Considerations

41. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Legal Considerations

42. The most relevant legislation includes the Local Government Act 2002 and the Local Government (Rating) Act 2002.

43. The policy changes recommended in relation to the proposed VTR scheme have been reviewed by external legal advisors, and their feedback has been incorporated into the proposed changes.

Financial Considerations

44. There are no further financial considerations apart from those detailed in the report.

Appendices

No.	Title	Page
1	Appendix 1 - Revenue and Financing Policy with proposed changes	312
2	Appendix 2 - Funding Impact Statement with proposed changes	336
3	Appendix 3 - Rates Remission Policy with proposed changes	352
4	Appendix 4 - Draft Consultation Material for proposed changes	364

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Acting Chief Executive

11 February 2025

Report no: LTPAP2025/1/36

Further Advice on Food Organics and Green Organics

Purpose of Report

1. The purpose is to provide Council with further advice and information regarding questions and issues that arose in relation to the proposal to implement a food and green organics (FOGO) collection service.

Recommendations

That the Subcommittee:

- (1) notes the further advice on the proposed food and green organics (FOGO) collection service;
- (2) notes that while Council could make decisions now on whether it wishes to continue with the proposed FOGO service, finalised costs to implement and operate a FOGO service will not be known until further work is completed (including completing the procurement of a processing solution); and
- (3) notes that officers will provide the next update on FOGO post-November 2025.

Executive summary

Background

2. In early 2022, in line with Council's carbon reduction and waste minimisation plans and targets, work commenced on a business case regarding the potential diversion of food and green organics from landfill disposal.
3. The introduction of a FOGO service to complement the existing rubbish and recycling kerbside service could significantly reduce the amount of kerbside waste that requires landfilling and hence reduce greenhouse gas emissions. It would also align Lower Hutt with other cities in New Zealand that already have such a service.
4. As a result of the business case work, in October 2023, Council agreed to include the implementation of a FOGO service in its draft Long Term Plan (LTP) for 2024-34 and then consulted on this new service as part of the LTP consultation process.

5. The consultation showed that a significant number of respondents had concerns about implementing a FOGO service, with 55% opposed, and 37% supporting the proposal.
6. Considering these results, on 4 June 2024, Council resolved to conditionally include a FOGO service in its LTP (refer the resolution shown below), and asked officers to complete further work and report back to Council.

RECOMMENDED: (Mayor Barry/Cr Briggs) **Minute No. LTPAP 24311(3)**
"That the Subcommittee recommends that Council:
 (6) *approves for inclusion in the final Long Term 2024-2034 the food organics and green organics collection service option 1, however notes that in recognition of the feedback received from our community during the consultation, as well as the uncertainty regarding food and organic participation rates, reliance on unconfirmed government funding, and the need to accommodate those who currently compost, officers have been asked to do further work to identify how these concerns might be met before proceeding further;"*

7. In a report to the Climate Change and Sustainability Committee on 12 November 2024, officers reported back on alternative technologies, including Mechanical Biological Treatment (MBT), to manage food and green waste (refer CCASC2024/5/310, page 21-22).
8. In this report, officers respond to the remaining questions, and provide further information and advice in relation to a potential FOGO collection service.

The rationale for diverting organic waste from landfill

9. Silverstream landfill has a remaining life of about 24 to 29 years, but its remaining life can lengthen or shorten, depending on the amount of waste received. Higher waste volumes (such as due to economic activity or the closure of a neighbouring landfill) would shorten its life, but improved diversion and resource recovery would lengthen it. Silverstream's closure would have a range of flow-on effects, and indeed, it may turn out not to be feasible or acceptable to open a replacement landfill, even with a lead time of about a decade.
10. About a third of the waste received at Silverstream is organic (eg food and green waste, paper, timber, etc), and a further third of the waste is at least part organic (eg construction and demolition waste, textiles, etc).
11. Organic waste is problematic because organic waste breaking down anaerobically results in methane, a powerful greenhouse gas contributing to climate change. While some of the methane can be captured and destroyed, a significant amount of gas cannot be captured, and the only way to reduce associated emissions is to reduce the amount of organic waste going to the landfill in the first place.

12. Under the Waste Management and Minimisation Plan (WMMP) 2023-29, the Wellington region and Lower Hutt have ambitious targets to increase the recovery of resources, reduce the amount of waste that is landfilled, and reduce emissions associated with disposal of waste in landfills.
13. The increased recovery of food and green/garden organic waste from the residential and commercial sectors is important to be able to achieve the WMMP targets.

Funding and support

14. As outlined in the consultation document for the current LTP 2024-34, the implementation of a FOGO service was estimated to have a rates impact of about \$157 per property for 2027/28 via a targeted rate, with further increases in future years. This cost would cover the on-going operational cost. However, the rates impact per property would depend on some additional factors. For example, if the service frequency for the rubbish collection service were to change from weekly to fortnightly (eg to reflect the reduction in waste), then it could be possible to realise further cost efficiencies. Firmer estimates on the operating costs, and the net cost impact on households, will only be available once further work is completed.
15. HCC has been successful in securing funding from the Ministry for the Environment (MfE) toward *roll-out costs* for the FOGO service, including bins and project management, to the value of \$2.6M. MfE re-confirmed in early January 2025 that should Council decide to go ahead that it is fully committed to the project, and that the funding is committed. This would cover up to 75% of roll-out costs, with the remaining 25% to be funded via the waste levy revenue that HCC receives annually from the Government.
16. HCC is also collaborating with Wellington City Council (WCC) on a joint procurement process to identify a preferred regional processing solution, albeit with the timing of the final stage still to be confirmed. MfE is an observer to that process. Funding support for the establishment of the solution is potentially available from MfE, but the outcome of an application will not be known until later in 2025, following that procurement process.
17. Since late 2023, there has been uncertainty regarding the government's position and plans in the waste minimisation space. More recently, the Government released its second emissions reduction plan, and the Government confirmed support and investment in resource recovery infrastructure and systems, and flags further work to encourage diversion of organic material from landfills. However, some uncertainty remains regarding the government's plans considering its intention to reform the Waste Minimisation Act 2008.

Residents' FOGO management practices

18. A survey was undertaken to better understand residents' waste management practices, and their views regarding waste minimisation initiatives. Over 2,400 residents responded to the survey, and the survey has a margin of error of 2% at the 95% confidence interval.
19. 48% of respondents to the survey claimed to manage their food waste at home (eg via composting, worm farms), albeit they also reported a number of items that they frequently do not dispose of via their compost system (eg bones, meat, etc).
20. Council also commissioned a bin audit to better understand the organics composition in household rubbish bins. On average and by weight, over 50% of the content of rubbish bins is food and garden waste, which is in line with a previous survey conducted in 2022. Only about 2% of the bins surveyed did not contain any FOGO.
21. Considering the results of the survey and bin audit in conjunction, this indicates that households may overestimate the effectiveness of their composting approaches and systems, and in practice, a significant amount of FOGO material still ends up going to the landfill.

Feasibility of changing service frequency

22. As part of the implementation of a FOGO service, the frequency of rubbish collection services is typically reduced, in part because there is less waste in rubbish bins, and in part to encourage the use of the FOGO bins. Indeed, in a number of cities in New Zealand that have a food only or FOGO collection, the rubbish collection frequency is fortnightly.
23. The results of our bin audit and subsequent scenario analysis indicate that between 15% to 33% of households - based on their current bin size selection - could have more waste than can be accommodated if Lower Hutt were to introduce a FOGO service and if Lower Hutt were also to change to a fortnightly rubbish collection. While this presents a challenge for affected households, the issue could be mitigated by Council facilitating a rubbish bin size increase as part of the service change.

FOGO support

24. Results from a survey conducted in October 2024 showed that 70% of survey respondents support or strongly support waste reduction, albeit support for different waste reduction initiatives is more variable.
25. The support for the implementation of a FOGO collection in Lower Hutt is lower, at about 40%. This relatively low level of support is broadly in line with the recent LTP consultation results (37% support).

Comparison of service models

26. The three different service models (rates funded, opt-in, opt-out) have advantages and disadvantages. While opt-in and opt-out models perform well on 'household choice', they have significant drawbacks regarding factors such as waste diversion, cost effectiveness per household, and cost sustainability.

Maximising effectiveness

27. To achieve a high presentation rate for the FOGO service, several factors can play key roles, including the mitigation of the "yuck" factor and maximising awareness of how residents can use the service. Changing the residual waste collection frequency from weekly to fortnightly is also typically implemented, partly to encourage the use of the organic bins.
28. While it could be possible to have an opt-out option available for households that can demonstrate the effectiveness of their composting approach, the cost of enabling this is likely disproportionate to the benefit.
29. Discussions with staff from other cities with FOGO services, such as Penrith in New South Wales and Christchurch, confirm the importance of having in place a comprehensive programme to minimise contamination, including education and removal of bins if required. Christchurch City Council achieves a contamination rate of less than 1%, because of its comprehensive approach. As the service methodology for Lower Hutt's proposed service is the same as for Christchurch, it can serve as a useful template of success.

Next steps

30. Finalised costs to implement and operate a FOGO service won't be known until further work is completed. In particular, the final Stage 4 of the procurement process will be critical for obtaining more certainty on the cost of implementing a processing solution. Based on this, Council could make final decisions post-November 2025.
31. Note that in case of a positive decision, this would be followed by an implementation and preparation phase. As the final stage of the procurement process has not yet commenced, and final decisions will still have to be made by Council, it is increasingly likely that the earliest start date may be later than 2027.

