

**HUTT CITY COUNCIL****FINANCE AND PERFORMANCE COMMITTEE**

Minutes of a meeting held in the Hutt City Council Chambers,  
2nd Floor, 30 Laings Road, Lower Hutt on  
**Wednesday 28 February 2018 commencing at 5.30pm**

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**PRESENT:**

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

**APOLOGIES:** There were no apologies.

**IN ATTENDANCE:**

Cr T Lewis (part meeting)  
Mr T Stallinger, Chief Executive  
Mr B Kibblewhite, General Manager, Corporate Services  
Mr M Reid, General Manager, City and Community Services  
Mr M de Haast, Chief Financial Officer  
Mr B Cato, General Counsel  
Mr M Sherwood, Divisional Manager Leisure Active (part meeting)  
Mr S Keatley, Huia Pool and Fitness Manager (part meeting)  
Mr D Newth, Financial Accounting Manager (part meeting)  
Mr J Hoyle, Communications and Marketing Advisor  
Mrs A Doornebosch, Committee Advisor

**PUBLIC BUSINESS****1. APOLOGIES**

There were no apologies.

**2. PUBLIC COMMENT**

Comments are recorded under the item to which they relate.

**3. CONFLICT OF INTEREST DECLARATIONS**

Cr Cousins declared a conflict of interest in relation to items 4b) and 6 relating to Hutt City Community Facilities Trust (CFT) and took no part in discussion or voting on these matters.

Cr Milne declared a conflict of interest in relation to items 4c) and 7 relating to Seaview Marina Limited (SML) and took no part in discussion or voting on these matters.

Deputy Mayor Bassett declared a conflict of interest in relation to items 4d) and 8 relating to Urban Plus Limited (UPL) and took no part in discussion or voting on these matters.

### **PRECEDENCE OF BUSINESS**

**RESOLVED:** (Cr Milne/Deputy Mayor Bassett)

**Minute No. FPC 18101**

*"That in terms of Standing Order 10.4, precedence be accorded to item 6, dealing with Hutt City Community Facilities Trust Six Month Report to 31 December 2017, item 7, Seaview Marina Limited Six Month Report to 31 December 2017 and item 8, UrbanPlus Limited Six Month Report to 31 December 2017."*

These items are recorded in the order in which they are listed on the order paper.

## **4. RECOMMENDATIONS TO COUNCIL - 13 March 2018**

### a) Rates Postponement Scheme for Residential Ratepayers Aged 65 and Over (18/246)

**Speaking under public comment, Ms Kelsey Clendon** noted she had conducted research into the Rates Postponement Scheme proposal. She advised that many but not all Councils in New Zealand had introduced such a policy. She said that historically the uptake had not been large, but it had also not received much publicity. She highlighted she had retired over 10 years ago and had always lived in Lower Hutt. She considered enabling ratepayers over the age of 65 to make this choice was very empowering. She thanked officers for the report and asked members for their support for this proposal.

In response to a question from a member, Ms Clendon said she would not support any costs incurred to Council as a result of this initiative, as user pays should apply.

The Chair noted that this item would now be submitted to the Community Plan Committee (CPC) and Council on 15 March 2018 and apologised for the lateness of the report.

The Chief Financial Officer (CFO) elaborated on the report. He noted the recommendation was asking for a clear direction from members as to whether or not to proceed to draft a policy for consideration by the CPC. He said the policy would need to be adopted as part of the Long Term Plan (LTP), if this was the agreed path, the next step would be to consult on the next steps of the policy.

In response to questions from members, the CFO advised the intent was that the policy would be cost neutral to Council. He noted the applicant ratepayer would pay any costs, but there would be an impact on Council's level of debt. He said Council would need to fund the shortfall on any deferred rates, through debt. He expected the likely term of rates postponement would be 16 years plus. He said if there was a high uptake of applicants, this could have an impact on Councils capital projects. He noted the option of a cap on applications could assist in alleviating risk to Council if a large number of applications were received. He said the Local Government Act (LGA) required that local authorities had rates remission and postponement policies for Maori

freehold land and an option to have an additional policy for other rate remissions and postponement policies. He advised as this would be a new policy, public consultation would be required, which would be conducted as part of the LTP process. He noted all costs for this consultation would be absorbed through the current LTP process.

In response to questions from members, the General Manager, Corporate Services advised Council had only received two applications for rates remissions over the past five years, both had been declined as the applicants did not meet the application criteria. He noted a profile of applications for a rates remission scheme could be provided from a high uptake in applications. He highlighted if there was a large level uptake from high value homes, this could create high debt exposure to Council. He said if this occurred, he considered the policy could be suspended while honouring those ratepayers already in the scheme.

