

HUTT CITY COUNCILLONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Minutes of a meeting held in the Council Chambers,  
2nd Floor, 30 Laings Road, Lower Hutt on  
Thursday 24 September 2020 commencing at 2.00pm

---

PRESENT:

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 N Shaw	Cr L Sutton

APOLOGIES:

Cr S Rasheed

IN ATTENDANCE:

Ms J Miller, Chief Executive  
Ms A Blackshaw, Director Neighbourhoods and Communities  
Ms H Oram, Director Environment and Sustainability (part meeting)  
Ms A Welanyk, Director Transformation and Resources  
Mr K Puketapu-Dentice Director, Economy and Development (part meeting)  
Mr M Boggs, Director Strategy and Engagement  
Ms J Livschitz, Chief Financial Officer  
Mr B Cato, Chief Legal Officer (part meeting)  
Ms W Moore, Head of Strategy and Planning  
Mr B Hodgins, Strategic Advisor  
Mr J Gloag, Head of Transport  
Mr M Sherwood, Head of Parks and Recreation  
Ms C Ellis, Senior Communications Advisor  
Ms K Stannard, Head of Democratic Services (part meeting)  
Mr D Koenders, Manager, Financial Strategy and Planning  
Mr J Pritchard, Principal Research and Policy Advisor  
Ms H Stringer, Financial Transaction Services Manager  
Ms A Andrews, Business Analyst - Rates and Finance  
Mr J Scherzer, Sustainability and Resilience Manager  
Mr J Linders, Energy Advisor  
Ms K Glanville, Senior Democracy Advisor  
Ms H Clegg, Minute Taker

PUBLIC BUSINESS

**OPENING FORMALITIES - KARAKIA TIMATANGA**

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>

**1. APOLOGIES**

<b>RESOLVED:</b> (Mayor Barry/Cr Brown)	<b>Minute No. LTPAP 20501</b>
<i>"That the apology received from Cr Rasheed be accepted and leave of absence be granted."</i>	

**2. PUBLIC COMMENT**

There was no public comment.

**3. CONFLICT OF INTEREST DECLARATIONS**

There were no conflict of interest declarations.

**4. RECOMMENDATIONS TO COUNCIL - 8 December 2020**

- i) The strategic context and key assumptions for the City Plan and Long Term Plan 2021 - 2031 (20/901)

The Head of Strategy and Planning elaborated on the report. She was confident that all the key assumptions from an Elected Members hui held recently had been encapsulated in the report. She added that the three lenses of climate change, equity and financial sustainability had been recognised.

In response to a question from a member, the Director Economy and Development advised bullet point 2 of paragraph 5 of the officer's report should have the word "tino" deleted while retaining the word "rangatiranga". This translated to self determination.

In response to a question from a member, the Head of Strategy and Planning advised the city did not currently have a City Plan. She said four key strategies: Urban Growth; Leisure and Recreation; Environment; and Infrastructure formed an integrated vision for the city. She explained a City Plan was forward thinking and the proposed City Plan would cover 30 years from 2024. She advised it would be reviewed every three years in line with the Long Term Plan (LTP) and could be "tweaked" if necessary.

In response to questions from a member, the Head of Strategy and Planning advised the existing four strategies fed into the City Plan. She said that ideally there should be a small number of high level strategies, with many plans for implementation emerging from them. She added this approach enabled Council to present a coherent, longer term direction to the community, and would provide the flexibility to deliver that direction. She further advised that this approach also ensured the impact of a decision on all four strategies could be easily evaluated, resulting in fully transparent decision making. She noted that once the City Plan was adopted, all reports to Council would reflect on it.

In response to a question from a member, the Head of Strategy and Planning advised Council's Strategy and Planning team were working closely with Council's District Plan Review team, to ensure the City Plan and the Lower Hutt District Plan used the same aspirations and visions. She advised the first step of the City Plan would be to consult with mana whenua.

