

**HUTT CITY COUNCIL**

Minutes of an ordinary meeting of The Hutt City Council held via virtual meeting  
on

**Thursday 7 May 2020 commencing at 2.00pm**

**PRESENT:** (via audiovisual link) Mayor C Barry (Chair) Deputy Mayor T Lewis  
 Cr D Bassett Cr J Briggs  
 Cr K Brown Cr B Dyer  
 Cr S Edwards Cr D Hislop  
 Cr C Milne Cr A Mitchell  
 Cr S Rasheed Cr N Shaw  
 Cr L Sutton

**APOLOGIES:** There were no apologies.

**IN ATTENDANCE:**  
 (via audiovisual link) Ms J Miller, Chief Executive  
 Mr L Allott, Chief Information Officer  
 Ms A Blackshaw, Acting General Manager, City and  
 Community Services  
 Ms H Oram, Acting General Manager, City Transformation  
 Ms J Livschitz, Chief Financial Officer  
 Mr B Cato, Chief Legal Officer  
 Mr P Benseman, Budgeting and Reporting Manager  
 Ms H Stringer, Financial Transaction Services Manager  
 Ms K Cuttriss, Head of Libraries  
 Mr M Sherwood, Head of Parks and Recreation  
 Ms W Moore, Head of Strategy and Planning  
 Mr P Maaka, Urban Design Manager  
 Mr M Ackroyd, Service Desk Analyst  
 Ms K Stannard, Head of Democratic Services  
 Mrs H Clegg, Minute Taker

**PUBLIC BUSINESS****1. OPENING FORMALITIES - KARAKIA TIMATANGA**

Mayor Barry opened the meeting with the following karakia:

|                                    |   |
|------------------------------------|---|
| Kia hora te marino                 | <i>May peace be wide spread</i>           |
| Kia whakapapa pounamu te moana     | <i>May the sea be like greenstone</i>     |
| He huarahi mā tātou i te rangi nei | <i>A pathway for us all this day</i>      |
| Aroha atu, aroha mai               | <i>Let us show respect for each other</i> |
| Tātou i a tātou katoa              | <i>For one another</i>                    |
| Hui e Tāiki e!                     | <i>Bind us together!</i>                  |

2. **APOLOGIES**

There were no apologies.

3. **PUBLIC COMMENT**

Comments are recorded under the item to which they relate.

4. **MAYOR'S STATEMENT** (20/379)

Mayor Barry acknowledged the efforts of the residents, businesses, essential workers, Council's Emergency Operations Centre and Team Manaakitanga during the Covid-19 lockdown. He thanked the Hutt Valley Chamber of Commerce for playing an important role in supporting businesses.

5. **CHIEF EXECUTIVE'S STATEMENT** (20/380)

Refer to the Chief Executive's Statement attached as pages 10 and 11 to the minutes.

Mayor Barry thanked the Chief Executive for her efforts and her leadership in leading Council through the Covid-19 lockdown situation.

6. **CONFLICT OF INTEREST DECLARATIONS**

There were no conflict of interest declarations.

7. **RESPONSE TO COVID-19 PANDEMIC - APPROVAL OF RATES POSTPONEMENT POLICY (20/376)**

Report No. HCC2020/3/97 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report. She advised that 258 ratepayers had contacted officers during the lockdown requesting assistance with rates payment. She noted there were also broader central government monetary assistance packages available especially for small businesses. She further advised the Policy had been promoted online with no applications received to date.

The Chief Financial Officer explained that to date, cash flow was looking favourable with a balance of \$252,000 less than at the same time last year. She cautioned that once the wage subsidy period stopped, there may be more instances of requests for hardship assistance.

Cr Dyer expressed support for the motion and stated it was important for Council to approve the Policy before discussions about the proposed rates increase occurred.

Deputy Mayor Lewis thanked officers and members for their joint efforts in producing the Policy.