Background

32. Council's residential kerbside collection service is an important core service, in line with Council's priorities.
33. In 2022, in collaboration with Porirua City Council and Wellington City Council, work commenced on a business case regarding the potential diversion of food and green organics from landfill disposal.
34. The introduction of a FOGO service to complement the existing rubbish and recycling kerbside service could significantly reduce the amount of kerbside waste that requires landfilling and reduce greenhouse gas emissions, in line with Council's carbon and waste minimisation targets. This could align Lower Hutt with other cities in New Zealand that already have either food-only, or food and green organics collection services, such as Christchurch, Tauranga, Auckland, and Hamilton.
35. In addition, as the introduction of the service would facilitate the development of a processing facility in the region, it would provide an opportunity for the commercial sector to significantly increase its diversion of organic waste (e.g., supermarkets, restaurants, etc), as alternative pathways for this waste stream would be in place.
36. In October 2023, councils include the implementation of a FOGO service in their draft Long Term Plan and then consulted on this new service as part of the LTP consultation process.
37. The results from Hutt City Council's LTP consultation showed that 37% of submitters supported the new FOGO service, 6% had no preference and 55% preferred to retain the status quo with the existing opt-in green waste collection service.
38. On 4 June 2024, Council resolved to conditionally include a FOGO service in its LTP (refer [Minute No. LTPAP 24311\(3\), page 13](#)), and asked officers to complete further work and report back to Council.
39. In a report to this committee on 12 November 2024, officers reported back on alternative technologies, including Mechanical Biological Treatment (MBT), to manage food and green waste (refer [CCASC2024/5/310, page 21-22](#)). By way of summary, MBT results in some reduction in greenhouse gas emissions, but the resulting end-product is destined for the landfill, due to risks associated with physical and chemical contaminants. In July 2024 officers visited an MBT facility in South Australia and found that while this technology has benefits in that context, the success factors for this technology do not apply to Lower Hutt or the Wellington region.

40. In this report, officers respond to the remaining questions, and provide further information and advice. This report is structured into the following sections:
- a. The rationale for diverting organic waste from landfills
 - b. Funding and support (confirming what is available, and what has been confirmed so far)
 - c. Understanding residents' views on waste minimisation and FOGO collection and processing (what they say they do)
 - d. Understanding residents' waste practices (what they do in practice)
 - e. Comparison of service models (the pros and cons of different service models, and financial costs)
 - f. Maximising the effectiveness of a FOGO service (how to maximise the presentation rate, how to accommodate those that compost, and managing contamination)
 - g. Risks
 - h. Next steps

The rationale for diverting organic waste from landfills

Waste disposal and limited landfill life

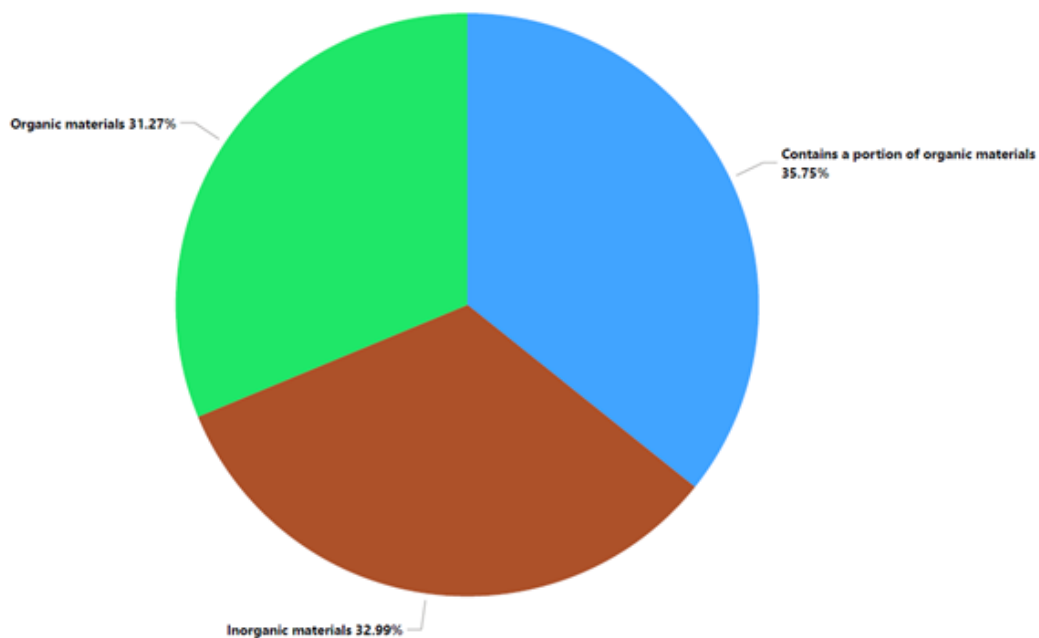
41. Waste from Lower Hutt is disposed of at Silverstream landfill, albeit it also has an important role for waste disposal for the wider region. Notably, the number of landfills in New Zealand has reduced significantly over the last few decades, as environmental management requirements have tightened.
42. Based on recent waste disposal volumes, Silverstream landfill has a remaining life of about 24 to 29 years, depending on settlement of the waste. However, the landfill's remaining life can lengthen or shorten, depending on the amount of waste received.
43. The amount of waste received at Silverstream landfill could increase based on factors such as population growth, building and development activity, policy changes (eg tightening of regulatory requirements), and the potential closure of other landfills nearby. The latter is a critical aspect. Spicer landfill in Porirua may close as early as 2030. This could result in a step-change increase in the amount of waste received at Silverstream, which would shorten its remaining life.
44. By way of example, if about 50% (~ 40,000t) of the Spicer landfill waste were to come to Silverstream landfill from 2030, then Silverstream Landfill's remaining life may be about 20-24 years (a reduction of about 4-5 years).

45. The amount of waste received at Silverstream landfill could also reduce based on factors such as increased recovery of resources, policy changes (eg increased reliance on producer responsibility), and moving towards a more circular economy. This could result in lengthening the remaining life of Silverstream landfill.
46. While the potential closure of Silverstream does still lie in the somewhat distant future, its closure would result in a number of flow-on effects for Council and the community, including the cost of disposal, and revenue and costs for Council. This is in addition to the potential need to find a site for a replacement landfill, which may turn out not to be feasible or acceptable, even with a lead time of about a decade.

Organic vs inorganic waste

47. Silverstream landfill receives a wide range of waste streams, which is either organic or inorganic, or it may be a mixture of organic and inorganic waste.
48. The below figures show that over a third of waste received at Silverstream is organic (eg food and green waste, paper, timber, etc), and a further third of the waste is at least in part organic (eg construction and demolition waste, textiles, etc). The remaining third is inorganic (eg plastic, metals, rubble, etc).

Figure 1: Waste disposed at Silverstream Landfill (based on 2022 waste assessment)



49. In principle, the drivers for the reduction in organic vs inorganic waste differ.
50. For organic waste such as green waste, food waste and biosolids, the main driver is a reduction in emissions. This is because organic waste breaking down anaerobically results in methane, a powerful greenhouse gas contributing to climate change.

51. Some of the methane and landfill gas can be captured and destroyed, and indeed, there is a power plant and supplementary flare installed at Silverstream to achieve this. However, a significant amount of gas cannot be captured, and the only way to reduce associated emissions is to reduce the amount of organic waste going to the landfill in the first place.
52. For inorganic waste such as contaminated soil, which does not generate greenhouse gas emissions, the main driver is avoiding unnecessary landfill disposal, which then results in reducing the remaining life of a landfill.

Wellington Region Waste Management and Minimisation Plan 2023-2029

53. Under the Waste Management and Minimisation Plan (WMMP) 2023-29, the Wellington region and Lower Hutt have ambitious targets to increase the recovery of resources, reduce the amount of waste that is landfilled, and reduce emissions associated with disposal of waste in landfills.
54. The targets are as follows:

1. Reduce the total amount of material that needs final disposal to landfill:

10% by 2027

30% by 2030

We will work towards this by achieving the following sub-targets:

a) Ensuring construction and demolition waste processing and recovery is available in the Wellington region by 2026.

b) Ensuring organic processing systems are available to the Wellington region by 2029.

c) Ensuring five new resource recovery locations are added to the existing network within the Wellington region by 2030.

2. Reduce emissions from biogenic methane by reducing the total amount of organic waste disposed to landfill by 50% 2030.