**RECOMMENDED:** (Mayor Barry/Deputy Mayor Lewis)

**Minute No. LTPAP 20502**

*"That the Subcommittee recommends that Council:*

- (i) *notes the strategic context for the development of the City Plan and the Long Term Plan 2021-31;*
- (ii) *agrees the key directions, assumptions, and priorities;*

- (iii) *agrees these key directions, assumptions, and priorities will underpin:
  - (a) *the planning, strategy and policy documents that make up the 2021 -31 Long Term Plan; and*
  - (b) *all future planning, strategy and policy development;**
- (iv) *establishes a working group to provide ongoing guidance on the Long Term Plan consultation document and questionnaire to allow this to be submitted for typesetting by February 2021; and*
- (v) *agrees that the membership of the working group be Mayor Barry, Deputy Mayor Lewis, Cr Edwards and Cr Hislop."*

For the reasons:

Having agreed to develop a thirty plan for the city, the 2021-31 Long-Term Plan process is Council's first opportunity to begin setting the strategic direction and priorities for Lower Hutt. It is an opportunity to consider global trends and local implications, and to develop our thinking about the kind of city we should be.

Agreeing the direction and priorities will help inform Council's engagement with citizens on the LTP and its thirty year plan.

ii) Long Term Plan 2021-2031, Financial aspects (20/988)

Mr Philip Jones from PJ & Associates was in attendance for the item.

The Chief Financial Officer elaborated on the report.

In response to a question from a member, the Head of Parks and Recreation advised that the first three weeks of the summer pool openings attracted approximately 1,000 patrons to each outdoor pool. He noted that the Wainuiomata Pool reached figures between 1,500 and 2,000. He confirmed it was these first three weeks of opening that were proposed to be discontinued.

In response to a question from a member regarding Council's credit rating, the Chief Financial Officer advised officers were not proposing any action that would compromise the current credit rating level.

In response to a question from a member regarding the funding for the Naenae Pool, the Chief Financial Officer advised the \$54M capital cost included the central government 'Shovel Ready' grant of \$27M. She added the \$54M cost was still being finalised.

In response to questions from members regarding the Akatawara Cemetery, the Strategic Advisor advised the capital cost of any developments was split 75/25 between Council and Upper Hutt City Council (UHCC). He said this was based on the number of interments from each local authority area. He confirmed that UHCC had agreed to pay their 25% share and covered all operational costs.

In response to questions from a member regarding the results of the Productivity Commission's report, the Chief Financial Officer acknowledged the findings of the report. She said a number of the recommendations contained in the report were not relevant as it had not been written specifically for Council. She added that it was a source of information that officers had referred to when drafting the report. Mr Jones advised many of the recommendations of the Productivity Commission's report required changes to be made to the Local Government Act and the Local Government (Rating) Act in order for them to be implemented. He explained the two acts were currently written on the basis of public good, rather than for user pays. He stated that recent case law validated that rates were a form of tax on property values.

In response to questions from a member regarding how the 30% cap operated, Mr Jones advised it was a cap on uniform annual charges (fixed charges).

In response to a question from a member regarding the status of the Emergency Budget, the Chief Executive advised that items were permanently removed from the budget. She said if items were to be

reinstated that there would be cost implications. She added that no removed items had led to unmanageable situations or implementation.

In response to questions from members, the Head of Parks and Recreation advised reductions in the parks and reserves budgets were for some provisional works and did not affect core maintenance operations. The Chief Financial Officer advised the Eastern Bays Cycleway budget had been adjusted to align with the shovel ready funding and the altered timing of the project being brought forward.

The Chief Financial Officer advised the Homelessness Prevention budget would be carried over due to delays in implementation of the Homelessness Strategy. She said there were no changes proposed to the amount of monies within the budget, other than the standard assumption that all budgets would be adjusted for inflation. The Principal Policy and Research Advisor added that an increase in this budget may be required in the future.

The Chief Executive confirmed monies for major events were removed from the budget and that it was a decision of Council as to whether any monies were reinstated. She added that such action would result in a rates rise.

Cr Dyer expressed concern that the monies removed from the Emergency Budget could not be reinstated without implications.