**RESOLVED:** (Mayor Barry/Deputy Mayor Lewis) **Minute No. C 20301(2)**

*"That Council:*

- (i) notes that the proposed Rates Postponement Policy (the policy) has been developed at short-notice in response to the Covid-19 lockdown (attached as Appendix 1 to the report);*
- (ii) notes that changes have been made to the policy following the review of the draft policy by Council on 9 April 2020;*
- (iii) notes that Council appointed a Subcommittee to further progress the development of the policy;*
- (iv) agrees that no public consultation process is required ahead of approval of this policy;*
- (v) agrees to approve the proposed Rates Postponement Policy (attached as Appendix 1 to the report);*
- (vi) agrees to declare the Covid-19 lockdown as an 'event' to be covered within the definition of the Rates Postponement Policy; and*
- (vii) notes that the policy will be reviewed in the next three to six months when better information is available about the Covid-19 pandemic and Council will review at that point whether "the effects of the event are no longer felt in the community" as required by the policy."*

8. ADOPTION OF THE DRAFT ANNUAL PLAN 2020/21 AHEAD OF PUBLIC ENGAGEMENT (20/367)

Report No. HCC2020/3/98 by the Budgeting and Reporting Manager

Speaking under public comment, **Mr Shierlaw** supported a zero percent rates increase. He asked that the option be listed in the public consultation document. He did not accept officer opinion that a zero percent rates increase would trigger further legislative requirements.

In response to questions from members, Mr Shierlaw considered the proposed 4.1% rates decrease was only taking away the funds for the imaginary budget deficit and did not involve reducing any capital expenditure. He did not believe UHCC had cash reserves to enable its proposed reduced rates increase.

Speaking under public comment, **Mr Michael Gray** urged Council to carefully assess the impact of Covid-19 on all businesses and to keep any proposed rates increase to under 2%. He noted that many businesses were struggling under lockdown and would continue to do so once the restrictions were lifted.

The Chief Financial Officer elaborated on the report with the assistance of a Powerpoint slide show. She summarised the key items under the Draft Annual Plan 2020/21.

The Head of Strategy and Planning elaborated on the Draft Annual Plan engagement. She added that officer assistance would be available during the process including the ability for officers to accept verbal submissions.

In response to questions from members, the Head of Strategy and Planning explained the proposed Marae meetings were to be virtual and the additional telephone service was being provided as the public were unable to access hard copies of the consultation document. She noted that officers were available to troubleshoot to ensure the public can make submissions. She confirmed information would be made available in The Hutt News.

In response to questions from members, the Head of Strategy and Planning agreed to investigate reaching out to retirement villages. She confirmed all Community Board members were receiving the same information and officer support as members. She agreed to report back to members regarding the Communications Plan to access all communities.

In response to questions from members, the Chief Financial Officer confirmed that a rates increase of zero percent would produce a rates revenue loss of \$4M which would need to be serviced by debt funding or by reducing additional services. She added that a reduction of further services would require members to make very difficult decisions. She agreed one possible service reduction could be city beautification projects. She explained that the emergency budget was a 'one-off' with the projected deficit of \$9M to be funded by way of borrowings. She advised successive budgets would need to balance. She agreed to meet with members, if required, to further explain the budgetary figures.

In response to a question from a member regarding the scope of consultation, the Chief

Legal Officer explained that as the proposed budget did not involve a significant change to Council's Long Term Plan (LTP), the requirement to fully consult and to propose an amendment to the LTP was not triggered.

In response to a question from a member, the Chief Financial Officer outlined the assistance measures for those suffering hardship and requesting rates relief. She acknowledged the more deprived areas of the city were facing the highest potential rates rises.

Mayor Barry advised he had recently lobbied Central Government to change the revaluation legislation.

In response to a question from a member, the Chief Financial Officer explained information regarding a zero percent rates rise had not been included in the consultation document. She highlighted the consultation questions were open-ended and provided an opportunity for the public to provide feedback for any rates increase amount or project.

In response to a question from a member regarding the list of possible services which would be reduced/eliminated to enable a zero percent rates increase, the Chief Executive advised the list had been compiled with input from Council's Divisional Managers and the Corporate Leadership Team. She added that it would take a full year for any savings to be made.