3. Reduce emissions from the collection and transport of kerbside waste by 30% by 2030.

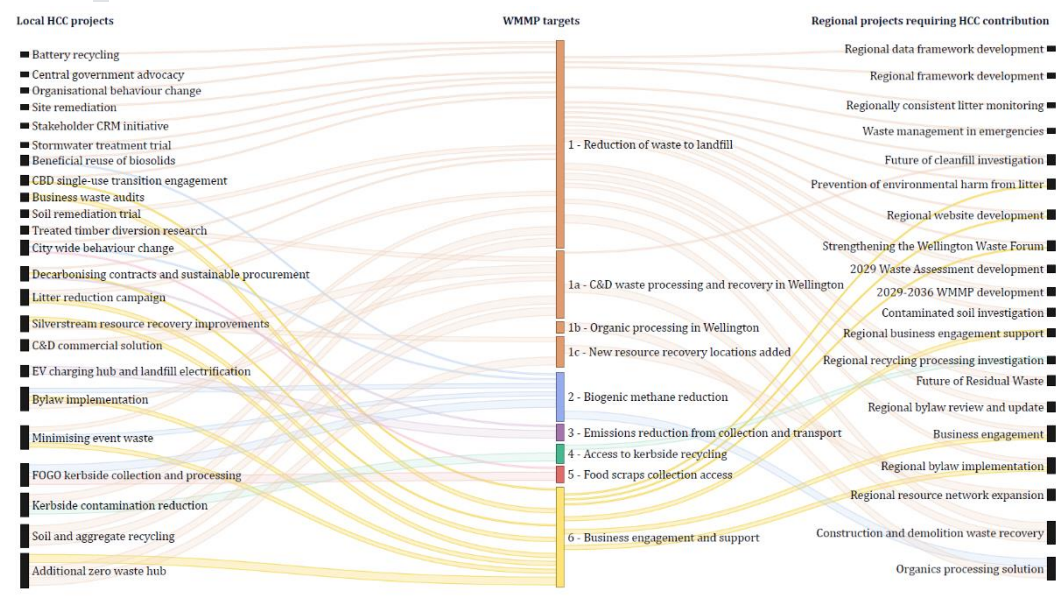
4. Ensure all urban households have access to kerbside recycling collections by 2027.

5. Ensure food scraps collection services are available to urban households by 2030.

6. For each council to engage with and support 30% of the business community to minimise waste and implement waste minimisation activities by 2029.

- 55. Between 31 July 2023 and 01 September 2023, members of the public and organisations were able to submit on all parts of the 2023-2029 WMMP. A summary of the feedback is available in Appendix 5.
- 56. The WMMP contains a range of actions to deliver on these targets. In addition to a regional action plan that the councils within the region are jointly working on, Council has a local action plan.
- 57. The below diagram shows the range of local initiatives currently in planning or in place to reduce waste and/or emissions.

Figure 2: Actions and initiatives to deliver on the WMMP



- 58. However, there are two waste streams that are of key importance in order to achieve the WMMP targets: (1) the increased recovery of food and green/garden organic waste from the residential and also commercial sectors, and (2) the increase recovery of materials from the construction and demolition sector. Unless both are addressed, it is unlikely that HCC will be able to achieve the WMMP targets.
- 59. Regarding the increased recovery of food and green/garden organic waste from the residential and commercial sectors, the introduction of a FOGO service targeting the residential sector presents an important first step, as it provides the driver for establishing relevant processing capacity in the region. Once in place, it would also enable the increased diversion of commercial organic waste.

Funding and support

60. The implementation of a new FOGO service is associated with significant costs, as follows:
- a. Operating costs (operator employs staff, operates the collection vehicles, maintains vehicles)
 - b. Roll-out costs (purchase of bins, project management, delivering bins, and providing information to residents on the new service)
 - c. Processing costs (consolidating, sorting and processing FOGO waste, sales of end-products to markets). As no facility exists yet in the region to process FOGO waste, this can also include capex costs to construct the new facility, unless a private entity charges a gate fee reflective of the full costs to build and operate the facility. Processing costs can also be viewed as part of the operating costs.

Operating costs

61. As outlined in the consultation document for the current LTP 2024-34, the implementation of a FOGO service was estimated to have a rates impact of about \$157 for 2027/28, via a targeted rate for an average residential property, and with further increases following that to reflect inflation and other assumptions (projected to be \$218 per year in 2033-34). The rates impact includes the estimated capital, debt servicing and known ongoing operational costs for the service (refer LTP consultation document, page 18-19). The impact of debt levels is an increase of \$10.8M which is factored in the LTP.
62. The rates impact per property would depend on some additional factors. For example, as the service would replace the current optional green waste service, there may not be any net cost changes for households that already use the green waste service. In addition, if the service frequency for the rubbish collection service were to change from weekly to fortnightly (eg to reflect the reduction in waste), then it could be possible to realise further cost efficiencies. This in turn could reduce the rates and cost impact on some or all households.
63. Firmer estimates on the operating costs, and the net cost impact on households, will only be available once further work is completed.

Roll-out costs

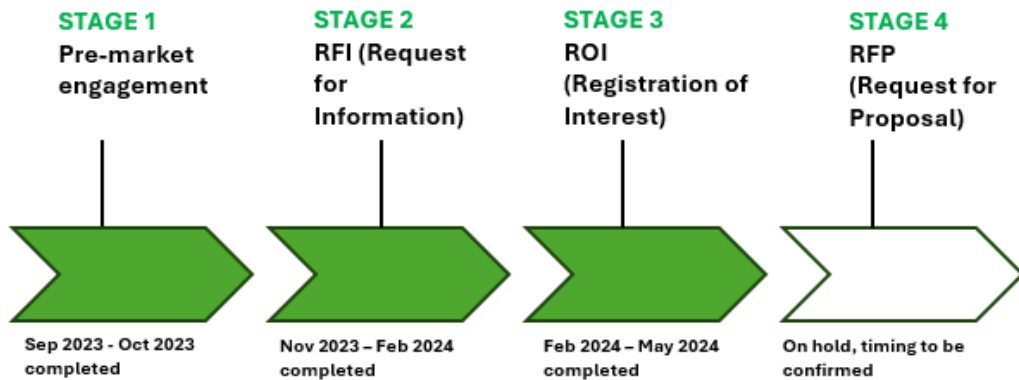
64. In 2023, in anticipation of Council considering the potential inclusion of a FOGO service in its LTP, the councils applied to the Ministry for the Environment for funding support toward roll-out costs.
65. In early 2024, MFE advised that HCC and WCC had been successful in securing funding toward roll-out costs for the FOGO service, to the value of \$7.7M. In August 2024, a deed of funding was signed, with funding to be received on the delivery of various milestones. Therefore, central government funding support has now been secured.

- 66. MfE re-confirmed in early January 2025 that it is fully committed to the project, and that the funding is committed.
- 67. The Ministry’s funding contribution would cover up to 75% of roll-out costs, with the balance of 25% to be funded via the waste levy that HCC receives. The table below shows the costs and revenue sources for roll-out costs (figures rounded):

Organisation	MfE co-funding	Council contribution	TOTAL
Wellington City Council	\$5.1M	\$1.9M	\$7.0M
Hutt City Council	\$2.6M	\$1.6M	\$4.2M
TOTAL	\$7.7M	\$3.4M	\$11.1M

Processing costs

- 68. HCC has been collaborating with Wellington City Council on a joint procurement process to identify a preferred regional processing solution, with the figure below showing the procurement stages.



- 69. The final Request for Proposal stage for shortlisted suppliers was scheduled to commence in the second half of 2024. However, the work was put on hold due to WCC’s requirement to revise its LTP and as a result, the timing for Stage 4 is yet to be confirmed.
- 70. The final RFP stage would identify the preferred regional solution for processing FOGO waste and provide Council with more certainty on the costs of implementing a FOGO service. (It is acknowledged here that once this information is known, Council will still need to decide regarding whether it wishes to implement a FOGO service.)

71. Officers from HCC and WCC have been working with MFE to support the establishment of the regional processing solution. In each of their respective LTPs, both Councils have budgeted capex to deliver on the processing solution, with an assumption that Council's may need to fund 50% of the capex, and with MFE co-funding the other 50% of capex required.
72. However, it appears likely that the market will be able to provide a processing solution that does not require Council capex funding, albeit the operator's costs would be reflected in the gate fees it would charge to process the FOGO material. Ultimately this cannot be confirmed until after the final Stage 4 of the procurement process has been completed.
73. In addition, following the procurement process, WCC and HCC can formally apply for co-funding toward processing costs. Whether or not MFE and the Minister for the Environment will support such an application won't be known until after the procurement process is completed, as the outcome of the procurement process will determine the structure and cost of implementing the processing solution.

Government context and support

74. Since late 2023, there has been uncertainty regarding the Government's position and plans in the waste minimisation space. However, there have been recent announcements as follows:
75. In December 2024, the Government released the second emissions reduction plan. In the waste sector, the Government targets further support and investment in resource recovery infrastructure and systems, and flags further work to encourage diversion of organic material from landfills.
76. The Government also agreed to discontinue with the requirement for councils to introduce household food scraps services in urban areas. However, the Government also agreed to continue to support councils to introduce food scraps collections through the Waste Minimisation Fund.
77. Uncertainty remains regarding the Government's plans for the waste levy, although the Minister for the Environment recently noted the following: *"I intend to reform the Waste Minimisation Act 2008 and Litter Act 1979 to ensure New Zealand has fit-for-purpose, modern waste legislation that gives us more options and flexibility to reduce and manage waste effectively and efficiently. Ministry for the Environment officials are reviewing these Acts and advising me on policy proposals. At this stage I have no intention to "de-hypothecate" the waste levy."*