Cr Brown supported the officer's recommendations. She added that she anticipated the budget and implementation for the Homelessness Strategy would need to be increased as the problem was growing at an exponential rate.

Cr Edwards expressed concern that the Three Waters requirements might add substantial amounts to the budget.

**RECOMMENDED:** (Mayor Barry/Cr Brown) **Minute No. LTPAP 20503**

*“That the Subcommittee recommends that Council:*

- (i) agrees the high level plan as detailed in table 2 outlined in the officer’s report;*
- (ii) endorses the proposed Financial Strategy principles to be included in the Draft Long Term Plan 2021-2031;*
- (iii) agrees the proposed changes to the Long Term Plan activity structure as detailed in Section D of the officer’s report;*
- (iv) agrees the proposed Long Term Plan revenue assumptions as detailed in the Section E of the officer’s report;*
- (v) agrees the proposed Long Term Plan operating and capital expenditure assumptions as detailed in Section F of the officer’s report;*
- (vi) agrees the proposed change to the debt to revenue limit to be included in the Long Term Plan, as detailed in the officer’s report in table 8; and*
- (vii) endorses the budget matters as detailed in table 9 of the officer’s report in the preparation of the Draft Long Term Plan 2021-2031.”*

iii) Revenue and Financing Policy review (20/863)

Mr Philip Jones from PJ & Associates was in attendance for the item.

The Chief Financial Officer elaborated on the report.

The Manager, Financial Strategy and Planning advised key adjustments included: proposing to increase fees for building and resource consents to recover 80%-100% of costs and proposing to increase animal control fees to cover 60%-80% of costs. He added that changes were proposed to the rural rating system so that definitions would be aligned with those contained within the Lower Hutt District Plan.

The Manager, Financial Strategy and Planning outlined the advantages and disadvantages of each rates differential system proposed (differential multiplier and fixed percentage). He added the fixed percentage approach could be confusing for ratepayers as the amount of rates changed each year.

The Financial Transaction Services Manager explained that Council was the only local authority in the region to have six rate instalment cycles. She added that most local authorities used quarterly rate instalment cycles. She outlined the advantages and disadvantages of reducing the number of instalments. She said that a thorough education programme would be required if the number of rate instalments was reduced.

In response to questions from members, the Financial Transaction Services Manager advised monthly direct debit arrangements would continue if the instalment cycle was changed. She explained that current legislation prevented postage charges being added onto the rates invoices that were posted. She added that incentives could be offered for those ratepayers opting to receive their invoice via electronic mail. She confirmed any changes could be rolled in over a two year period and that the rates invoice would need to be redesigned.

In response to further questions from members, the Financial Transaction Services Manager confirmed the rates rebate would still be available if the rates instalment cycle was altered. She highlighted that the estimated \$44,000 in printing savings was an annual saving.

In response to questions from a member, Mr Jones advised that detailed analysis would occur over the next month, based on the direction provided by members. He said this would include further details on the rates differential and multiplier effect options and would be reported to the 27 October 2020 meeting. He confirmed that a percentage allocation of rates would provide flexibility in the system. He said if the overall number of businesses reduced, the remaining businesses would experience a rates increase.

In response to further questions from members, Mr Jones advised that

---

the assumptions and rating systems should be reviewed every three years, in line with the Long Term Plan (LTP) cycle. He explained that a fixed percentage option could level out any drastic rate increases due to revaluations however, would not eliminate them. He confirmed that the current process was a complete review of the rating system.

In response to a question from a member regarding the alignment of the revaluations cycle and the LTP cycle, the Financial Transaction Services Manager advised it was possible to align the two cycles. She said it would require an additional revaluation cycle as they were legally required every three years. The Chief Financial Officer advised this matter would be reported back at a future meeting.

In response to members' questions, the Manager, Financial Strategy and Planning confirmed the Transition Policy would allow changes to be made to the rural rating system. Mr Jones reiterated that details would be provided for all options to better understand how proposed changes could affect different types of properties.

In response to a question from a member, the Chief Executive advised building and resource consent fees were already charged at a percentage allocation. She noted that any changes would be in line with the proposed new Policy Framework.