Members asked that the development of this policy include the consideration of a limit cap on applications, that criteria should include financial and legal advice to applicants and advice to family members.

Cr Lewis left the meeting at 6.25pm.

**RESOLVED:** (Mayor Wallace/Cr Cousins)

**Minute No. FPC 18102**

*"That the Committee:*

- (i) directs officers to proceed with the development of a draft Rates Postponement Policy, noting the members' comments made around the table for what it should contain for residential ratepayers aged 65 years and over, that is consistent with the criteria and conditions as outlined in the officer's report, or otherwise as instructed; and*
- (ii) notes that a draft Rates Postponement Policy for residential ratepayers aged 65 years and over, would need to be adopted by Council as part of the Draft 2018-2028 Long Term Plan and a special consultative process would be required. This consultation would be included in the Long Term Plan consultation process."*

- b) Hutt City Community Facilities Trust Draft Statement of Intent 2018/19 to 2020/21 (17/1888)

Cr Cousins declared a conflict of interest and took no part in discussion or voting on the matter.

Ms Jessica Andrew, Trustee of the Hutt City Community Facilities Trust (CFT) elaborated on the report. She acknowledged the leadership and support from Council. She highlighted the key recent developments and advised the CFT had a good network of sponsors in place for future developments in the City.

In response to a question from a member, the General Manager, Corporate Services noted the draft Statement of Intent was fully compliant with the requirements of the Local Government Act. He highlighted the financial statements did not include Wainuiomata Sportsville.

In response to a question from a member, the General Manager, City and Community Services noted the Business Case for Wainuiomata Sportsville was expected to be developed in the next six months.

Mayor Wallace thanked CFT for work it had completed on behalf of Council, noting CFT had developed highly valued facilities for the City during a difficult financial market.

**RECOMMENDED:** (Cr Milne/Deputy Mayor Bassett) **Minute No. FPC 18103**

*“That the Committee recommends that Council:*

- (i) notes that the Board of the Hutt City Community Facilities Trust (CFT) has submitted a draft Statement of Intent (SOI) 2018-2019, attached as Appendix 1 to the report, in accordance with the Local Government Act 2002;*
- (ii) notes that officers have reviewed the draft SOI for compliance with the Local Government Act 2002 and provided their analysis;*
- (iii) receives the draft SOI;*
- (iv) reviews the draft SOI and considers if any modifications should be made; and*
- (v) provides comment for the Board of the Trust to consider in finalising its SOI (including any modifications suggested by the Committee arising under paragraph (iv) above).”*

- c) Seaview Marina Limited Draft Statement of Intent for 2018/19 to 2020/21 (17/1878)

Cr Milne declared a conflict of interest and took no part in discussion or voting on the matter. Cr Barry assumed the Chair for the duration of the item.

Mr Brian Walshe, Chair of the Seaview Marina Limited (SML) Board elaborated on the report. He noted the draft Statement of Intent (SOI) met all statutory requirements and incorporated all key performance indicators. He noted other than the change in format, there had been few amendments.

In response to questions from members, Mr Walshe said he would be happy to discuss with officers the Chair's request for Council Controlled Organisations to submit their draft SOIs to Council by 31 January each year. He noted this would require budgets to be formulated in December, but if this was a requirement it would be met.

Mayor Wallace acknowledged the efforts of Mr McLellan and the Board of SML on the continuing developments within the marina.

<b>RECOMMENDED:</b> (Cr Barry/Cr Briggs)	<b>Minute No. FPC 18104</b>
<p><i>"That the Committee recommends that Council:</i></p> <ul style="list-style-type: none"> <li><i>(i) notes that the Board of Seaview Marina Limited (SML) has submitted a draft Statement of Intent (SOI) 2018-2021, attached as Appendix 1 to the report, in accordance with the Local Government Act 2002;</i></li> <li><i>(ii) notes that officers have reviewed the draft SOI for compliance with the Local Government Act 2002 and provided their analysis;</i></li> <li><i>(iii) receives the draft SOI;</i></li> <li><i>(iv) reviews the draft SOI and considers if any modifications should be made; and</i></li> <li><i>(v) provides comment for the Board of the company to consider in finalising its SOI (including any modifications suggested by the Committee arising under part (iv) above)."</i></li> </ul>	

d) Urban Plus Limited Draft Statement of Intent 2018/19 to 2020/21 (17/1889)

Deputy Mayor Bassett declared a conflict of interest and took no part in discussion or voting on the matter.