Residents' views on waste and FOGO

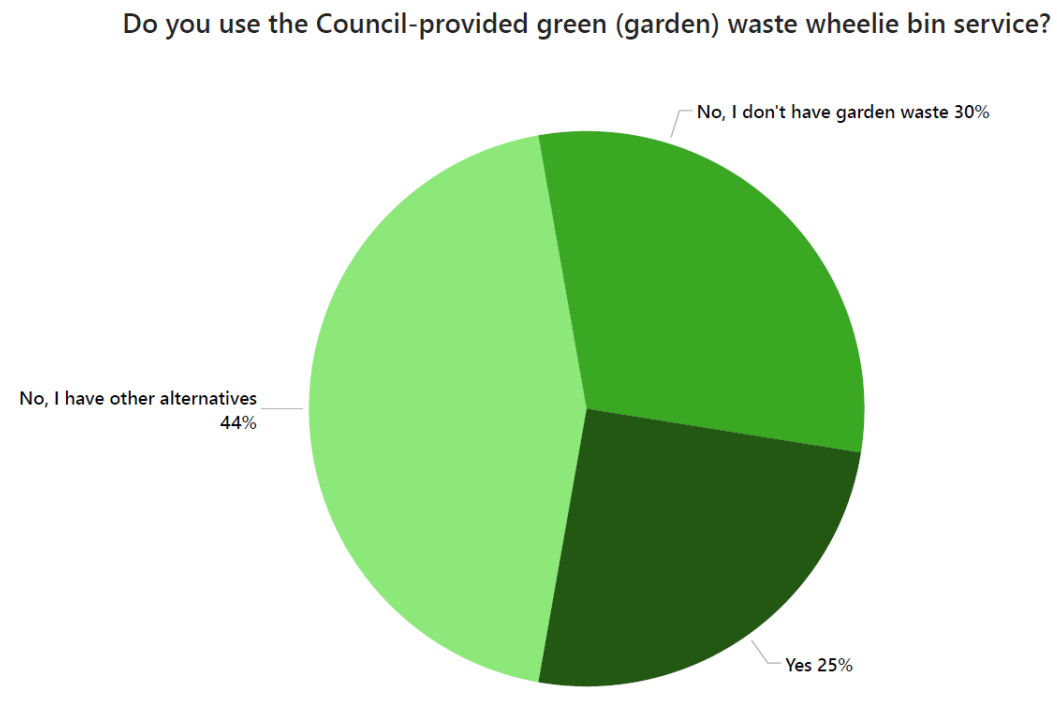
78. In October 2024, officers conducted a survey of residents to learn more about how they currently manage waste, in particular food and green organics, and what their views are regarding the need to minimise waste and various waste reduction measures.
79. Over 2,400 residents responded to the survey, with the results available in Appendix 1.

- 80. The survey has a margin of error of 2% at the 95% confidence interval. Unweighted results by ward were close to being representative, with the Eastern ward being overrepresented by 4%. We have weighted the results by ward as per the population counts from the 2023 Census to ensure that results by ward are representative.
- 81. The unweighted results by age were significantly less represented, especially for the 16-24 age demographic. The results have been weighted by age against age-related population data in the 2023 Census to make the results by age as accurate as possible.

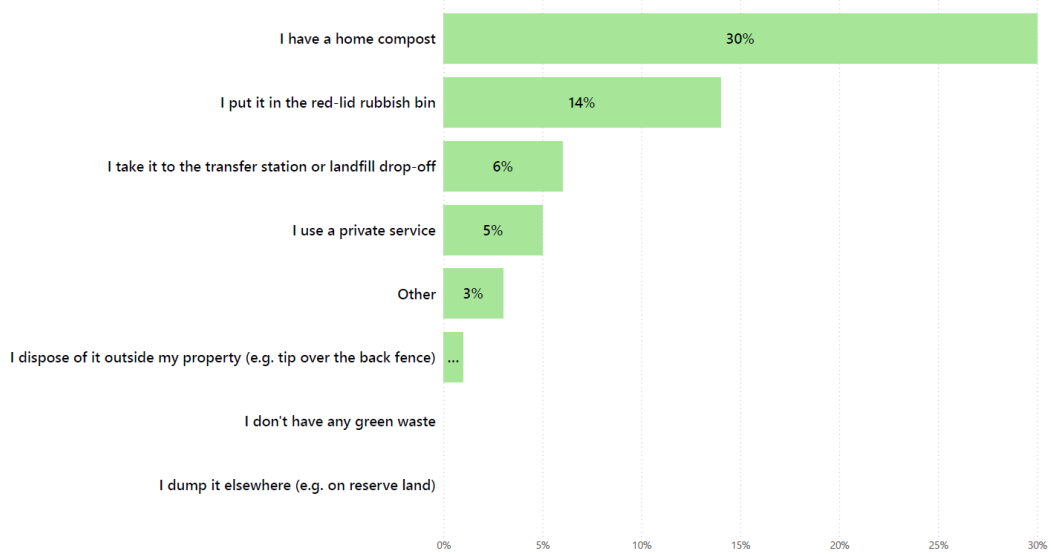
Managing green waste

- 82. About 25% of survey respondents noted that they utilise the green waste service, and a further 44% of survey respondents manage green waste in other ways, such as composting. About 30% noted that they don't have any garden waste.

Figure 3: Management of green waste



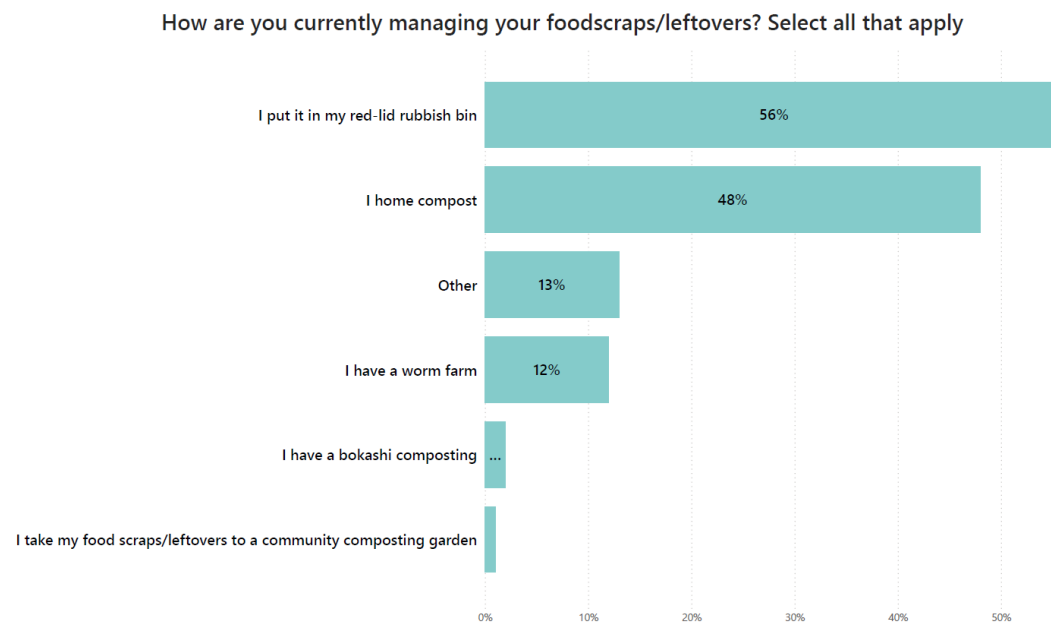
Households who do not have Council's green waste opt-in service: How do you manage your green waste?



Managing food waste

83. Alongside the results for how survey respondents manage green waste, the survey also provided data on how survey respondents manage food waste at home.

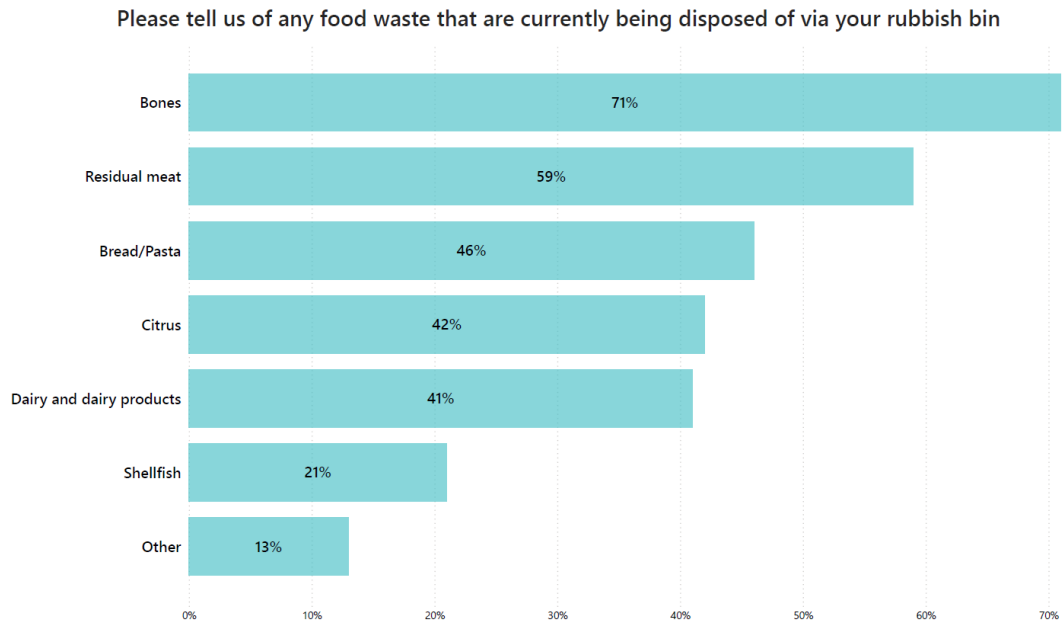
Figure 4: Managing food waste at home



84. Regarding those respondents that manage food waste at home, the figure above shows that placing it in their red-lid rubbish bin is the most prevalent method (56%), followed by home composting (48%) and other means, such as worm farms (12%) and Bokashi bins (2%). (Note that respondents were able to select more than one response option.)