**RECOMMENDED:** (Mayor Barry/Cr Edwards) **Minute No. LTPAP 20504**

*"That the Subcommittee recommends that Council:*

- (i) notes that as part of the preparation of Draft Long Term Plan 2021-2031, that the Revenue and Financing Policy is being reviewed;*
- (ii) endorses the proposed approach to the review of the Revenue and Financing Policy as detailed in Section C contained in the officer's report;*
- (iii) endorses the proposed 'Funding Needs Analysis' section of the Revenue and Finance Policy section, attached as Appendix 1 to the report;*
- (iv) notes this 'Funding Needs Analysis' will underpin further work to be undertaken in relation to setting fees, rates and other funding sources for the Long Term Plan 2021-2031 and in future years; and*
- (v) notes the work completed to date on updates to the Revenue and Finance Policy."*

The meeting adjourned at 3.36pm and resumed at 3.50pm.

iv) Rating Policy Review (20/989)

Mr Philip Jones from PJ & Associates was in attendance for the item.

In response to questions from members, Mr Jones advised there was little Council could do to address affordability of rates as rates were based on gross wealth and not the ability to pay. He said if a large proportion of rates were a fixed fee, this could help to minimise the impact of significant revaluation increases. He added that fixed fees disadvantaged many. He further advised that there was no legal mechanism whereby the properties experiencing small rates rises had their rates amount increased to effectively subsidise those properties experiencing significant rate increases. He added such a system would require each individual property to have a differential rate.

In response to further questions from members, Mr Jones advised the current rates differential system resulted in the residential group paying proportionately more in rates than in 2010.

In response to questions from a member, the Manager, Financial Strategy and Planning advised any proposed changes to the rating system would need to go through consultation. He added that targeted consultation would also be undertaken especially with regards to rural properties. The Chief Financial Officer added that transitional changes could also be proposed. The Manager, Financial Strategy and Planning highlighted the map contained in Attachment 5 of the report. He said there was a mix of privately owned rural properties and ones owned by Greater Wellington Regional Council. He further added that officers were working with the District Plan review team with regards to any proposed changes to zonings.

Mayor Barry foreshadowed his intention to move four new recommendations to replace recommendations (x)-(xi) outlined in the officer's report. He confirmed the new recommendation (xi) percentages were in addition to the existing 62% and 63% investigations.

Cr Mitchell requested that officers provide reasons for a preferred option at the next meeting. Mayor Barry reminded members the system would be reviewed every three years, and that there was no expectation officers would be providing detailed analysis of every option.

Cr Milne expressed concern that there was not sufficient information to fully understand all the implications of a percentage rates methodology. Mayor Barry advised that the discussion by members would provide officers with a directional steer and was not a final decision.

Cr Dyer and Cr Edwards expressed concern with a reduction in rates instalment frequency, adding that they would prefer incentives to move ratepayers to online methods of payment. The Chief Financial Officer confirmed that public feedback would be sought on reducing the frequency of instalments.

Cr Briggs expressed support for the recommendations.

The Chief Financial Officer advised the frequency of rates instalments could be revisited at a later date. She said mechanisms to encourage ratepayers to opt into the direct debit and electronic invoicing options would be investigated in the meantime.

Cr Mitchell reminded members that the total amount of rates to be paid would remain the same, regardless of the frequency of invoicing. He supported a percentage of rates methodology as it helped to level out rates increases due to revaluations.

Cr Dyer requested that more options be explored, including universal annual charges and more targeted rates.

Members discussed the removal of recommendations (xii) and (xiii) in the officer's report relating to the frequency of the rates instalments per annum.

Mayor Barry thanked officers and Mr Jones for their work on this matter.