In response to a question from a member regarding the Technology Valley six monthly report, the Chief Executive acknowledged the report had been recently received by her office.

Mayor Barry thanked the Chief Executive and her team for the work involved in preparing the emergency budget which was a significant change from the original proposed budget. He added the new budget balanced providing rates relief and not hindering the city's ability to respond to Covid-19 with being able to deal with existing issues which would not disappear. This included the Three Waters infrastructural spendings. He was aware of budgetary pressures on many households and that specific targetted measures may assist them. He looked forward to receiving public feedback.

Cr Edwards supported Mayor Barry's comments. He believed that to propose a zero rates increase would not be financially prudent.

Cr Hislop supported the motion. She stated it was a responsible budget offering a good compromise. She acknowledged the impact it may have on some households.

Cr Sutton supported motion. She considered there was room to reduce expenditure further eg through removing the Living Wage to Contractors item.

Cr Dyer highlighted the bulk of the proposed rates increase was for Three Waters infrastructural works. He acknowledged the hardship any rates rise would bring to some households.

Cr Milne supported the motion. He noted the lack of member analysis of information received from officers. He believed a 12 month pause on Naenae Pool expenditure could assist the budget.

Cr Brown acknowledged the proposed compromise budget reflected Council's response to the Covid-19 situation. She considered the emergency budget provided for Council to kick-start initiatives to assist in the Covid-19 recovery process. She supported paying a Living Wage to all essential workers including contractors.

Cr Mitchell agreed the emergency budget was a responsible approach to the situation. He acknowledged the hardship many households would face. He urged members to continue to reach out to support all citizens.

Cr Rasheed supported the motion. She cautioned members that the full impact of the lockdown had not yet been realised with many businesses fully reliant on the 12 week Government wage subsidy which was due to end shortly.

Cr Briggs supported the motion. He acknowledged the work of all those involved in producing the emergency budget. He supported paying the Living Wage to all contractors. He believed members needed to act now with leadership and investment in key areas and projects to ensure the city recovered from the Covid-19 situation.

Cr Shaw supported the motion. She also supported paying the Living Wage to all. She thanked officers for their clear and transparent advice.

Cr Bassett supported the motion. He expressed concern for residents on fixed incomes and supported the Rates Postponement Policy. He urged members to fully understand their constituents and their requirements.

Deputy Mayor Lewis congratulated members on their constructive comments and the officers for their work to date. She acknowledged the financial learning curve for members.

**RESOLVED:** (Mayor Barry/Cr Edwards) (By Division) (Unanimous)

**Minute No. C 20302(2)**

*That Council:*

- (i) *receives the information;*
- (ii) *notes Council's updated Covid-19 Response Plan which includes a wide range of initiatives to support the Lower Hutt community, attached as Appendix 1 to the report;*
- (iii) *notes the Council's submission to central government of "shovel ready projects", attached as Appendix 2 to the report;*
- (iv) *notes that Council agreed on 9 April 2020 not to progress the Amendment to the Long Term Plan (LTP) due to the Covid-19 pandemic;*
- (v) *notes that Council agreed on 9 April 2020 to progress an "Emergency Budget" Draft Annual Plan 2020/21, which includes a rates revenue increase of 3.8%;*
- (vi) *notes that officers have prepared a revised "Emergency Budget" with the reduced rates revenue as directed by Council and that this budget includes \$3 million of operational savings;*
- (vii) *notes that a deficit of \$9 million is projected for the Draft Annual Plan 2020/21 whilst the 2018-2028 Long Term Plan projected a surplus of \$4.4 million for 2020/21, refer Section D of the officer's report;*
- (viii) *notes the long term projected debt shows that debt will exceed the limits set in the financial*