85. When considering those respondents that compost at home, the results show that there are a number of items that are frequently not disposed of via their home composting system, as shown below. This may be due to a variety of reasons, including lower suitability of the items for the composting system, and reducing the risk of attracting rats and other vermin.

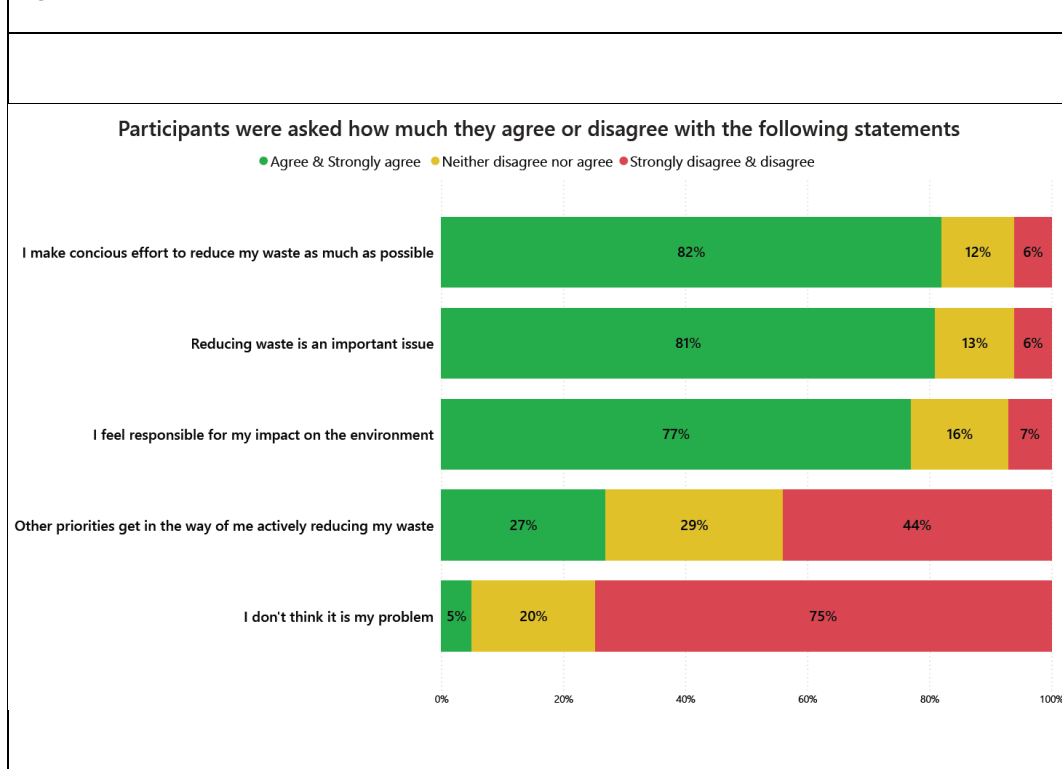
Figure 5: Items disposed via household rubbish bins



Support for waste minimisation measures

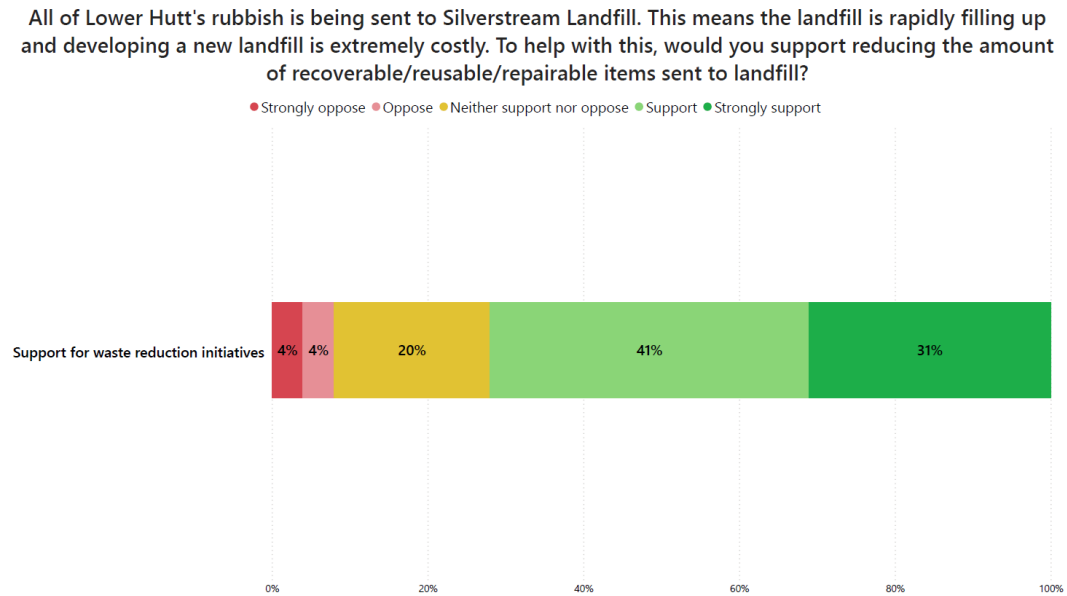
86. As part of the survey, residents were asked about their perception regarding waste and the role they play in waste minimisation.

Figure 6: Respondents' perception about waste minimisation practices



87. In addition, residents were asked whether, in light of a limited life for Silverstream landfill, would they support reducing the number of recoverable/reusable/recyclable/repairable items being sent to the landfill. Over 70% of respondents either support or strongly supported doing so. This is broadly in line with the consultation results regarding the development of the Waste Management and Minmisation Plan 2023-29, refer to Appendix 4 attached to the report.

Figure 7: Support for waste reduction



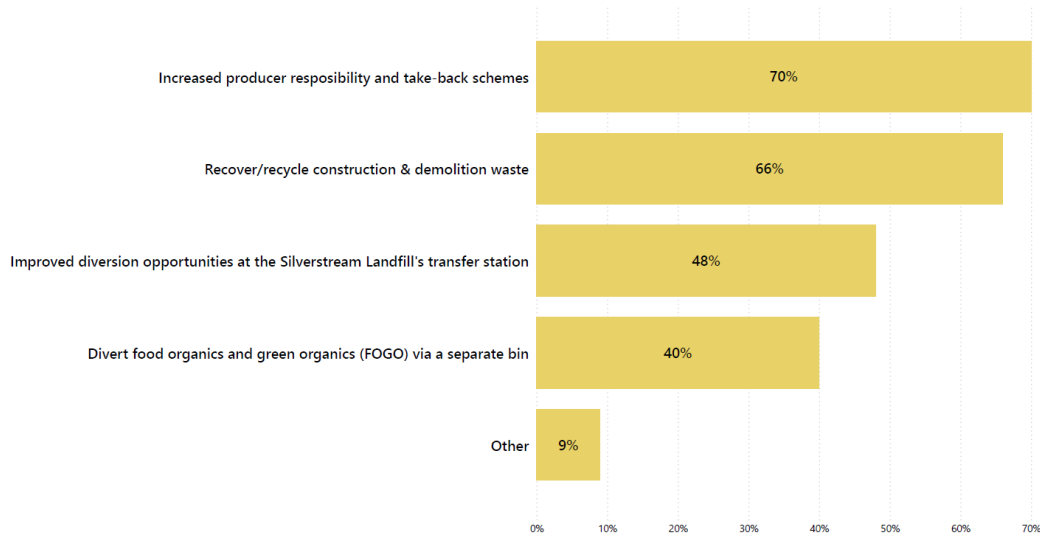
88. Regarding the types of initiatives that residents would support in order to reduce waste, the survey yielded the results as shown in Figure 8.

89. Note that Council is currently working actively on all the measures listed except for increasing producer responsibility as that is within the scope of central government.

90. The diversion of FOGO via a kerbside collection service was supported by 40% of residents. This is slightly higher but broadly in line with the relatively low level of support during the LTP consultation (37%), refer also to Appendix 4 attached to the report.

Figure 8: Support for various waste reduction measures

What types of initiatives would you support in order to reduce the amount of waste unnecessarily going to landfill?



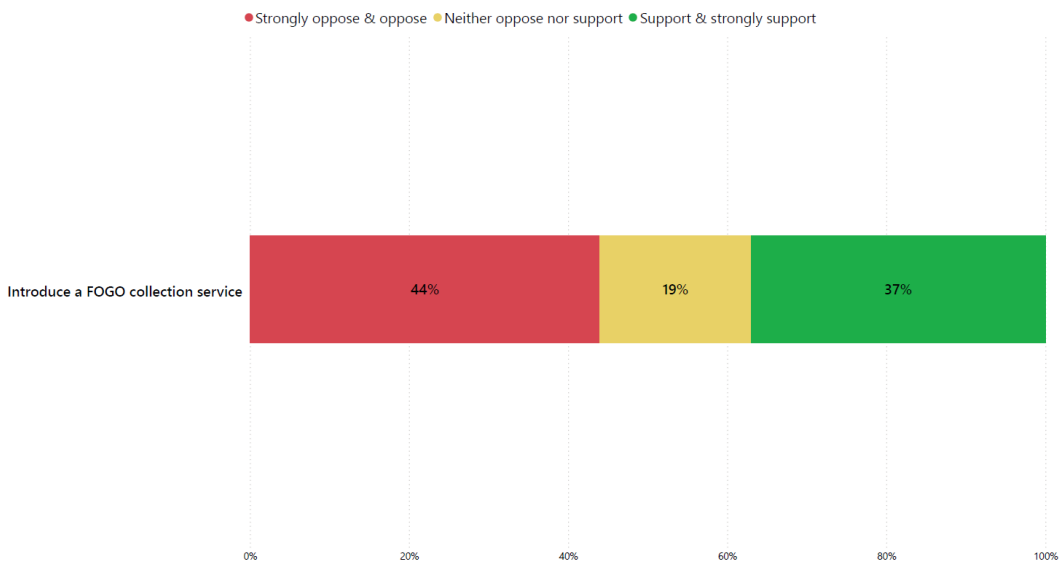
91. The survey also included a more detailed question on the level of support for the potential implementation of a FOGO collection service in Lower Hutt.

