

HUTT CITY COUNCIL
LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Minutes of a meeting held in the Council Chambers, 2nd Floor, 30 Laings Road,
 Lower Hutt on
Thursday 18 June 2020 commencing at 9.30am

PRESENT:

| | |
|-----------------------------|----------------------|
| Mayor C Barry (Chair) | Deputy Mayor T Lewis |
| Cr D Bassett (until 4.55pm) | Cr J Briggs |
| Cr K Brown | Cr B Dyer |
| Cr S Edwards | Cr D Hislop |
| Cr C Milne (from 9.33am) | Cr A Mitchell |
| Cr S Rasheed | Cr N Shaw |
| Cr L Sutton | |

APOLOGIES: There were no apologies.

IN ATTENDANCE:

Ms J Miller, Chief Executive
 Ms A Blackshaw, Director Strategy and Engagement
 Ms H Oram, Director Environmental and Sustainability (part meeting)
 Ms A Welanyk, Director Transformation and Resources
 Mr K Puketapu-Dentice, Director Economy and Development (part meeting)
 Ms W Moore, Head of Strategy and Planning (part meeting)
 Mr B Cato, Chief Legal Officer (part meeting)
 Ms J Livschitz, Chief Financial Officer
 Mr S George, Senior Accountant (part meeting)
 Mr G Phillips, Treasury Officer (part meeting)
 Mr P Benseman, Budgeting and Reporting Manager
 Ms H Stringer, Financial Transaction Services Manager (part meeting)
 Mr M Sherwood, Head of Parks and Recreation (part meeting)
 Mr J Pritchard, Principal Policy Advisor (part meeting)
 Mr G Craig, Head of City Growth (part meeting)
 Mr J Scherzer, Manager Sustainability and Resilience (part meeting)
 Mr D Simmons, Traffic Asset Manager (part meeting)
 Ms K Stannard, Head of Democratic Services
 Ms C Taylor, Senior Research and Evaluation Advisor (part meeting)
 Ms C Ellis, Advisor to the Chief Executive (part meeting)
 Ms J Stevens, Business Analyst
 Ms J Randall, Programme Lead, Planning and Reporting
 Ms H Clegg, Minute Taker (part meeting)
 Ms D Hunter, Acting Committee Advisor (part meeting)
 Ms T Lealofi, Committee Advisor (part meeting)

PUBLIC BUSINESS

Cr Brown opened with meeting with a Karakia.

1. **APOLOGIES**

There were no apologies.

2. **PUBLIC COMMENT**

Comments are recorded under the item to which they relate.

Cr Milne joined the meeting at 9.33am.

3. **MAYOR'S STATEMENT** (20/539)

The Mayor's Statement is attached as pages 19-21 to the minutes.

4. **CHIEF EXECUTIVE'S STATEMENT** (20/540)

The Chief Executive's Statement is attached as pages 22-24 to the minutes.

5. **CONFLICT OF INTEREST DECLARATIONS**

Cr Sutton, Cr Rasheed and Cr Dyer declared conflicts of interest in Hutt Valley Chamber of Commerce and took no part in discussion or voting on the matter.

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

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

Cr Milne declared conflicts of interest as outlined in his declarations of interest statement.

Cr Brown declared a conflict of interest in Urban Plus Group and took no part in discussion or voting on the matter.

Cr Shaw declared a conflict of interest in the Hutt City Facilities Trust and took no part in discussion or voting on the matter.

6. **FINAL DECISION ON RATING POLICY OPTIONS FOR 2020/21** (20/562)

Report No. LTPAP2020/4/126 by the Chief Financial Officer

The Chief Financial Officer introduced Mr Philip Jones, Technical Advisor.

The Chief Financial Officer elaborated on the report. She highlighted the key points for members to consider at today's meeting

Cr Brown left the meeting at 10.08am and returned at 10.10am.

The Chief Executive drew members attention to a letter tabled at the meeting from Stride Investment Management Limited (Stride) (attached as pages 24-25 to the minutes). She advised that after speaking with the Chief Executive of Stride, he confirmed that Stride did not want to comment any further.

Mr Jones advised that option 1C was the officer's preferred option. He considered it was a robust compromise. He confirmed that option 1C was a holding position for this year.

In response to a question from a member, the Chief Executive advised that Stride was aware of the officer's preferred option. She also advised that Stride understood and acknowledged the movement made by Council.

In response to a question from a member regarding the significance of the change to option 1C, Mr Jones advised that no further consultation was required.

Cr Brown left the meeting at 10.28am and returned at 10.30am.

Mayor Barry thanked officers and Mr Jones for their work. He expressed support for option 1C as a holding pattern for this year. He highlighted the full review of the Revenue and Financing Policy would be undertaken later this year with engagement across the community, businesses, commercial operators and ratepayers.

Cr Edwards expressed support for option 1C as a one year solution. He considered option 1C was the fairest thing to do in the circumstances.

Cr Mitchell thanked officers for showing flexibility and creativity with the options following feedback from the public. He agreed with the comments made by the previous speaker. He expressed support for option 1C and considered it a good compromise.

Cr Milne expressed support for option 1C.

Cr Hislop expressed support for option 1C. She thanked officers for the huge amount of effort put into their work. She considered option 1C was the fairest option and hoped Queensgate Shopping Centre was happy with the compromise.

Cr Rasheed expressed concern with option 1C. She advised that this was not the time to place an increase on businesses. She asked members to support her in freezing the differential rating for this year.

Cr Brown expressed support for option 1C. She thanked officers for the effort put into the work. She advised that this was a fair compromise and she looked forward to the review of the Revenue and Financing Policy.