- strategy from 2023/24 onwards, refer graphs 3 and 4 of the officer's report;*
- (ix) agrees that all projects from 2021/22 and beyond are in principle placed on hold pending reprioritisation and funding solutions through the development of the LTP 2021-2031;*
  - (x) notes that a Subcommittee of the Mayor, Deputy Mayor and Chairs of Committee was appointed to make final decisions on the content and design of the Draft Annual Plan 2020/21 and the questionnaire for engagement;*
  - (xi) notes that within this draft Emergency Budget there is funding to progress capital projects in the 2020/21 financial year, however full funding will need to be considered as part of the LTP 2021-3031;*
  - (xii) notes the engagement plans as detailed in Section F of the officer's report;*
  - (xiii) notes the public engagement document prepared for the Draft Annual Plan 2020/21, attached as Appendix 4 to the report;*
  - (xiv) agrees to adopt the Draft Annual Plan 2020/21 and to progress the public engagement process, attached as Appendix 5 to the report; and*
  - (xv) considers any further direction and guidance to be provided to officers ahead of the LTP/Annual Plan Subcommittee meetings scheduled for 29 May 2020 and 18 June 2020 at which Council will finalise decisions for the Annual Plan 2020/21."*

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

**For**

**Against**

Mayor Barry  
 Deputy Mayor Lewis  
 Cr Bassett  
 Cr Briggs  
 Cr Brown  
 Cr Dyer  
 Cr Edwards  
 Cr Hislop  
 Cr Milne  
 Cr Mitchell  
 Cr Rasheed  
 Cr Shaw  
 Cr Sutton  
 Total: 13

-

9. **FINANCIAL STRATEGY** (20/388)

Report No. HCC2020/3/99 by the Chief Financial Officer

The Chief Financial Officer elaborated on the report.

In response to a question from a member, the Chief Financial Officer agreed to accept comments and questions from members via email and to provide the feedback back to all members.

Cr Brown spoke in support of the motion highlighting the independent report provided clarity and confidence. She acknowledged the credentials of the author and peer reviewer.

Cr Dyer supported Cr Brown's comments.

Cr Briggs acknowledged the work of the Chief Financial Officer and her team and looked forward to Council moving forward in a positive way.

Cr Milne expressed concern with a number of matters contained in the independent report. He believed there had been no opportunity for members to critique the independent report.

Cr Edwards expressed concern there had not been a questions and answers session concerning the independent report.

Cr Bassett expressed concern with the lack of critiquing time concerning the independent report.

Mayor Barry explained the independent report had been commissioned as there had been some unfair criticism of officers. He highlighted the independent report endorsed the officers' actions, decisions and recommendations.

The motion was taken in parts. Parts (i), (ii) and (iii) were declared CARRIED by the voices.

**RESOLVED:** (Mayor Barry/Cr Dyer)

**Minute No. C 20303(2)**

*"That Council:*

- (i) notes the report on the Financial Strategy, attached as Appendix 1 to the report;*
- (ii) acknowledges the conclusion reached within the independent report; and*
- (iii) thanks officers for their efforts and advice to date in relation to the Financial Strategy."*

10. **QUESTIONS**

There were no questions.

**11. CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA**

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

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

There being no further business Mayor Barry declared the meeting closed at 4.24pm

C Barry  
**MAYOR**

**CONFIRMED as a true and correct record  
Dated this 26<sup>th</sup> day of May 2020**

## Chief Executive's Statement

Over the last six weeks we have rapidly responded to the lockdown as a council in terms of our staff, facilities and services. We have taken swift action to lessen the impacts of Covid-19 that are being felt in our community. This has included quickly developing and implementing a comprehensive response plan ([www.huttcity.govt.nz/covid19](http://www.huttcity.govt.nz/covid19)) which includes a range of measures to help our community get through at this time.