92. The following question was asked:

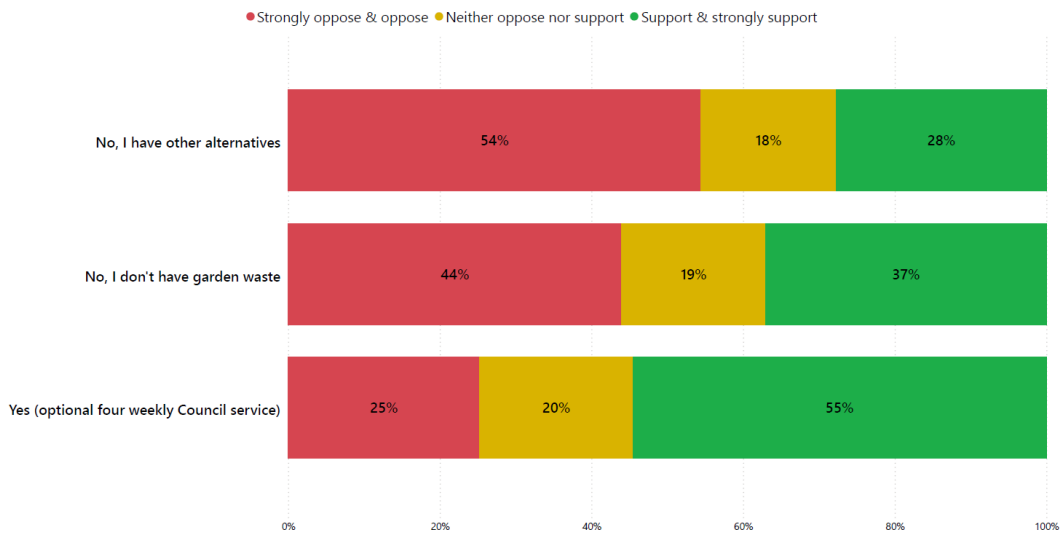
“A weekly combined food and green organics (FOGO) collection service may cost each household around \$72-\$110 per year. If you have a Council or private green waste service, then that bin would be replaced with a FOGO bin (likely with no cost increase and in some cases significant savings). How much would you support a FOGO bin service?”.

Figure 9: Support for potential FOGO collection service

Level of support for the potential implementation of a weekly FOGO collection service



Level of support for a weekly FOGO collection service by those who have Council's optional green waste collection service



93. Respondents were given the opportunity to provide further information as to why they strongly oppose/oppose, neither support nor oppose, or support/strongly support. The table below provides an overview of themes, and a summary of the concerns raised.

Response Category	Key Themes	Summary
Strongly oppose & oppose	<ul style="list-style-type: none"> Rates increases Existing food waste management methods Confusion about FOGO service details 	<p>While the primary concern for those opposed to the FOGO service is the potential for higher rates, many also cite existing food waste disposal methods like home composting and worm farms.</p> <p>Some respondents also wrongly assumed that the existing optional Council green waste service would be replaced by a food-only collection, leading them to question the benefits of the new service.</p>

Neither oppose nor support	<p>Confusion about FOGO service details</p> <p>Existing food waste management methods</p> <p>Rates increases</p> <p>Happy with the status quo</p>	<p>Some respondents expressed confusion about the future of the existing green waste service. Additionally, some respondents indicated a need for more information regarding the FOGO service, including what items are permissible in the bin, the bin size, collection frequency, and whether they can continue to dispose of their green waste in the bin.</p> <p>Some respondents noted that the idea is beneficial, particularly for residents in multi-unit developments. However, those who already have home composting or other methods for managing food waste are unlikely to use the service.</p> <p>Some respondents expressed concerns about the potential impact of the new service on rates and prefer that it be optional. They also mentioned satisfaction with the current green waste collection, as they already have other methods for disposing of their food waste.</p>
Support & strongly support	<p>Landfill diversion</p> <p>Rates increases</p> <p>Confusion about FOGO service details</p> <p>Support for the community</p>	<p>The main reason for supporting a FOGO service is to divert waste from landfills. Some respondents dislike disposing of food scraps in their red bin and would prefer using a FOGO bin. Others have highlighted the release of methane emissions from food and green waste decomposing in landfills.</p> <p>Respondents also noted that setting up a home composting system is not feasible for them, so having a FOGO bin would be a valuable addition.</p> <p>Respondents expressed concerns about rate increases, stating they would support the service only if it does not exceed the cost of the current green waste service.</p> <p>Respondents were concerned about the potential replacement of the green waste collection and expressed a desire to keep it while adding the option to include food waste. They also wished to retain their current green waste bin size but preferred more frequent collections than the current four-weekly schedule. Additionally, respondents sought more information about the potential implementation of a FOGO service.</p> <p>Others mentioned that while they have alternative methods for disposing of food waste,</p>

		they would support the new service for the community, recognising that residents in multi-unit developments may not have the same options.
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Residents’ waste practices

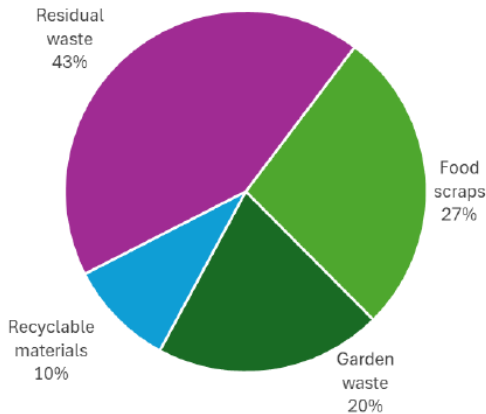
94. To better understand residents’ actual waste practices, officers commissioned Sunshine Yates Consulting to conduct an audit of rubbish bins in Lower Hutt. An audit of a sample of 259 bins was undertaken in September 2024. A complete report on the methodology and results is available in Appendix 2 attached to the report.

Food and green waste in rubbish bins

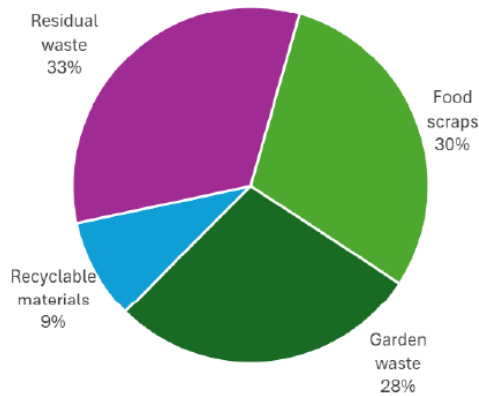
95. A key objective of the survey was to confirm the estimated amount of FOGO in rubbish bins, and to understand differences that may exist when considering bin size.

96. The figures below show that, on average and by weight, over 50% of their content is food and garden waste. (This result is in line with the results from a bin survey conducted in 2022.) Note that the average wheelie bin contained about 11kg of waste, of which 3.2kg was food waste, and 2.8kg garden waste.

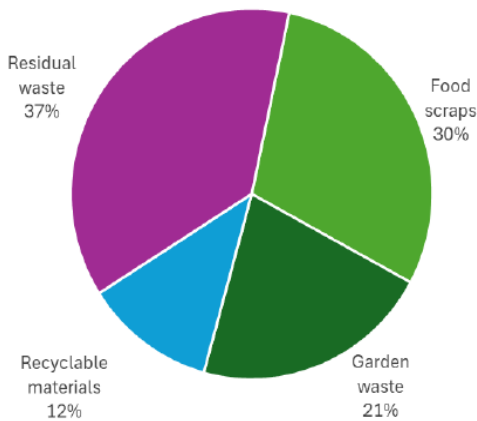
Composition of 80-litre wheelie bins



Composition of 120-litre wheelie bins

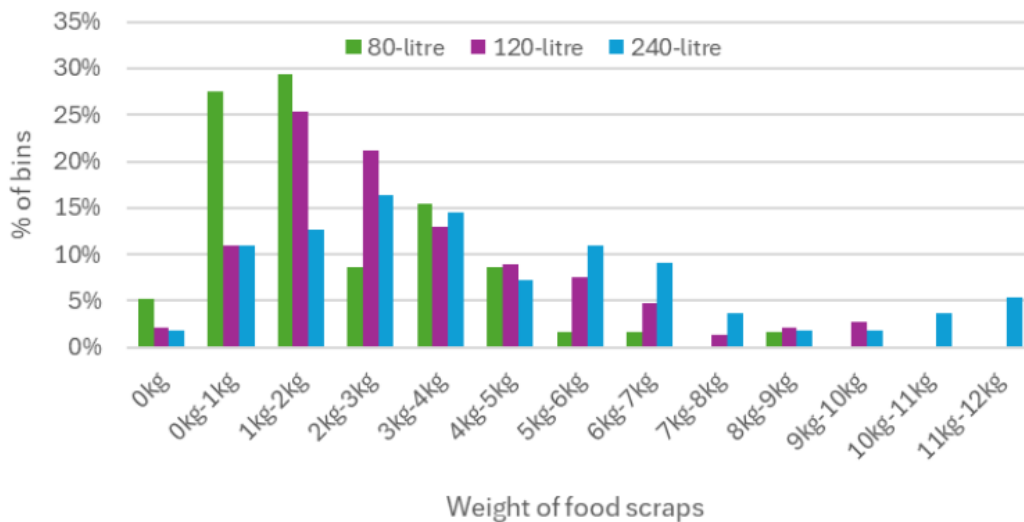


Composition of 240-litre wheelie bins



97. When considering the distribution of food waste across bins, as expected, almost all bins contained at least some food waste, as shown below. About 5% of 80-litre bins, and 2% of 120- and 240-litre bins contained no food waste, which could be an indicator for households that compost all their food scraps.