Cr Dyer thanked the Chief Financial Officer and her team for their creative solutions.

Cr Briggs expressed support for Option 1C. He considered it was the best situation moving forward. He advised that he looked forward to Council considering the proposed Revenue and Financing Policy.

Cr Shaw expressed support for option 1C. She considered option 1C was the fairest approach for all. She thanked the Chief Executive and officers for the detail and transparency of information being presented to members.

Cr Bassett expressed support for option 1C. He asked officers to start the review of the Revenue and Financing Policy as soon as practicable.

RECOMMENDED: (Mayor Barry/Cr Edwards)

Minute No. LTPAP 20401

"That the Subcommittee recommends that Council:

- (i) notes that the overall Revenue and Financing Policy, including the differential factors, will be reviewed from a first principles approach as part of the 2021-2031 Long Term Plan process;*
- (ii) notes the significant changes between and within the different categories in the capital values in the 2019 rating revaluation;*
- (iii) notes the options developed and included in the draft Annual Plan 2020/21;*
- (iv) notes the overall strong support for the preferred option 1;*
- (v) notes that option 1 has been further refined following feedback through the public submission process;*
- (vi) agrees that option 1C is the preferred option for 2020/21;*
- (vii) instructs officers to prepare the final Annual Plan 2020/21 for adoption based on option 1C; and*
- (viii) instructs officers to prepare the rating resolution to be presented at the Council meeting on 30 June 2020 based on option 1C."*

7. FINAL STATEMENT OF INTENT 2020/21 TO 2022/23 - COMMUNITY FACILITIES TRUST (19/859)

Report No. LTPAP2020/4/117 by the Senior Management Accountant

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

The Senior Management Accountant elaborated on the report. He highlighted a change to the final Statement of Intent in relation to the water issues at the Stokes Valley Hub.

Mr John Strahl, Chair of Hutt City Community Facilities Trust (CFT), highlighted the three fundamental principles which had driven CFT's Statement of Intent. He acknowledged and thanked officers for their support.

In response to questions from members, Mr Strahl advised that CFT was not setting aside money for the current depreciation. He also advised that there were two types of maintenance. One type was the day to day maintenance which was the tenants responsibility and the second type was the longer term maintenance which was the landlords responsibility. He highlighted that the long term planning and long term funding needed to be clarified between CFT and Council.

In response to a question from a member, the Chief Executive advised that the Audit and Risk Subcommittee identified that Council did not yet have proper Long Term Asset Management Plans. She advised that this would be addressed before the next Long Term Plan.

In response to a question from a member, Mr Strahl advised that CFT did not have access to ongoing operational funding.

Mayor Barry thanked Mr Strahl for his work and looked forward to working with him to ensure the facilities met their full potential.

Cr Milne elaborated on the history of CFT. He strongly recommended officers deal with the CFT issue alongside Fraser Park to enable CFT to be established to its full maturity. He believed that an overarching policy was required for the sporting codes.

Deputy Mayor advised that Council needed to reset and work with Sport Wellington to create a new business sporting model.

Cr Briggs considered that a policy should be one of equity and an even policy across the sporting clubs.

Cr Dyer suggested that officers report back to Council on a way forward that would cover off CFT's concerns.

Mayor Barry confirmed that officers would be reporting back on Fraser Park in the near future.

The Chief Executive advised members that the main priority was finding a solution for Fraser Park. She noted that members needed to be realistic with timeframes around reporting back on projects.

In response to a question from a member, Mayor Barry advised that Council adopted an Intergrated Facilities Plan in 2012 which needed to be reviewed. He reminded members that CFT was not taking on any new developments which gave Council time to sort out Fraser Park and reflect on how Council operated in the future.

RESOLVED: (Mayor Barry/Cr Briggs)

Minute No. LTPAP 20402

"That the Subcommittee recommends that Council receives and agrees to the final Statement of Intent for the Hutt City Community Facilities Trust for the three years commencing 1 July 2020, attached as Appendix 1 to the report."

8. **FINAL STATEMENT OF INTENT 2020/21 TO 2022/23 - SEAVIEW MARINA LIMITED** (20/423)

Report No. LTPAP2020/4/117 by the Senior Management Accountant

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

The Senior Management Accountant elaborated on the report. He noted a small change to the Statement of Intent relating to the berth revenue.

Mr Alan McLellan, Chief Executive of Seaview Marina Ltd noted it was business as usual.

In response to a question from a member, Mr McLellan advised that a decision was made to lease the breakwater from Council instead of purchasing it.

Mayor Barry thanked Mr McLellan for his work.

RECOMMENDED: (Mayor Barry/Cr Bassett)

Minute No. LTPAP 20403

"That the Subcommittee recommends that Council receives and agrees to the final Statement of Intent for Seaview Marina Limited for the three years commencing 1 July 2020, attached as Appendix 1 to the report."

9. **FINAL STATEMENT OF INTENT 2020/21 TO 2022/23 – URBAN PLUS AND GROUP**
(20/422)

Report No. LTPAP2020/4/127 by the Senior Accountant

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

The Senior Accountant elaborated on the report.

The Chief Financial Officer highlighted a change to performance measure 1.15 to read: *From 1 July 2020, all housing units (standalone house or townhouse) shall achieve a certified Homestar™ design rating of at least six stars*. *Excludes projects consented prior to 1 July 2020.*

Mr Craig Walton, Chief Executive of Urban Plus Limited (UPL) was in attendance for the item.