**RECOMMENDED:** (Mayor Barry/Cr Edwards) **Minute No. LTPAP 20505**

*“That the Subcommittee recommends that Council:*

- (i) notes that rates affordability is a key consideration in the Council’s Financial Strategy, as detailed in Section A contained in the report;*
- (ii) notes that in approving the rating policy in the Annual Plan 2020/21, Council agreed to a rates policy review being undertaken from a first principles approach, as part of the Long Term Plan (LTP) 2021-2031;*
- (iii) notes that the rates policy will be consulted on a part of the Draft LTP 2021-2031 process, with relevant details included in the Revenue and Financing Policy and the Rates Funding Impact Statement;*
- (iv) notes the overall approach to the rating review as outlined in Section C contained in the report;*
- (v) agrees that there is to be no change to Council continuing to set general rates based on the capital value of properties, refer Section E contained in the report;*
- (vi) agrees that there is no change to targeted rates, apart from those changes relating to refuse and recycling, refer Section F contained in the report;*
- (vii) agrees that a Uniform Annual General Charge is not implemented, refer Section G contained in the report;*
- (viii) agrees in principle that the Community Facilities differentials and related rates remission policy continue unchanged, refer Section H contained in the report;*
- (ix) agrees in principle to progressing changes to rural rates to align with the District Plan rural activity description, refer Section I contained in the report;*
- (x) having considered the method of setting general rates differentials as contained in Section J of the report, directs officers to further develop options to support its preferred option of using a percentage of rates methodology, as compared with a multiplier methodology;*
- (xi) requests officers to develop options which would see the residential share of rates at 60%, 58% and 56%, with options around staging any changes over time;*
- (xii) having considered the options to change general rates differentials as contained in Section K of the report, requests officers to further develop options of merging differentials for Business Central and Business Queensgate;*
- (xiii) having considered the options to change general rates differentials as contained in Section K of the report, requests officers to further develop options of removing the differential for Business accommodation, by merging into either Business Suburban or Business Central depending on location; and*
- (xiv) notes that officers will report back to the Subcommittee on 27 October 2020 with further analysis and advice in relation to rating policy review.”*

v) Development Contributions Policy Review (20/909)

Mr Philip Jones from PJ & Associates was in attendance for the item.

The Head of Strategy and Planning elaborated on the report. She explained that development contributions were a funding tool available under the Local Government Act to assist with growth and infrastructure.

In response to questions from members, the Head of Strategy and Planning confirmed that projects which had qualified for the Development Package and had yet to take it up, were still able to use the incentive. The Chief Financial Officer advised there was no time limit on those qualifying projects to use the incentive.

In response to a question from a member regarding what development contributions could be used for, the Chief Financial Officer explained it was a complicated system of allocation, and that monies could not be allocated to reserves. She added if roads were included in a development then monies could be used to assist in the maintenance of these. She advised detailed plans of each development were required and that this was an area officers were looking at improving to ensure robust information was provided with each development application.

The Director Environment and Sustainability advised the Resource Management Act provided for reserves fund contributions to be taken for each qualifying development.

In response to questions from a member regarding possible targeting of a development contribution to a specific geographical area, the Chief Financial Officer advised the contributions were linked to a catchment. She added all infrastructural costs for a specific catchment were totalled and divided up amongst the known developments within the catchment. The Head of Strategy and Planning added that development contributions could be taken to pay for infrastructure that was generated by a new development. She further added that incentives to use water sensitive designs, for example, could be discussed at the initial stages of a development.

In response to questions from a member regarding how development contributions were paid, the Head of Strategy and Planning advised that the contribution was charged and paid for prior to consent being issued. Mr Jones advised the Special Purpose Vehicle provisions applied to developments in excess of 200 lots, and provided for Council to levy each lot for a portion of the total development contribution.