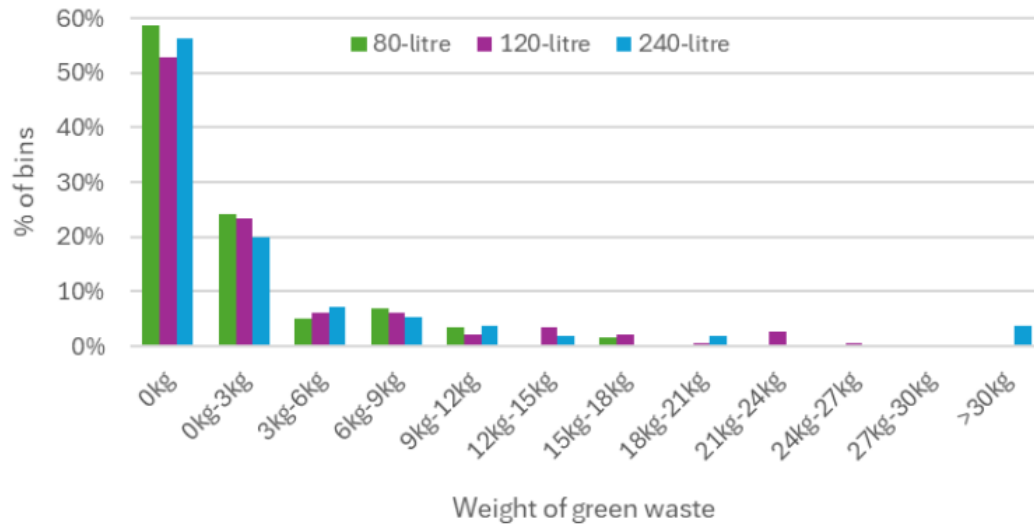
98. Figure 11: Distribution of food waste in bins



99. When considering the distribution of green waste across bins, over 50% of the bins sampled did not contain garden waste, as shown below. However, this is not unexpected, as the generation of green waste will coincide with residents doing lawns or gardening, and these tasks may not occur weekly. Importantly, it should not be assumed that those households would never generate any garden waste.

100. In addition, about 15% of households in Lower Hutt utilise Council's opt-in green waste service (based on actual subscriptions vs the total number of households), and an estimated further 15% may use a private green waste collection service (this is an estimate, as this information is commercially sensitive to Waste Management NZ and other service providers). As it is not known which of the sampled households also utilise a green waste collection service, at least some of the green waste generated would not end up in the red rubbish bin.

Figure 12: Distribution of green waste in bins



101. Overall, only five wheelie bins (2%) out of 259 bins audited, did not contain any food or garden waste.

102. If applied to the number of standard households in Lower Hutt (34,462, this excludes multi-unit dwellings), then fewer than 700 households may compost to the degree that they do not require a FOGO collection service at all. Notably, this is significantly lower than the percentage of respondents to the waste survey that claimed that they compost their FOGO (48%).

103. This is not unexpected, given that various food scraps are typically less or not suitable for home composting, such as meat, bones and other leftovers that may attract vermin. In addition, some survey respondents may overestimate the efficiency of their composting systems. So, while residents may compost some of their food waste, there is still a significant share of FOGO that still ends up in their rubbish bins, and they may overestimate the effectiveness of their on-site composting system.

Feasibility of changing to a fortnightly rubbish collection

104. As part of the implementation of a FOGO service, the frequency of rubbish collection services is typically reduced. Indeed, in Christchurch, Hamilton, Tauranga and Dunedin, and other cities in Australia such as Penrith, which have either a Food Only (FO) or a FOGO service, rubbish collection frequency is fortnightly.

105. The table lists all New Zealand cities with a population over 100,000 and in order of city-size, and their approach regarding a FO (Food Organics) or FOGO (Food and Green Organics) collection, and the associated rubbish collection approach. Note that there are other smaller cities that either have, or are also planning to introduce, FOGO collections (eg Timaru, Rotorua).

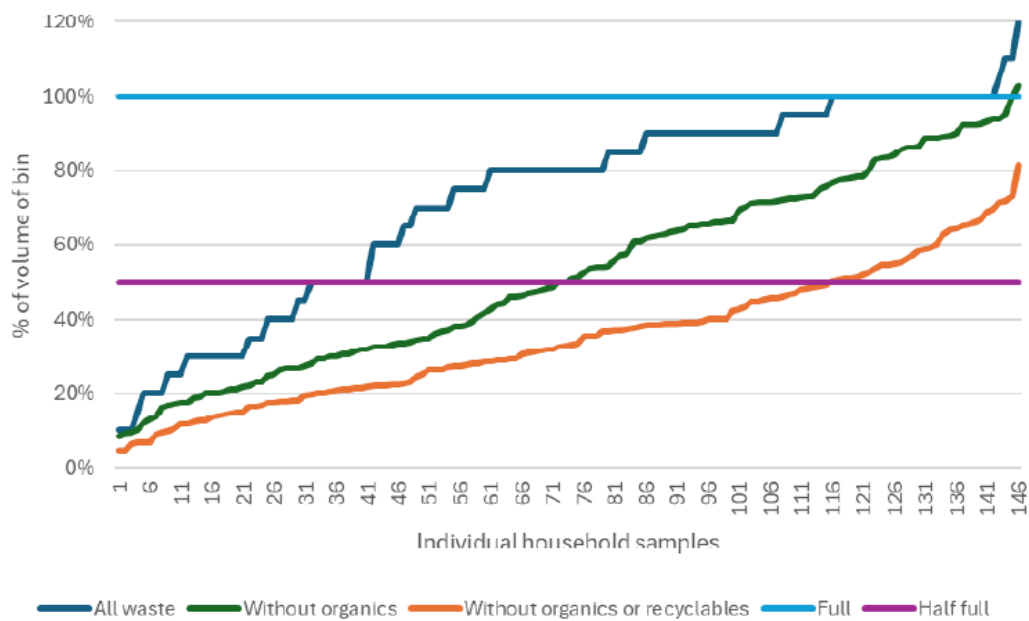
Council	Organics Collection	Rubbish collection
Auckland City Council	FO	currently has a mixed model, including Pay as you through' and rates-funded collections. Transitioning to rates-funded fortnightly collections.
Christchurch City Council	FOGO	Fortnightly
Wellington City Council	Collaborating with HCC on the potential implementation of a FOGO service.	
Hamilton City Council	FO	Fortnightly
Tauranga City Council	FO	Fortnightly
Dunedin City Council	FO & FOGO	Fortnightly

106. Key justifications for reduced rubbish collection frequency include the following:

- a) As a result of the FO or FOGO service, there is up to 50% less material (by weight) in rubbish bins
- b) A reduced rubbish collection frequency incentivises residents to maximise the use of FO or FOGO bins.
- c) There can be practical considerations, such as that it enables more efficient collections because services can be alternated (FOGO and rubbish bin out in week 1, FOGO and recycling bin out in week 2, etc).

107. To test whether households in Lower Hutt could manage their residual waste if collection frequency was reduced, analysis was conducted to estimate
- a) how much material, by volume, was in each bin when it was collected, and
 - b) how much material would be in each bin if various materials were diverted to the recycling and FOGO bins.
108. A summary is provided below, for a detailed overview please also refer to Appendix 2, pages 11-15.
109. Figure 13 below provides an estimation of how many of the audited 120-litre bins would be 100% full within one week (light blue line), or 50% full after one week (purple line), for a range of scenarios.
- a) The dark blue line shows that 41 of the 146 households (28%) had a bin that was 50% or less full after one week.
 - b) The green line shows that if all FOGO were diverted, 73 of 146 bins (50%) would be half full or less after one week.
 - c) The orange line shows that if all organic and recyclable materials were removed from the 120-litre bins, then 116 bins (79%) would be 50% or less full after one week, and would therefore, theoretically, have capacity for two weeks of rubbish (fortnightly collection).

Figure 13: Volume of materials in 120l bins



110. For 80l bin households, 67% would have a bin that was 50% or less full after one week, and would therefore, theoretically, have capacity for two weeks of rubbish (fortnightly collection). And for 240l bin households, 85% would have a bin that was 50% or less full after one week, and would therefore, theoretically, have capacity for two weeks of rubbish (fortnightly collection).
111. If the rubbish bin collection frequency were to change from weekly to fortnightly as part of the introduction of a FOGO service, then based on the survey results, between 15% to 33% of households could have more waste than can be accommodated in a fortnightly rubbish collection frequency scenario.
112. This could present a significant challenge and risk for affected households and would be concerning. However, the issue could be mitigated by Council facilitating a rubbish bin size increase as part of the service change. For example, a household that currently uses an 80l rubbish bin could receive a 120l bin as part of the service change, to ensure that bin size capacity is sufficient for their needs in a fortnightly collection scenario.
113. Note that while currently the largest bin size is 240l, it may be feasible to introduce an additional 360l bin size. This is used in some jurisdictions, and the bin is only slightly wider than a 240l bin (662mm width vs 580mm, with no height difference).