Mr Brian Walshe, Chair of the Urban Plus Limited (UPL) Board elaborated on the report. He noted the rental level movement down from 90% to 85% and also the return on residential stock was 5% which suggested a return target in its Statement of Intent of 3.5%. He advised the core focus was to have 220 rental units for the elderly available by 2020.

In response to a question from a member, Mr Walton, Chief Executive of UPL advised the portfolio increase to 220 by 2020 was realistic and UPL had identified relevant sites for the development.

Mayor Wallace noted he often met with tenants of UPL properties and highlighted the very positive feedback he received. He thanked the UPL team for their efforts.

Cr Barry believed 220 units by 2020 would not be enough to satisfy the community's needs and highlighted the housing shortage in the city. He asked if the target could be increased to 300. He further asked if the criteria to enter into a UPL housing unit could be amended to be based on need.

Mayor Wallace noted such modification in what UPL provided and would need full discussion at Council. He considered members would require further information from UPL to consider such a proposal.

The Chair considered raising the number of social houses to 300 would be a large cost to Council and should have been raised earlier, to allow provision in the Long Term planning.

In response to a question from a member, the General Manager, City and Community Services advised a workshop had recently been held on social housing for members. He said officers would be providing further information to members in the near future on social and emergency housing as a result of the workshop.

MOVED: (Cr Barry/Cr Briggs)

"That the Committee recommends that Council:

- (i) requests UPL to explore increasing its target to 300 social houses by 1 July 2019; and
- (ii) considers criteria be developed for social housing provided by Council to be based on need by 1 July 2019."

The motion was declared LOST by division with the voting as follows:

<u>For</u>	<u>Against</u>
Cr Barry	Cr Barratt
Cr Briggs	Cr Cousins
	Cr Edwards
	Cr Lulich
	Cr Milne
	Cr Sutton
	Mayor Wallace
Total: 2	Total: 7

**RECOMMENDED:** (Cr Milne/Mayor Wallace) **Minute No. FPC 18105**

*"That the Committee recommends that Council:*

- (i) notes that the Board of Urban Plus Limited Group (UPL) has submitted a draft Statement of Intent (SOI) 2018/2019-2020/2021, attached as Appendix 1 to the report, in accordance with the Local Government Act 2002;*
- (ii) notes that officers have reviewed the draft SOI for compliance with the Local Government Act 2002 and provided their analysis;*
- (iii) receives the draft SOI;*
- (iv) reviews the draft SOI and considers if any modifications should be made; and*
- (v) provides comment for the Board of the company to consider in finalising its SOI (including any modifications suggested by the Committee arising under paragraph (iv) above)."*

### **PRECEDENCE OF BUSINESS**

**RESOLVED:** (Cr Milne/Mayor Wallace)

**Minute No. FPC 18106**

*"That in terms of Standing Order 10.4, precedence be accorded to item 9, dealing with Audit New Zealand Final Management Report and item 10 Huia Pool Development Six Month Report. "*

These items are recorded in the order in which they are listed on the order paper.

## e) Notice of Motion - Councillor Barry (18/100)

Cr Barry advised of his intention to alter his notice of motion.

MOVED: (Cr Barry/Cr Briggs)

- (i) asks officers to:
  - (a) conduct an internal review on the Purchase and Sale of Property for Advancing Strategic Projects Policy (the policy); and
  - (b) provide a draft updated set of guidelines together with a draft updated check-list to assist Council when considering major property transactions in the future and report back to the Committee;
- (ii) asks that this review includes previous property purchases under this policy, specifically processes to assist Council when it is approached by a third party requesting Council to get involved in a property transaction; and
- (iii) asks that a risk analysis of the current policy and any proposed changes be included in the review.

Cr Barry considered these costs would be a significant loss to Council and believed it was a risk if Council were approached by third parties. He considered an investigation into the process was warranted.

In response to questions from members, the Chief Executive said he supported what had been amended. He advised the policy had been in place for sometime and that it might be a good opportunity to review the policy to provide a guide for the future.

In response to questions from members, the Chief Executive advised the cost of any review would depend on the extent of the review and whether it was conducted internally or externally. He considered any external review would cost over \$10,000.