In response to a question from a member, the Chief Executive of UPL elaborated on the homestar design rating for UPL's latest developments. He noted that he was working with Council's Director Environmental and Sustainability and her team.

Mayor Barry thanked Mr Walton for his work with UPL.

RECOMMENDED: (Mayor Barry/Cr Briggs)

]Minute No. LTPAP 20404

"That the Subcommittee recommends that Council:

- (i) receives and agrees the final Statement of Intent (SOI) for Urban Plus Group (UPL) for three years commencing 1 July 2020 attached as Appendix 1 to this report;*
- (ii) notes there has been no change to the strategic direction or intent from the draft SOI;*
- (iii) notes that the UPL Board is aware that Council could request changes to the UPL SOI when Council has completed its Housing Strategy;*
- (iv) notes that these changes to the UPL SOI are likely to address social and environmental outcomes such as the provision of social and affordable housing, the application of best practice environmental standards (eg water sensitive urban design) and working in greater partnership with mana whenua and community housing providers;*
- (v) notes that further discussion and workshopping is required in order to better understand and refine Council's expectations for UPL's SOI;*
- (vi) notes that the financial forecasts and projected number of units in UPL's rental portfolio have been reviewed and updated since the draft SOI to reflect the most up to date forecasts and cash positions; and*
- (vii) directs officers to undertake detailed policy work, organise a workshop for Councillors and report back on a revised SOI for Council to consider by 30 September 2020."*

10. **LENDING TO COUNCIL CONTROLLED ORGANISATIONS** (20/586)

Report No. LTPAP2020/4/142 by the Treasury Officer

The Chief Financial Officer elaborated on the report.

RECOMMENDED: (Mayor Barry / Cr Dyer)

Minute No. LTPAP 20405

"That the Subcommittee recommends that Council:

- (i) *approves extending the maturity of existing loan agreements to allow Council to continue on-lending up to;*
 - (a) *\$3.5M long-term to Seaview Marina Limited (SML);*
 - (b) *\$13.0M long-term to Urban Plus Limited (UPL);*
 - (c) *\$5.0M short-term (up to 364 days) to UPL; and*
 - (d) *\$3.335M long-term to The Hutt City Community Facilities Trust (CFT);*
- (ii) *agrees that these approvals will cover the period up to 30 June 2028;*
- (iii) *agrees that the maximum maturity date for any loan is limited to seven years from the date the loan is arranged;*
- (iv) *approves increasing the value of short-term lending in (i) (c) above from \$5.0M to \$9.0M to UPL;*
- (v) *agrees that the margins on loans to CCTOs (SML and UPL) remain unchanged at 1.0%, and 0.5% for CCOs (CFT); and*
- (vi) *approves officers making the necessary amendments to the existing loan agreements between Council and the CCTOs/CCOs, outlining the revised terms and conditions associated with these loans."*

For the reasons that SML, UPL and CFT require loan funding to deliver the outcomes contained in their respective SOI's, and that Council due to its strong credit rating and access to debt funding via the Local Government Funding Agency (LGFA) can provide the required loan funding at the lowest cost to the Hutt City Council Group.

The meeting adjourned at 11.25am and reconvened at 11.51am.

11. **SUBMISSIONS TO DRAFT ANNUAL PLAN 2020 AND EVALUATION OF ENGAGEMENT** (20/519)

Report No. LTPAP2020/4/46 by the Head of Strategy and Planning

The Head of Strategy and Planning elaborated on the report.

Cr Milne joined the meeting at 11.53am.

Cr Bassett joined the meeting at 11.55am.

In response to a question from a member regarding the next steps and how to keep people engaged, the Head of Strategy and Planning advised members that officers had asked submitters if their contact details could be added to Council's database to remain engaged with them online.

In response to a question from a member regarding the 2021 consultation and whether the ratepayer database would be able to be used to consult with ratepayers, the Chief Executive advised that, at present, Council held 9,000 email addresses for 46,000 properties. She added that it was Council's aim to continue collecting email addresses to maximise the opportunity for future engagement. She acknowledged that in terms of community engagement, there were lessons learnt from this year's consultation process that would be used in 2021.

In response to a question from a member, the Head of Strategy and Planning believed that officers had done well with public engagement.

In response to a question from a member regarding members receiving individual submission responses, the Chief Executive advised that this would be looked at in the future.

In response to a question regarding the redaction of names on submissions, the Chief Executive confirmed that there was the question of balance and there were privacy rules around engagement.

RESOLVED: (Mayor Barry/Deputy Mayor Lewis)

Minute No. LTPAP 20406

"That the report be noted and received."

12. **COUNCIL QUARTERLY PERFORMANCE OVERVIEW** (20/456)

Report No. LTPAP2020/4/118 by the Budgeting and Reporting Manager

The Budgeting and Reporting Manager elaborated on the report.

In response to a question from a member regarding the impact of COVID-19 on Council's budget position and how Council compared to other local authorities, the Chief Financial Officer advised that she did not have that detail on hand. She highlighted that reports from different Councils and those particularly with shareholdings, had been significantly impacted. She believed the \$3M appeared negligible compared with other local

authorities.