Comparison of service models

114. Officers engaged Morrison Low to provide independent advice on the advantages and disadvantages of different service models, including regarding the participation rate.
115. Three service models were considered:
- Rates-funded: Every rateable residential unit that can physically receive the service is provided with the receptacles and charged the same targeted rate regardless of whether they use the service or not.
 - Opt-in: The service is made available by Council but is only provided to those rateable residential units where the owner has elected to receive the service.
 - Opt-out: Every rateable residential unit that can physically receive the service and is provided with the receptacles and is charged the same targeted rate, unless the property owner specifically elects not to receive the service.
116. The table below summarises the pros and cons for different criteria, with traffic light colours indicating the overall performance of each service model against the criteria.

117. A more detailed assessment of each criterion is available in Appendix 3, page 3 attached to the report.

Criterion	Rates-Funded Model	Opt-in Model	Opt-out Model
Waste diversion	Positive	Negative	Suboptimal
Cost effectiveness per household	Positive	Negative	Suboptimal
Cost sustainability	Positive	Negative	Negative
Household choice	Negative	Positive	Positive
Household accountability	Positive	Negative	Suboptimal
Impact on collection industry	Positive	Positive	Negative
Impact on processing solution	Positive	Negative	Negative
Carbon emissions	Positive	Negative	Suboptimal
Reputation	Suboptimal	Suboptimal	Suboptimal

Key:

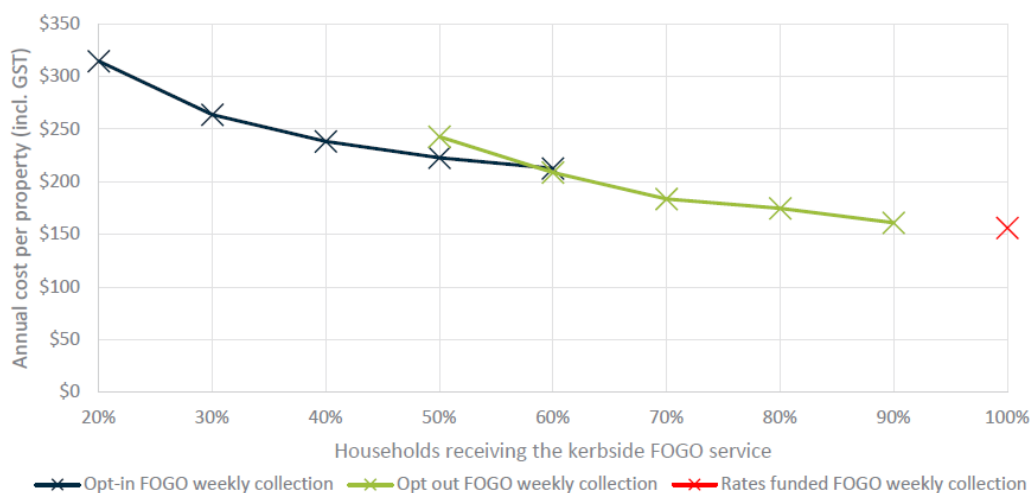
Positive	Suboptimal	Negative
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118. Morrison Low notes that from a financial perspective, collection services have significant capital costs which cannot be scaled back under an opt-in or out-out service model (eg capital cost of the processing facility and collection vehicles). Some operating costs also do not scale with the number of households being serviced (eg a collection truck driving down the same street will incur operating costs regardless of how many receptacles are collected). However, if fewer receptacles are collected on each street, then one truck will be able to cover more streets before it reaches capacity and needs to travel to the processing facility.

119. Morrison Low has developed their own in-house model to estimate the costs associated with different service models, based on a range of assumptions. This enables a comparison, albeit it is noted that the costs are indicative to enable a comparison and will differ from those previously estimated for the Lower Hutt context for the rates-funded FOGO option.

120. As shown below, the cost of the kerbside service decreases as the number of households receiving the service increases. The “participation rate” is the percentage of eligible households who receive the service, i.e. the number of households who opt in to an opt-in service. By default, the participation rate is 100% for a rates-funded service.

Figure 14: Change in average cost per household with participation rates



121. Looking at an overall comparison, while the opt-in and opt-out model perform well on 'household choice', they have significant drawbacks regarding factors such as waste diversion, cost effectiveness per household, and cost sustainability.

Maximising effectiveness

122. To maximise the effectiveness of a FOGO collection service, it is important to maximise not only participation, but also presentation. The "presentation rate" is the number of households who put their bin out for collection on any given collection day, as a percentage of the number of households participating in the service.

How to maximise the presentation rate

123. Morrison Low advises that to achieve a high presentation rate, several factors will need to be addressed as part of the potential FOGO collection service roll-out. These include:

- a) A comprehensive communications and engagement plan that includes city-wide promotion and targeted messaging for households that already compost.
- b) Provide households with key tools to eliminate the yuck factor (eg kitchen caddies, bin liners) and educational material that details all information regarding the new service and how to use it.
- c) Collections that include food need to be weekly, to overcome issues with odour both within the household and during collections.
- d) Timing of the roll-out is crucial, it is preferable for any roll-out to avoid holiday periods, and to be undertaken in the winter months.

How to accommodate those that compost

124. As shown earlier, the share of households that maximise the utility of their home compost system is likely small (2%).
125. Leaving aside a more generic opt-in or opt-out service model, Morrison Low advised that it may be possible to have an opt-out available for households that can demonstrate the effectiveness of their composting approach. This could involve auditing the household's rubbish bin and home composting system (eg to confirm that the household does not dispose FOGO via the red rubbish bin). If considered in compliance, the household could be eligible to opt-out of the FOGO service.
126. However, several factors will need to be considered when looking at this approach:
- a) The cost of administering such a process may be disproportionate as the resources involved could outweigh the cost of simply providing the service.
 - b) People's behaviour changes over time and that means a waste audit may need to be repeated over 2-3-year period. This could mean further increasing the costs. It will also have to deal with other challenges such as properties being sold that could leave new owners without a service.
 - c) There is a potential for dissatisfaction if the waste audit has determined the household is not eligible for the opt-out option and the affected resident disagrees with the results.

Managing contamination

127. Minimising contamination will be a key factor in a successful FOGO collection service, to enable cost effective processing of the material.
128. Discussions with staff from other cities with FOGO services, such as Penrith in New South Wales and Christchurch, confirm the importance of having in place a comprehensive programme to minimise contamination. In line with the need for education and engagement to maximise the presentation rate, education is a critical factor in managing contamination. Staff emphasised the importance of simple messaging, ongoing education, including face to face engagement and providing on-site practical advice, and removal of bins if all else fails. This includes simplicity of messaging, such as "If you can't grow it or eat it, it doesn't go in the FOGO bin".
129. Considering Christchurch as an example, its service achieves minimal contamination at less than 1% by weight. As the service methodology for Lower Hutt's proposed service is the same as for Christchurch, it can serve as a useful template of success.

Risks

130. There are a number of risks associated with the project to implement a FOGO service; the key risks can be summarised as follows:
- a) **Government priorities and funding:** While some funding for roll-out costs has been confirmed, there remains some uncertainty about the Government's priorities and plans for the waste sector. A significant change or potentially lack of success to secure co-funding toward an organics processing solution could negatively affect the viability of implementing a FOGO service in Lower Hutt.
 - b) **Wellington City Council LTP process:** Wellington City is currently developing a new Long Term Plan, and there is a risk of Wellington not continuing with the implementation of a FOGO service. This would adversely affect Lower Hutt, considering that both councils are collaborating on identifying a preferred processing solution.
 - c) **WMMP targets:** The delivery of Council's WMMP targets is at risk if the project were to be discontinued. This is because it is unlikely that HCC will be able to achieve its WMMP targets without increased recovery of food and green/garden organic waste from the residential and commercial sectors.

Next steps

131. While in this report officers have provided further advice regarding questions and issues that arose in relation to the proposal to implement a FOGO collection service, finalised costs to implement and operating a FOGO service will not be known until further work is completed.
132. In particular, the final Stage 4 of the procurement process will be critical for obtaining more certainty on the cost of implementing a processing solution. While this may or may not require capital funding from HCC, certainty on the ongoing processing cost will be important as this is a key factor for overall service costs. Based on this, Council could make final decisions post-November 2025.
133. Note that in case of a positive decision, this would be followed by an implementation and preparation phase (eg consenting, constructing processing facility, preparing for the roll-out, etc), and the earliest starting date for a FOGO collection service would be in July 2027. However, as the final stage of the procurement process has not yet commenced, and final decisions will still have to be made by Council, it is increasingly likely that the earliest start date may be later than 2027.

Climate Change Impact and Considerations

134. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Appendices

No.	Title	Page
1	Appendix 1 - Understanding Household Waste Practices - (FOGO)	397
2	Appendix 2 - Bin Audit Results	448
3	Appendix 3 - FOGO Research Report Morrison Low	471
4	Appendix 4 - Feedback regarding FOGO in previous consultations	501
5	Appendix 5 - WMMP consultation results	503

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