**RECOMMENDED:** (Cr Barry/Cr Briggs) (BY DIVISION) **Minute No. FPC 18107**

*"That the Committee recommends that Council:*

- (i) asks officers to:
  - (a) *conduct an internal review on the Purchase and Sale of Property for Advancing Strategic Projects Policy (the policy); and*
  - (b) *provide a draft updated set of guidelines together with a draft updated check-list to assist Council when considering major property transactions in the future and report back to the Committee;*
- (ii) *asks that this review includes previous property purchases under this policy, specifically processes to assist Council when it is approached by a third party requesting Council to get involved in a property transaction; and*
- (iii) *asks that a risk analysis of the current policy and any proposed changes be included in the review."*

The motion was declared CARRIED by DIVISION with the voting as follows:

<u>For</u>	<u>Against</u>
Cr Barry	Cr Barratt
Cr Briggs	Deputy Mayor Bassett
Cr Cousins	Cr Sutton
Cr Edwards	Mayor Wallace
Cr Lulich	
Cr Milne	
Total: 6	Total: 4

5. **REVIEW OF DRAFT STATEMENT OF INTENT 2018/2019 FOR THE NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY (18/158)**

Report No. FPC2018/1/57 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report. He noted the total borrowings to the participating local authorities had been revised downwards due to the housing infrastructure fund. He advised this was because eligible local authorities could borrow funds on interest free terms from central government to stimulate housing. He noted as a result of this the Local Government Funding Agency was anticipating issuing less debt to the local government sector.

In response to questions from members, the Chief Financial Officer said he would confirm the meaning of the 2.4% financial leverage ratio within the officers report and why it was so low, and advise the Chair.

**RESOLVED:** (Mayor Wallace/Deputy Mayor Bassett)

**Minute No. FPC 18108**

*"That the Committee:*

- (i) notes the contents of the Local Government Funding Agency (LGFA) draft 2018/19 Statement of Intent; and*
- (ii) agrees with the LGFA draft 2018/19 Statement of Intent and requires no changes to be provided to the LGFA Board for consideration and comment."*

6. **HUTT CITY COMMUNITY FACILITIES TRUST SIX MONTH REPORT TO 31 DECEMBER 2017** (17/1877)

Report No. FPC2018/1/52 by the Senior Management Accountant

Cr Cousins declared a conflict of interest and took no part in discussion or voting on the matter.

Ms Jessica Andrew, Trustee representing the Hutt City Community Facilities Trust (CFT) noted CFT was established in 2012 to design, develop and maintain sport buildings fit for purpose in Lower Hutt. She highlighted CFT's philosophy was to provide for local community use, world class facilities which inspire users. She advised the Naenae Bowling facility was now the largest in New Zealand, and the newly developed the Koraunui Stokes Valley Hub had attracted 29,000 visits in its first month of operation.

In response to questions from members, Mr Peter Healy, General Manager of CFT said he would ask the bowling club for a breakdown of users to the facility. He noted a high level of usage from the local community of the café and rooms for hire. He advised a representative had recently been appointed to the CFT to market the bowls centre to schools and the wider community.

**RESOLVED:** (Cr Milne/Deputy Mayor Bassett)

**Minute No. FPC 18109**

*"That the Committee receives the half year report from the Hutt City Community Facilities Trust attached as Appendix 1 to the report."*

7. SEAVIEW MARINA LIMITED SIX MONTH REPORT TO 31 DECEMBER 2017  
(17/1876)

Report No. FPC2018/1/50 by the Senior Management Accountant

Cr Milne declared a conflict of interest and took no part in discussion or voting on the matter. Cr Barry assumed the Chair for the duration of this item.

Mr Alan McLellan, Chief Executive of SML elaborated on the report. He highlighted the past year had been the most successful the Marina had ever had. He advised many boats were attracted to the quality facilities on the hardstand at the marina. He said liveaboards were returning 30% above budget with approximately 90 people living at the marina. He noted new health and safety initiatives included a client induction programme and lights and alarm buttons on all walkways. He said Randwick School had recently participated the Sailability Have a Go Sailing initiative. He advised the Wellington Boat Show would be held at the Marina from 9-11 March 2018.

In response to a question from a member, Mr Brian Walshe, Board Chair of SML said all facilities were up to standard for liveboard residents.

In response to a question from a member, Mr McLellan advised that SML would review the Liveboard Policy to ensure the safety of both tenants and staff.

Mayor Wallace acknowledged the efforts of the Board of SML.

RESOLVED: (Cr Barry/Cr Briggs)

**Minute No. FPC 18110**

*"That the Committee receives the half year report from Seaview Marina Limited attached as Appendix 1 to the report."*

8. **URBAN PLUS LIMITED SIX MONTH REPORT TO 31 DECEMBER 2017** (17/1875)

Report No. FPC2018/1/53 by the Senior Management Accountant

Deputy Mayor Bassett declared a conflict of interest and took no part in discussion or voting on the matter.