RESOLVED: (Mayor Barry/Cr Brown)

Minute No. LTPAP 20407

“That the Subcommittee:

- (i) notes the highlights and achievements as detailed in paragraph 4 contained in the report;*
- (ii) notes the performance measure results as detailed in Appendix 1 contained in the report;*
- (iii) notes the financial performance results as summarised in the report and detailed in Appendices 2, 3 and 4;*
- (iv) notes the COVID-19 impact on the performance results for 2019/20; and*
- (v) notes that decisions related to the carry forward of budgets from 2019/20 to 2020/21 will be the subject of a separate report related to the Annual Plan 2020/21.”*

13. FINAL DECISIONS ON THE ANNUAL PLAN 2020/21 (20/487)

Report No. LTPAP2020/4/124 by the Chief Financial Officer

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

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

Speaking under public comment, **Mr M Shierlaw** advised he was pleased to see that the Chief Executive had correctly reported that the implementation of the living wage to Council contracts could not be guaranteed due to budget constraints. He expressed concern that this decision had not been publicly notified. He suggested Council abandon the Living Wage Policy as it interfered with the wage policy of contractors and businesses. He asked, due to budget pressures on Council, the Living Wage Policy for staff be reviewed. He believed that Mayor Barry and Cr Brown should declare a conflict of interest in relation to E tū.

Mayor Barry advised that he had received legal advice in February 2020 confirming he had no conflict of interest in relation to the Et Tua Union.

Speaking under public comment, **Jade and Sarotia representing Youth Inspire** elaborated on the Youth Inspire Programme. They highlighted the benefits of the programme in helping youth with their careers.

Speaking under public comment, **Ms Karen Morgan, Principal of Taita College** spoke in support of Youth Inspire. She elaborated on the importance of Council supporting the Youth Inspire Programme.

The Chief Financial Officer elaborated on the report.

In response to a question from a member, the Chief Financial Officer confirmed that it had been estimated that Council’s loss of revenue impact through parking and other infringements was around \$3.7M.

In response to a question regarding unknown costs associated with Fraser Park and the Events Centre, the Chief Financial Officer advised that these projects had not been factored into the budget. She added that the same applied to the “shovel ready projects”. She highlighted that if central government agreed to contribute to any of the projects, Council would need to go through a Long Term Plan amendment process.

In response to a question regarding Council staff salary agreements and the estimated savings, the Chief Executive advised that discussions were continuing and she would keep members informed.

In response to a question from a member regarding Barber Grove, the Chief Executive advised that she had received notification from Upper Hutt City Council that it was proposing to contribute 30% to the costs associated to the Barber Grove trunk water project.

In response to a question regarding depreciation costs associated to water, the Chief Financial Officer confirmed that any depreciation arising from water assets was reintroduced into the capital renewals programme for the Three Waters.

In response to a question from a member regarding Technology Valley, the Head of City Growth advised that Council’s financial commitment would end on 30 June 2021. He noted that it was always Technology Valley’s intention to become self-funded.

RECOMMENDED: (Mayor Barry/Cr Hislop)

Minute No. LTPAP 20408

“That the Subcommittee recommends that Council approves additional funding (opex) of \$45,000 for Technology Valley.”

In response to a question from a member regarding the Te Aroha Mātauranga proposal, the Chief Executive advised that discussions with the Rūnanga had taken place over a very long period of time.

RECOMMENDED: (Mayor Barry/Cr Briggs)

Minute No. LTPAP 20409

“That the Subcommittee recommends that Council:

- (i) approves additional funding (capex) of \$600,000 for Te Aroha Mātauranga; and*
- (ii) notes that reductions in capital expenditure have been found to largely offset this cost via review of carry forward of budgets from 2019/20 process.”*

The meeting adjourned at 1.40pm and reconvened at 2.23pm.

The Chief Executive explained that whilst no further funding was requested, the Community Resilience Fund would require its cap to be removed to enable use of the fund for whatever was required to meet recovery needs. She asked that the cap of \$2,000 for individual fund applications from the Community Resilience Fund be raised to \$20,000. She agreed that members would be informed of successful grants promptly.

In response to a question from a member, the Chief Executive advised approximately \$22,000 had been granted from the \$100,000 Community Resilience Fund.

RECOMMENDED: (Mayor Barry/Cr Shaw)

Minute No. LTPAP 20410

"That the Community Resilience Fund criteria be amended to enable allocation of one off grants of up to \$20K to groups currently carrying out activity aligned to building resilience in the recovery of the city."

In response to a question from a member, the Traffic Asset Manager advised the risk of delaying the Eastern Hutt Road retaining wall strengthening by one year was minimal.

RECOMMENDED: (Mayor Barry/Deputy Mayor Lewis) **Minute No. LTPAP 20411**

"That the Subcommittee recommends that Council approves the funding for the Integrated Transport Plan be reprioritised within existing transport budgets to fund this work."

Members discussed paying the Living Wage to contractors. Some members believed it was a central government issue whilst other members believed it was vital all essential workers were rewarded with the Living Wage.

MOVED: (Cr Rasheed/Cr Sutton)

"That Council should not require the living wage for external contractors to be considered as part of future contracts for services."

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

For

Cr Bassett
Cr Hislop
Cr Milne
Cr Rasheed
Cr Sutton

Total: 5

Against

Mayor Barry
Deputy Mayor Lewis
Cr Briggs
Cr Brown
Cr Edwards
Cr Dyer
Cr Mitchell
Cr Shaw

Total: 8

In response to questions from a member, the Manager Sustainability and Resilience advised resourcing was the major obstacle to achieving the carbon zero target. He acknowledged forward planning was aimed at three years and that 10 year goals had not yet been fully investigated. He agreed that a clear picture was required for the future. He explained that the \$200,000 requested would ensure comprehensive community engagement was undertaken and that it was vital the community was brought on the journey with Council.

Mayor Barry requested that any requests for more resourcing be reported to Council as soon as possible. The Chief Executive advised that the current re-structuring review was taking the carbon zero target into account.