**RECOMMENDED:** (Mayor Barry/Cr Mitchell) **Minute No. LTPAP 20506**

*"That the Subcommittee recommends that Council:*

- (i) notes that Wellington Water Limited has indicated that significant investment is required to support forecast growth in Lower Hutt;*
- (ii) notes that economic incentive remissions package for development contributions have ceased and that consequently, all new developments now pay full development contribution charges;*
- (iii) agrees in principle to:*
  - a. expand growth planning and capacity life horizons for the Development Contributions Policy to 30 years;*
  - b. retain the scope of activities funded by development contributions – water, wastewater, transport, and stormwater;*
  - c. retain a policy where 100% of the capital cost of providing growth related infrastructure for water, wastewater, transport, and stormwater are funded by development contributions; and*
  - d. introduce differentiated development contribution assessment rates for smaller residential units; and*
- (iv) agrees to update the Development Contributions Policy to be more user friendly and align it with best practice in the sector."*

- vi) Three Waters investment options for the 2021-31 Long Term Plan (20/1001)

Ms Julie Alexander (Group Manager Network Strategy and Planning), Ms Nichola Chisnall (Principal Advisor Asset Strategy) and Ms Andrea McDonald (Acting Manager Service Planning) from Wellington Water Limited (WWL) were in attendance for this item.

The Strategic Advisor elaborated on the report. He explained that officers recommended the mid option as it addressed the backlog in the network. He stated that even if the water reforms resulted in water assets not being owned by Council, it was prudent to identify all issues with the networks.

Cr Bassett said that it was likely that Council would be better recognised for the works undertaken now once the reform process was complete.

In response to questions from a member, the Strategic Advisor confirmed the report did not cover future water needs. He added the officer's report focused on reducing and restricting water use rather than investing in future infrastructure.

In response to questions from a member, the Chief Financial Officer advised further work was required to ensure any additional budget for water kept expenditure under the debt limit. She added that indicative rate increases outlined in the officer's report were averaged across both targeted and general rates.

In response to a question from a member regarding alternative options to water meters, the Strategic Advisor explained that research showed that water meters did immediately reduce water usage. He said that if a reduction in water usage did not occur soon investment in another reservoir at Kaitoke would be required. He added other monies had been allocated to investigating leakages, which could account for up to 20% of water usage. The Group Manager Network Strategy and Planning, WWL further added that water demand was a system wide issue with many factors involved eg water meters, education, District Plan policies, improvements to networks and leakage detection and repair. She noted that Greater Wellington Regional Council officers were currently working on a business case for water meters and the information would be available to Council shortly.

Mayor Barry foreshadowed his intention to move an additional recommendation (vi) to ask officers to undertake work to specifically consider affordability of the required investment and measures which alleviate the immediate impact on ratepayers.

Cr Briggs expressed support for the recommendations. He said this matter was a priority for the city, adding that if action did not occur

now, the situation would be far worse in the future.

Cr Bassett expressed support for the recommendations.

Mayor Barry advised there was a “trifecta” of issues: growth, underinvestment in infrastructure and an aging infrastructure. He thanked all involved for their work to date, which resulted in Council being fully informed of the situation.

**RECOMMENDED:** (Mayor Barry/Cr Briggs) **Minute No. LTPAP 20507**

*“That the Subcommittee recommends that Council:*

- (i) notes that Wellington Water Limited (WWL) has provided Council with two investment options (represented as low and mid), to consider for possible inclusion in the Long Term Plan 2021-31;*
- (ii) notes that both these options represent an overall increase in investment in both operational and capital expenditure to address identified key challenges, including;*
  - (a) the timely renewal of ageing infrastructure;*
  - (b) enabling growth;*
  - (c) reducing water consumption;*
  - (d) improving environmental water quality; and*
  - (e) reducing carbon emissions;*
- (iii) notes the information on the estimated rates impact of each option as detailed in paragraph 22 of the report;*
- (iv) notes that government funding Council is expected to receive as part of the financial package being made available through the reform process will help to offset some of the short term costs associated with the proposed increase in 3 waters expenditure;*
- (v) requests officers to work with WWL on preparing a modified mid option for further consideration; and*
- (vi) requests officers to undertake work as part of the Long Term Plan to specifically consider affordability of required 3 waters investments, and measures and strategies which alleviate the immediate impact on ratepayers.”*

## 5. QUESTIONS

There were no questions.

**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 the Chair declared the meeting closed at 4.53pm.

C Barry  
**MAYOR**

**CONFIRMED** as a true and correct record  
Dated this 8th day of December 2020