Some highlights are:

- Supporting our local Emergency Operations Centre with 32 staff working in a range of roles from welfare through to logistics.
- Holding Council and other meetings online. This has involved allocating more staff to enable this to happen (3.2 FTE compared with 1 previously) but has meant council can continue to undertake its work and the community can participate in these virtual meetings.
- Hutt City Council vehicles involved in the response have travelled 13,900 kms – almost nine times the length of NZ - during the lockdown to get to our people and do everything that has been necessary for the response.
- Working in partnership with the Hutt Valley Chamber of Commerce and Upper Hutt City Council to provide support to local businesses including the Love Local campaign, networking opportunities and business advice. An online resource hub has been established along with a business Facebook group (currently more than 641 members).
- 20 Livestreams for businesses have been held with local experts providing advice on issues relevant to businesses. There have been over 6000 views.
- A business survey has been issued today by the Hutt Valley Chamber of Commerce, Upper Hutt City Council and Hutt City Council to gauge how businesses are doing and what they need. This information will be used to inform our own work.

Today and, as requested by Council, we have developed a one-year budget based on an overall rates rise of 3.8 per cent for ratepayers. The one-year emergency budget will see services and key projects continuing while refocusing resources to help our community now and during recovery.

The emergency budget includes operational savings of \$3 million. It means there would be a rates increase of \$2.35 per week, per household based on an average residential property value of \$627,000. The emergency one-year budget has been developed on the basis of prioritising investment in Three Waters infrastructure. The average rates increase per household of \$2.35 per week, or \$122 per annum, largely relates to this priority area. Investment in Three Waters infrastructure makes up \$84 of the average \$122 per annum rise and the remaining \$38 covers cost increases for all the other services provided by Council.

Staff have worked on the budget line by line. In addition to the emergency budget, from July we will undertake a base budget review and to look at what we fund, what it costs,

and what it achieves so that council can be clear about resources and priorities. Inevitably, given the ongoing effects of COVID19 to our own income and expenditure base emergency budget and budget review aside, this year will be one of reconfiguration and adjustment to reflect and respond to what unfolds in the coming year. There is a clear need to invest in technology, and I have flagged this to you previously. This investment like others, will lead to greater efficiency and savings over time.

Considering the very short timeframes we've had to respond to this ever-changing situation I think where we have got to is sound and we now seek Council's approval and hear from the community on our proposals.

Included in the papers is information on a zero rates increase as requested by Council. We have set out what zero might look like which includes the closing of some facilities and other significant budget reductions. If Council wishes to pursue this option today, we would not be able to meet community expectations for the services we as a council should be providing. There would also be no ability to invest in key infrastructure like water. Three Waters continues to be identified by Wellington Water as requiring investment to ensure our community's water supply and water network is not at risk. Some might ask why "what zero looks like" does not include things like asset sales etc. Firstly, such sales produce a one-off amount, they don't fundamentally change the operating base expenditure. Secondly, such sales are by no means secure in the current climate and would require a more thought out approach. This is of course an option for members in the future not least because the Council, whilst it has pressed pause on its previous path of sorting the longer term financial challenge to focus on the immediate, that financial challenge remains and must be addressed. A review of the Council's current financial strategy is imperative, ahead of the next long term financial plan.

I draw your attention to the 22 page report in your agenda today by Philip Jones from PJ & Associates which has been peer-reviewed by Bruce Robertson, former Assistant Auditor General. The Mayor requested that the report be commissioned and I am pleased that we have done so. The report notes the following in respect of the proposed financial strategy we have pressed pause on:

This is an improvement on the existing strategy and there are further improvements to be made, in particular by defining the need for increased funding for renewal expenditure and considering the impact of a balanced budget and noting the intention to increase revenues over time to "balance the budget".

In conclusion, the proposed financial strategy and the approach taken in the development of the proposed amendment to the 2018-2028 Long term plan is a significant improvement.

The reason for this improvement from the existing strategy is by clearly explaining the need to increase expenditure and move to a tighter balanced budget test consistent with good practice. This will assist in forming a sound and financially prudent approach for the development of the 2021-2031 Long term plan.

I would like to conclude by acknowledging the efforts of staff over the last several weeks. They have made changes to the way we operate at speed and on the whole, they have managed to balance family needs and working from home incredibly well. I am proud of their efforts to date and their work now as we move into Alert Level 2 and recovery.