In response to a question from a member, the Manager Sustainability and Resilience advised that all reports presented to Council meetings were required to have a Climate

Change Impact Assessment.

In response to a member's questions concerning the ability for informed decisions to be made regarding wise investments against carbon emissions, the Manager Sustainability and Resilience advised this was a work in progress.

Cr Brown left the meeting at 3.12pm.

Cr Briggs advised that the Climate Change Working Group was focussed on bringing climate change to the front of the Long Term Plan.

In response to a question from a member regarding funding for sporting entities, the Director of Strategy and Engagement advised that the Community Funding budget was for community development work and was not available for sporting activities.

Cr Brown returned to the meeting at 3.15pm.

In response to a question from a member, the Head of Parks and Recreation elaborated on the history of the Wainuiomata Sportsville project. He noted that the Lotteries Commission provided funding for feasibility studies. He added there were wider community issues involved with a sportsville in Wainuiomata, including links with the redevelopment of the town centre and exactly what community facilities were required. He further added that without any funding, the current Wainuiomata Sportsville Board may not proceed.

In response to questions from members regarding total monies spent on the Wainuiomata Sportsville project to date, the Head of Parks and Recreation advised it was in the vicinity of \$50,000. He also advised the money would be utilised to investigate how a sportsville entity could integrate with a Wainuiomata Centre Plan or Spatial Plan.

The Chief Executive advised that a report concerning the business and operating models of Fraser Park Sportsville would be reported to Council and possibly that model might not be suitable for Wainuiomata. She added that undertaking a feasibility study, even without funding in the Long Term Plan for an actual facility, was prudent

RECOMMENDED: (Mayor Barry/Cr Brown)

Minute No. LTPAP 20412

"That the Subcommittee recommends that Council allocates the sum of up to \$50,000 to Wainuiomata Sportsville for feasibility of revised sportsville facility in the context of wider planning for the future of Wainuiomata."

Cr Sutton requested that her dissenting vote be recorded against the above matter.

In response to a question from a member regarding the proposed increase in dog registration fees, the Director Environmental and Sustainability advised legislation permitted dog parks being funded through dog registration fees. The Chief Executive added that all Council fees were in the process of being reviewed with many not having changed in five years. She further added that it was the intention that ratepayers should not pay for services which benefit only a few individuals.

In response to a question from a member regarding public consultation of what the dog

registration fee was utilised for, the Director Environmental and Sustainability advised all reports concerning the dog park explained that dog registration fees would be used to fund it.

Members discussed whether expenditure on Naenae Pool should be included in the Annual Plan or deferred for a year and on the community consultation results that 75% of respondents agreed with a 3.8% rates increase.

Mayor Barry expressed support for option 1. He believed the community consultation indicated the community was supportive of the direction of Council. He noted three quarters of the proposed rates increase was attributed to Three Waters.

Cr Briggs expressed support for option 1 and retaining Naenae Pool funding in the budget as the project would support all businesses in Naenae.

Cr Sutton expressed opposition to option 1. She believed additional work could have been undertaken to reduce the proposed rates rise even further. She asked that the proposed IT upgrading be postponed and the community engagement budget be reduced to zero with all such works being carried out in-house.

Cr Bassett warned that repercussions from the Covid-19 epidemic were still to be felt. He expressed concern with the proposed 3.8% rates increase.

Cr Brown expressed support for option 1 as it provided balance whilst ensuring post Covid-19 recovery could occur and basic services could continue. She added that further review of Council operations in the coming year was welcomed. She thanked Mayor Barry for lobbying central government to change the way rates were based on property values.

Cr Hislop noted that the Three Waters made up the bulk of the proposed 3.8% rates increase and that represented essential work. She expressed sympathy for those residents for whom a large rates increase would occur due to an increase in property values. She believed option 1 was the best option for the City overall.

Cr Dyer expressed support for option 1 as to not increase the rates by a small amount now would cause larger problems in the future.

Cr Milne expressed concern over the inclusion of spending on the Naenae Pool. He stated to do so would be locking in operational spending which would make a loss every year. He expressed opposition to a 3.8% rates increase.

Cr Edwards expressed support for option 1 as it was a responsible rates increase servicing core infrastructure which was what the public requested should occur.

Cr Rasheed expressed opposition to a 3.8% rates increase as she warned the true impact of the Covid-19 pandemic was yet to emerge. She believed it was not the right time to be increasing the rates.

Cr Mitchell expressed support for a 3.8% rates increase. He noted the expanded Rates Relief Policy could be of benefit to many. He acknowledged Cr Rasheed's comments concerning Covid-19.

Deputy Mayor Lewis expressed support for option 1 especially as it ensured core infrastructure would continue to be serviced. She believed a zero rates increase would negatively affect the city.

Mayor Barry thanked officers involved in work to date on the draft budget. He noted it represented a significant amount of savings and that all information presented and decisions made had been carried out in a transparent way.

RECOMMENDED: (BY DIVISION) (Mayor Barry/Cr Dyer) Minute No. LTPAP 20413
"That the Subcommittee recommends that Council retains the rates increase (3.8%) at the same level as the Draft Annual Plan."

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

For

Mayor Barry
 Deputy Mayor Lewis
 Cr Briggs
 Cr Brown
 Cr Dyer
 Cr Edwards
 Cr Hislop
 Cr Mitchell
 Cr Shaw

Total: 9

Against

Cr Bassett
 Cr Milne
 Cr Rasheed
 Cr Sutton

Total: 4

The meeting adjourned at 4.28pm and reconvened at 4.51pm.

