

HUTT CITY COUNCIL

Minutes of an extraordinary meeting of The Hutt City Council held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt on Wednesday 30 November 2016 commencing at 6.05pm

PRESENT:

Mayor WR Wallace (Chair)	
Deputy Mayor D Bassett	Cr G Barratt
Cr C Barry	Cr L Bridson
Cr J Briggs	Cr MJ Cousins
Cr S Edwards	Cr T Lewis
Cr M Lulich	Cr G McDonald
Cr L Sutton	

APOLOGIES: An apology was received from Cr C Milne.

IN ATTENDANCE: Ms K Kelly, General Manager, Strategic Services
Mr G Craig, Divisional Manager City Development
Ms S Haniel, Committee Advisor

PUBLIC EXCLUDED BUSINESS

6. ECONOMIC DEVELOPMENT GRANT (16/1328)

Report No. HCC2016/5/257 by the Divisional Manager City Development

The Divisional Manager City Development elaborated on the report.

In response to questions from members, the Manager City Development said that Augusta Capital Limited was seeking to attract an existing business which was relocating from Wellington on a long term basis. This was not directly due to building damage from the earthquake on November 2016. It was a planned future relocation of services that had been brought forward given that following the earthquake building options would be limited. He further said that the economic advantages to Lower Hutt would include the spend of part of the income of 260 additional employees to the City. He added that some of Augusta Capital Limited's employees who currently lived outside the City, may choose to move to the Hutt Valley over time. He said that the overall economic effect to the City would be positive, and the risk of rejecting the proposal would be a negative effect to Council's reputation. Negotiations between Council officers and Augusta Capital Limited were undertaken in good faith and they had factored the proposed grant into the terms of the arrangement offered to their tenant. He also stated that Augusta Capital Limited was made aware that Council approval was required for the proposed arrangement and this could not be taken for granted.

Mayor Wallace said that he supported the proposal and to have a tenant in that building with a six year contract would be an excellent opportunity for the City. He added that other Councils such as Wellington, Porirua and Upper Hutt were all pro-active in inducing businesses to move to their Cities. He further said that subject to Augusta Capital Limited's agreement, a joint public statement from Council and Augusta Capital

Limited concerning the decision could be released.

Cr Edwards said that he was in favour of Council's Rates Relief Policy. However, the risk of offering the inducement to Augusta Capital Limited was that a precedent may be set for other businesses.

Cr Lewis said that she did not support the proposal and that arrangements such as this would exclude realtors from such transactions.

Cr Cousins said that she supported the proposal and that a positive Council decision would not have to be strictly confidential.

Cr Barry said that Council policy did not include provision for businesses relocating from elsewhere. He further said that funding spent on Augusta Capital Limited could preclude other Hutt businesses from accessing the funds. He added that this policy had not gone out to consultation. He noted that Augusta Capital Limited was willing to accept the agreement without Council remission input, and it was attempting an unnecessary Council deal. He added that ratepayers should be informed of how much money Council would spend on Augusta Capital Limited.

Cr Barratt said that this was an excellent proposal which would help stimulate business.

Deputy Mayor Bassett said that he fully supported the proposal and hoped it would be the start of many more.

Cr Bridson said that the benefits to the City may not be as high as officers reported. However she noted the risk to Council's reputation should the proposal be declined.

Cr Briggs said he did not support the officer's recommendations and that relocation of business was not the same as 200 new jobs to the City. He further said that the proposal did not add value because Council and Augusta Capital Limited had already made the unconditional agreement regardless of Council's decision.

RESOLVED: (By Division)

Minute No. C 16503(2)

"That Council:

- (i) *approves an economic development grant as proposed to Augusta Capital Limited and outlined in the officer's report at paragraph 10;*
- (ii) *delegates authority to the Chief Executive to conclude and execute an agreement with Augusta Capital Limited documenting the approved economic development grant;*
- (iii) *notes it has an economic development objective to "Grow the wealth of the City" of Lower Hutt and that a key focus of the Council's Economic Development Plan to achieve this is to rejuvenate the CBD;*
- (iv) *notes the significant economic benefit of securing a long term tenant for the premises owned by Augusta Capital Limited at 531 High Street as outlined at paragraph 8 of the officer's report;*
- (v) *notes the financial cost to Council of entering into an agreement with Augusta Capital Limited is approximately \$97,074 (excl. GST) and will be covered under existing budgets; and*
- (vi) *agrees that subject to Augusta Capital Limited's agreement, a joint public statement from Council and Augusta Capital Limited could be made concerning the decision."*

3.

The motion was declared CARRIED by division with voting as follows:

<u>For</u>	<u>Against</u>
Mayor Wallace	Cr Barry
Deputy Mayor Bassett	Cr Briggs
Cr Barratt	Cr Lewis
Cr Bridson	
Cr Cousins	
Cr Edwards	
Cr Lulich	
Cr McDonald	
Cr Sutton	
<u>Total: 9</u>	<u>Total: 3</u>

There being no further business the Chair declared the non public part of the meeting closed at 6.50 pm.

WR Wallace
MAYOR

**CONFIRMED as a true and correct record
Dated this 15th day of December 2016**

**Information released to the public
by the Chief Executive on 4 September 2018
as the grounds to withhold the information
no longer exist**