Mr Brian Walshe, Board Chair of Urban Plus Ltd (UPL) elaborated on the report. He noted UPL was delighted with the results of the last six months. He highlighted the residential housing low achievement was the result of the high revaluation of the residential housing portfolio and the decision to only apply a \$5 rental increase to tenants. He said the focus by 2020 was to provide 220 units for elderly housing.

Mr Craig Walton, Chief Executive of UPL noted the asset base had revalued significantly, which had provided good capital growth on existing stock. He further noted the Summit Road development had been very profitable. He advised another development was likely to go to market in March in Avalon and UPL had identified other sites to expand its social housing portfolio.

In response to questions from members, Mr Walton advised the average current market rental rate payment was 85%. He said a further development was likely to aim at the lower end of the market to qualify under the Kiwisaver level to appeal to a broader number of people in the community. He said there was usually no more than 100 people on their waiting list for homes and some were already housed but looking for better quality or larger rentals.

**RESOLVED:** (Cr Milne/Mayor Wallace)

**Minute No. FPC 18111**

*"That the Committee receives the half year report from Urban Plus Group attached as Appendix 1 to the report."*

9. **AUDIT NEW ZEALAND FINAL MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2017** (18/154)

Report No. FPC2018/1/54 by the Financial Accounting Manager

The Financial Accounting Manager elaborated on the report.

**RESOLVED:** (Cr Milne/Mayor Wallace)

**Minute No. FPC 18112**

*"That the Committee notes the report."*

10. **HUIA POOL DEVELOPMENT SIX MONTH REPORT** (18/120)

Report No. FPC2018/1/51 by the Divisional Manager, Leisure Active

The Divisional Manager, Leisure Active elaborated on the report. He acknowledged the Huia Pool and Fitness Manager and the Steering Committee that managed and delivered the project.

In response to questions from members, the Divisional Manager Leisure Active noted the hydro pool was booked for learn to swim lessons between 3-6pm weekdays. He said other times were available for hydrotherapy throughout the day.

In response to questions from members, the Huia Pool and Fitness Manager noted the hydrotherapy facility was now open to the public two evenings per week, which would increase to three evenings a week in the near future. He advised Learn to Swim would incorporate adult swim lessons in the future.

Deputy Mayor Bassett acknowledged the efforts of the Steering Committee to deliver a valued facility to the City.

**RESOLVED:** (Cr Milne/Mayor Wallace)

**Minute No. FPC 18113**

*"That the Committee notes the report."*

11. **FINANCE UPDATE** (18/220)

Report No. FPC2018/1/58 by the Budgeting and Reporting Manager

The General Manager, Corporate Services elaborated on the report.

In response to a question from a member, the General Manager Corporate Services advised that the shortfall in asset sales had been built into the Long Term Plan for Council's debt forecast.

The Chief Executive highlighted the success of each Council Controlled Organisation. He noted it would be beneficial to consider Cr Barry's suggestion regarding potential growth in social housing in the City. He said the opportunity to do that in the past had not been an option, but given current profits within UPL, was now an opportunity.

**RESOLVED:** (Cr Milne/Deputy Mayor Bassett)

**Minute No. FPC 18114**

*"That the Committee notes the Council's January 2018 year to date financial performance and the current full year forecast for the year ending 30 June 2018."*

**12. INFORMATION ITEM****Finance and Performance Work Programme 2018** (17/1890)

Report No. FPC2018/1/28 by the Committee Advisor

**RESOLVED:** (Cr Milne/Cr Sutton)**Minute No. FPC 18115***"That the programme be noted and received."***13. QUESTIONS**

There were no questions.

**14. EXCLUSION OF THE PUBLIC****RESOLVED:** (Cr Milne/Cr Sutton)**Minute No. FPC 18116***"That the public be excluded from the following parts of the proceedings of this meeting, namely:*

15. *Appointment of Director - Seaview Marina Limited and Urban Plus Limited (18/155)*

*The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:*

(A)	(B)	(C)
<i>General subject of the matter to be considered.</i>	<i>Reason for passing this resolution in relation to each matter.</i>	<i>Ground under section 48(1) for the passing of this resolution.</i>
<i>Appointment of Director - Seaview Marina Limited and Urban Plus Limited.</i>	<i>The withholding of the information is necessary to protect the privacy of natural persons. (s7(2)(a)).</i>	<i>That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.</i>

*This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above."*

There being no further business the Chair declared the meeting closed at 8.58pm and the non-public portion of the meeting finished at 9.15pm.

Cr C Milne  
CHAIR

**CONFIRMED as a true and correct record**  
**Dated this 13th day of March 2018**