Cr Bassett left the meeting at 4.55pm.

The motion was taken in parts. Parts (i)-(xiii) were CARRIED on the voices.

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| RECOMMENDED: (Mayor Barry/Cr Briggs) | Minute No. LTPAP 20414 |
| <p><i>"That the Subcommittee recommends that Council:</i></p> <ul style="list-style-type: none"> <i>(i) receives the information;</i> <i>(ii) notes Council's proactive response to Covid-19 with a wide range of initiatives delivered to support the Lower Hutt community;</i> <i>(iii) notes the financial impact of Covid-19 on the 2019/20 financial results is an approximate net impact of \$3 million and that there are further related financial risks and uncertainties in 2020/21;</i> <i>(iv) notes that Council agreed on 9 April 2020 not to progress the Amendment to the Long Term Plan due to the Covid-19 pandemic;</i> <i>(v) notes that Council approved on 7 May 2020 an "Emergency Budget" Draft Annual Plan 2020/21 for public engagement, which included a proposed rates revenue increase of 3.8%;</i> <i>(vi) notes that the "Emergency Budget" with the reduced rates revenue as directed by Council included \$3 million of operational savings;</i> <i>(vii) approves the proposed list of budgets being carried over from 2019/20 to 2020/21 and future years, attached as Appendix 2 to the report; and</i> <i>(viii) endorses the 2020/21 known budget updates and changes detailed in table 2 contained in the report."</i> | |
| RECOMMENDED: (Mayor Barry/Cr Mitchell) | Minute No. LTPAP 20415 |
| <p><i>"That the Subcommittee recommends that Council:</i></p> <ul style="list-style-type: none"> <i>(ix) considers the budget matters as detailed in tables 3 and 4 contained in the report and agrees the following budget changes for the final Annual Plan 2020/21:</i> <ul style="list-style-type: none"> <i>a) increase Technology Valley \$45,000 (opex);</i> <i>b) increase Te Whiti Park \$600,000 (capex);</i> <i>c) increase Stokes Valley Community Hub \$115,000 (opex);</i> <i>d) reduce revenue relating to Building Act changes \$200,000;</i> <i>e) reduce parking and infringement revenue \$700,000;</i> <i>f) increase Wainuiomata Sportsville Funding \$50,000 (opex); and</i> <i>g) reduce Museum revenue \$75,000 (opex)."</i> | |
| RECOMMENDED: (Mayor Barry/Cr Briggs) | Minute No. LTPAP 20416 |
| <p><i>"That the Subcommittee recommends that Council:</i></p> <ul style="list-style-type: none"> <i>(x) endorses the proposed changes to the fees and charges included in the Draft Annual Plan;</i> <i>(xi) notes the long term projected debt shows that debt will exceed the limits set in the financial strategy from 2022/23 onwards, refer graphs 2 and 3 contained in the report; and</i> | |

(xii) 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."

Mayor Barry reiterated that the Covid-19 pandemic situation had resulted in a significant change to the originally proposed budget. He explained he had visited many businesses since Level 2 and was aware of the many difficulties each business sector faced. He believed the proposed budget struck a balance between lessening the impact on communities whilst ensuring significant projects progressed. He thanked the efforts of mana whenua, iwi and officers for the partnerships formed and collaborative workings undertaken. He anticipated that these would strengthen over time. He warned that there would be difficult decisions next year as the Covid-19 recovery would be ongoing. He believed further adjustments would be necessary as challenges and opportunities were met.

Cr Briggs thanked Mayor Barry for his leadership and the officers involved in formulating the proposed budget.

RECOMMENDED: (Mayor Barry/Cr Hislop)

Minute No. LTPAP 20417

(xiii) "That the Subcommittee recommends that Council approves a rates revenue increase of 3.8% in the "Emergency Budget" Annual Plan 2020/21, noting that there is an allowance for additional rates revenue of approximately 1% from growth in the city's rating bases, as a result of new builds and property investment."

14. QUESTIONS

There were no questions.

Cr Brown closed the meeting with a closing Karakia.

There being no further business the Chair declared the meeting closed at 5.05pm.

Mayor C Barry
CHAIR

CONFIRMED as a true and correct record
Dated this 28th day of July 2020

Mayoral Statement - 18 June 2020

Introduction

Kia ora koutou, and good morning.

Annual Plan and emergency budget

As everyone will know, today we will agree on the final 2020/2021 Annual Plan.

It has been quite a journey to get here. In some ways, it has been our “second go” at our Annual Plan, after it became clear that COVID-19 meant we could not continue with business as usual.

Earlier in the year, we had originally signalled a rates rise of 7.9 per cent. Following today’s meeting, we’re likely to land at an average rates increase of about half of that.

I would like to take a moment to acknowledge the hard work of officers to re-work the draft annual plan. It has been no small feat, but one which I view as having been necessary for the people we’re here to serve and represent.

Our Annual Plan and Emergency Budget is about three things - getting back to basics, tightening our belt, and getting us through

We know this a tough and challenging time for people right across our community. This means we have to strike a careful balance, between investing in the core infrastructure and services we need, as well as scaling back some of our plans to provide relief to our people.

It would be unwise for example to put the handbrake on all investment, and to add to economic challenges we’ll face locally in the coming months.

I’m particularly pleased to see about two thirds of the proposed rates increase will go towards much needed investment in our water infrastructure.

We were told at the start of this year we need to double our investment in our water infrastructure in the next decade.

The best time to start that investment was yesterday. However, I’m glad we’re making a start in the coming months heading into our new Long Term Plan where I’m sure we’d like to further prioritise this important infrastructure.

What our community said

I’m heartened by the response we had to the consultation on our draft Annual Plan.

Over two thirds of submitters agreed with Council’s approach, or felt that our rates increase should be higher.

This reflects, I think, the understanding that our Council needs to get real about the increased investment needed in core infrastructure and services.

Let's be clear though, the mandate we have isn't about funding more 'nice to haves', but on the fundamental things which makes our communities and our city thrive.

Of course we need to be mindful that rates are an extremely blunt instrument, and will hit some communities harder than others.

As we all know, much of the rates rise our residents will see has to do with the increase in capital value of their properties over the past three years.

What this means is that we have to be able to strongly justify every dollar of the rates increase, and be careful stewards on behalf of our community.

As a Council, we need to be absolutely focused on getting the basics right, demonstrating the value of our services, and building trust and confidence in our ability to manage the city's finances.

Our COVID-19 response generally

Of course today is about signing off our final Annual Plan - but I also think it's worth mentioning some of the initiatives and work we've progressed in the meantime.

Our complete focus has been on working alongside our communities to recover from the COVID-19 pandemic.

On rates, this has meant being flexible and open to alternative payment options and introducing a new rates postponement scheme to support those people and businesses facing hardship.

For businesses it has meant working closely with the Hutt Valley Chamber of Commerce to provide advice and support to businesses across the Hutt.

For community organisations, we established the Community Resilience Fund, which has contributed over \$22,000 so far to initiatives that are making an important difference locally.

And for sports and rec groups, we've provided lease relief where facilities are on reserve land, as well as a one-off payment of \$500 to eligible groups to support them through this tough time.

There will of course be more to do, but I'm proud of our response locally to date.

Looking ahead

As I've said already, we know this a tough and challenging time for our people.

While we've been successful in our health response, our major focus now and in the coming months will be on the economic recovery required.

For us, it means looking at things we can do to enable businesses to get back on their feet. Some of those things may be small, like our recent decision to waive charges for outdoor seating.

The biggest piece of feedback I've received though, is continuing to give confidence to people and businesses locally. If Council continues to invest, we're in turn helping local businesses to invest too.

We're also looking, where we can, to procure local goods and services to ensure the money we spend gets returned to Lower Hutt and back into local supply chains.

Conclusion

I'm looking forward to getting stuck in today, and making important decisions for our city's future.

I'll now hand over to our Chief Executive to make a brief statement.

Chief Executive's Statement to Council 18 June 2020

Covid-19

Since Council's last meeting New Zealand moved into Alert Level 1 effective midnight on 7 June. Council facilities and services are back to business as usual. We are:

- using the [COVID-19 alert system](#);
- implementing contact tracing methods with QR codes at all of our facilities to help people keep a digital diary of their movements;
- cleaning and decontaminating hand rails, elevator buttons, eftpos machines, and public facing areas; and
- communicating our preference for cashless transactions.

Our two recovery managers, Helen Oram and Andrea Blackshaw, continue to play an important part of the collective response to recovery across the region and for our city.

As the last 48 hours has shown us we need to be kind to each other and ensure we are following the government's advice on hygiene and staying home if you're not feeling well. I'm continuing to work on how Council as an employer can offer more flexible work options. New guidelines on how we're working at Alert Level 1 have been developed.

Corporate Leadership Team

I'm pleased to advise that two of our new Directors Anna Welanyk Director of Transformation & Resources, and Kara Puketapu-Dentice Director Economy & Development started on 2 June and were welcomed with a Pōwhiri in Council Chambers attended by the Mayor, Deputy Mayor and a small group of supporters due to Covid-19 restrictions in place at the time.

Kara and Anna join Andrea Blackshaw Director Strategy and Engagement and Helen Oram Director Environment and Sustainability. The full Corporate Leadership Team is not yet in place as we continue to work through the immigration process with Chris Marsh, who is planning to join us from the UK as Director Neighbourhoods & Communities. In the meantime an interim structure is in place.

I am pleased to advise that Matiu Jennings has accepted the role of Kaitātari Tumuaki Māori and will be starting with us on Wednesday 24 June. This role is an integral part of the wider leadership team.

Rates Help

As part of our response to Covid-19 Council took steps to ensure ratepayers had many options for paying their rates including the implementation of a new rates postponement policy.

We are continuing to encourage anyone facing financial difficulty to get in touch with us. As a result of this, almost 84 property owners to date have had rates penalties waived and over 250 ratepayers have had their property put into a special non penalty rates grouping. We are continuing to work with this group to provide assistance with payment plan options to enable their rates to be paid in an agreed timeframe. In addition to the above, we delayed the rates penalty in relation to the April instalment to 6 May to give ratepayers who were unable to meet the payment due date, additional time to do this or to make contact with us. We will continue to delay penalties for the

upcoming 20 June payment and we also continue to ask that anyone unable to pay makes contact with us so they are not penalised.

Draft Annual Plan

I would like to acknowledge all the staff who have worked at pace on the budget and engagement for the Annual Plan. This has been a big effort in a very short space of time. The culmination of this work is before you today.

Rubbish and recycling

I'm pleased to confirm that the tender date for rubbish and recycling services has now closed and we have received a healthy number of tenders that cover both rates-funded and non-rates-funded options. The tender evaluation is proceeding as planned. In tandem we have sent the draft consultation document and LTP amendment document to the external auditor. The final decision as to whether a rates-funded, or pay as you throw, or any other option chosen for the city is absolutely a decision for council to make post the statutory consultation period of 30 days.

We are working with MBIE's probity adviser alongside our consultants, Morrison Low, and that waste operators are fully able to make submissions to that consultation alongside rate payers and any other interested parties.

Homefit

As much as 40% of the Wellington region's housing is damp or mouldy. 1 in 5 hospitalisations of young children (0-2 years) with acute respiratory infections could be prevented if their houses were free from damp and mould.

The Director of Environment & Sustainability is working with the Regional Healthy Homes Group to make improvements in the quality of Lower Hutt houses. New Zealand Green Building Council's Homefit tool helps house owners understand potential improvements to their homes, and provides them with recommendations for professionals who can help them.

Homefit certificates are also used as a tool in the purchase of homes; ensuring that potential homeowners are fully aware of the state of the house they are purchasing. You will no doubt be aware of the Homestar tool, which is the NZGBC standard for new builds.

I'm pleased to report that we are the first Council in NZ to put Homefit and Homestar certificates on our LIMs. This has been progressed by the Director of Environment and Sustainability through her work on the Regional Healthy Homes Group.

Indigenous Biodiversity

Council launched a scheme to support private landowners wanting to protect and improve indigenous plant and animal habitats on their land. Council has put aside \$450,000 over three years to help landowners with activities ranging from weed and pest control through to extensive regeneration of indigenous vegetation. The grants scheme was designed in collaboration with a range of Lower Hutt landowners. Applications for the first funding round opened on 15 June.

Sustainability

Members will have noted our press release on a reduction of greenhouse gases over the period 2001 to 2019. Gross greenhouse gas emissions (GHG) are down by 11% across Lower Hutt and there has been a 19% drop in emissions on a per capita basis. This research helps to inform our work towards zero carbon emissions by 2050 (or earlier).

This week we received a presentation from Jonathan Linders, our energy advisor, who started with Council in February this year. This position is jointly funded with EECA (Energy Efficiency & Conservation Authority). Jonathan reported on his work undertaking an inventory of energy metres across council facilities which has resulted in savings to date of \$6.5k and his work on electricity distribution charges which is going to save Council around \$62K. Energy related savings of \$14k have also been made by installing a cover on McKenzie pool. Initiatives like this not only make immediate savings but allow Council to bed in savings over the long term.

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8th June 2020

Jo Miller CEO Hutt City Council
Lower Hutt Council Office
By Email

Dear Jo

I hope this letter finds you well and you are managing under the challenges imposed on all of us by the COVID 19 virus.

I am writing to you today regarding Queensgate Shopping Centre's ('Queensgate') submission on Hutt City Council's ('HCC') Draft 2020 Annual Plan. I understand the Annual Plan is currently being considered by HCC under urgency due to COVID 19. I congratulate Council on planned initiatives to reduce costs and therefore reduce the overall rates bill increase from 7.9% to 3.8.% to protect ratepayers in this difficult time. However, as you will appreciate, we are very concerned and disappointed with the proposed rating treatment of Queensgate under the tabled Option 1 which in effect would see Queensgate retailers paying a disproportionate share of the business rate. The effect of the HCC's current proposed Option 1 would result in Queensgate having a rates differential at a level that is 25% higher than other commercial properties classified as business central. We have no choice but to take the necessary steps to look after the Centre's 138 retailers who have been hit incredibly hard by the effects of the shut down and prior to this with the earthquake in 2016. Our legal advisors, Russell McVeagh have identified legal concerns regarding Council's proposed Option 1 in our submission and it would be unfortunate if matters needed to be escalated on this front.

I appreciate that you have been in the CEO role for less than a year and may not have the history on Queensgate. I thought it might be useful to outline recent events and their impact on the Centre.

Diversified NZ Property Trust (DNZPT), which is 98% funded by pension funds with the remaining 2% interest held by Stride Property Limited, purchased the Centre on 22 August 2016 and Stride Investment Management (Stride) took over the management of the Centre from that date.

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Less than three months later, on 14 November 2016, the Kaikoura earthquake struck affecting many properties in the Greater Wellington region, including Queensgate. Queensgate was initially closed for approximately 11 days, while the damage was assessed, and some minor repairs undertaken to all but one building at the Centre. HCC engineers assessed the earthquake damage to the Zone D building incorporating the cinema and car park on the corner of Bloomfield and Waterloo. Based on HCC engineer's advice, HCC Council issued a S129 notice requiring the immediate demolition of the building.

Due to the location of the Zone D building, approximately half of Queensgate remained closed during the demolition due to the risk of a collapse of the structure. Approximately half of Queensgate's retailers remained closed for nearly 5 months, and as you can imagine this had a devastating impact on these businesses and some were unable to reopen.

As you will be aware, DNZPT has elected to rebuild the Cinema and carpark building with a significantly improved urban design outcome and at a very significant cost of over \$109m. I understand it is the single largest commercial property investment undertaken in the city for many years. Having made this investment, and by extension shown our commitment and support to the city, it seems to us entirely inequitable to single out Queensgate with a unique rating differential. It would also result in us carefully considering any future investment in the city.

Leaving aside the lost business following the earthquake, the Centre continues to trade under less than ideal conditions with significantly reduced parking due to the effects of the construction activity in Zone D. For our retailers to be targeted again under proposed Option 1 loads yet more burden at a time when they are facing severe challenges following the COVID19 lockdown.

Our property team would appreciate an opportunity to talk to you to see if we can establish a mutually acceptable solution to the issues raised in the submission.

Yours sincerely

Philip Littlewood
CEO Stride Investment Management
On behalf of the Diversified New Zealand Property Trust