



KOMITI ITI MAHERE Ā- NGAHURUTANGA / MAHERE Ā-TAU LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

11 May 2022

Order Paper for the meeting to be held in the
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,
on:

Wednesday 18 May 2022 commencing at 9.30am

The meeting will be livestreamed on Council's Facebook page.
Members of the public wishing to speak to an item on the agenda are asked to contact
democraticserviceteam@huttcity.govt.nz

Membership

	Mayor C Barry (Chair)	
	Deputy Mayor T Lewis (Deputy Chair)	
Cr G Barratt		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		

For the dates and times of Council Meetings please visit www.huttcity.govt.nz

Have your say

[You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing \[DemocraticServicesTeam@huttcity.govt.nz\]\(mailto:DemocraticServicesTeam@huttcity.govt.nz\) or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY](#)

LONG TERM PLAN/ANNUAL PLAN SUBCOMMITTEE

Membership:	13
Ouorum:	Half of the members
Meeting Cycle:	Meets as required during the LTP and Annual Plan processes
Reports to:	Council

PURPOSE

To carry out all necessary considerations and hearings, precedent to the Council's final adoption of Long Term Plans (LTP) and Annual Plans (AP) which give effect to the strategic direction and outcomes set by the Policy, Finance and Strategy Committee through setting levels of service, funding priorities, the performance framework and budgets.

Determine:

- Development of a framework and timetable for the LTP and AP processes.
- The nature and scope of engagement and public consultation required.
- Statements to the media.
- Such other matters as the Subcommittee considers appropriate and which fall within its Terms of Reference.
- Informal engagement with the community, and the hearing of any formal public submissions.
- Consideration of submissions on Hutt City Council's Assessment of Water and Sanitary Services.

Consider and make recommendations to Council:

- Levels of service, funding priorities, performance framework, budgets, rating levels and policies required as part of the LTP or AP, excluding any policies recommended to Council by the Policy, Finance and Strategy Committee.
- Consultation Documents.
- Council's proposed and final LTP.
- Council's proposed and final AP.
- Final content and wording, and adoption of the final Hutt City Council Assessment of Water and Sanitary Services.

Note:

Extract from the Controller and Auditor General's October 2010 Good Practice Guide: Guidance for members of local authorities about the Local Authorities (Members' Interests) Act 1968

Appointment as the local authority's representative on another organisation

- 5.47 You may have been appointed as the authority's representative on the governing body of a council-controlled organisation or another body (for example, a community-based trust).
- 5.48 That role will not usually prevent you from participating in authority matters concerning the other organisation – especially if the role gives you specialised knowledge that it would be valuable to contribute.
- 5.49 However, you could create legal risks to the decision if your participation in that decision raises a conflict between your duty as a member of the local authority and any duty to act in the interests of the other organisation. These situations are not clear cut and will often require careful consideration and specific legal advice.
- 5.50 Similarly, if your involvement with the other organisation raises a risk of predetermination, the legal risks to the decision of the authority as a result of your participation may be higher, for example, if the other organisation has made a formal submission to the authority as part of a public submissions process.

HUTT CITY COUNCIL

**KOMITI ITI MAHERE Ā-NGAHURUTANGA / MAHERE Ā-TAU | LONG TERM
PLAN/ANNUAL PLAN SUBCOMMITTEE**

Meeting to be held in the Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt
on
Wednesday 18 May 2022 commencing at 9.30am.

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA TIMATANGA (22/1142)

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.*

2. APOLOGIES

Cr Rasheed

3. PUBLIC COMMENT

Generally up to 30 minutes is set aside for public comment (three minutes per speaker on items appearing on the agenda). Speakers may be asked questions on the matters they raise.

4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

5. **RECOMMENDATIONS TO TE KAUNIHERA O TE AWA KAIRANGI | COUNCIL - 18 May 2022**

- a) Feedback analysis of engagement on draft 2022-2023 Annual Plan (22/991)

Report No. LTPAP2022/2/94 by the Principal Advisor, Strategic and Business Planning

6

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be discussed."

- b) Potential Targeted Initiatives to Support Business Sector Significantly Affected by Covid-19 (22/981)

Report No. LTPAP2022/2/88 by the Head of Business and Economy

45

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be discussed."

- c) Progressing decisions for the final Annual Plan 2022-2023, Financial Aspects (22/1019)

Report No. LTPAP2022/2/89 by the Manager Financial Strategy & Planning

54

CHAIR'S RECOMMENDATION:

"That the recommendations contained in the report be discussed."

6. **QUESTIONS**

With reference to section 32 of Standing Orders, before putting a question a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

Kate Glanville
SENIOR DEMOCRACY ADVISOR

21 April 2022

File: (22/991)

Report no: LTPAP2022/2/94

Feedback analysis of engagement on draft 2022-2023 Annual Plan

Purpose of Report

1. The purpose of this report is to provide the Long Term Plan/ Annual Plan Subcommittee (LTP/ AP) with analysis of the submissions received and the results of activity undertaken during the light engagement on the draft Annual Plan 2022-2023.

Recommendations

That the Subcommittee

- (1) notes the engagement activity during the 2022-2023 draft Annual Plan engagement period 12 April to 3 May 2022;
- (2) notes and receives the summary analysis of feedback received and related appendices; and
- (3) considers any further direction and guidance to be provided to officers ahead of preparation of the final Annual Plan 2022-2023 reports and advice to be presented to the Long Term Plan/ Annual Plan Subcommittee 7 June 2022.

For the reason of considering residents feedback prior to the adoption of the final Annual Plan on 30 June 2022.

Background

2. Council endorsed a high-level plan on 1 November 2021 to proceed with a light touch engagement on a draft 2022-2023 Annual Plan. A formal consultation was not required as it aligns with the direction set in the Long Term Plan 2021-2031 (LTP) with no significant changes.

3. On 4 April 2022 Council approved the draft Annual Plan 2022-2023 and supporting engagement materials and questions for public engagement between 12 April and 3 May 2022.
4. Engagement questions focussed on the ongoing relevance of the six LTP priorities, other priorities/projects respondents would like to see considered and other thoughts on projects planned for progression in the coming year.
5. Officers undertook a digital-first engagement approach, with the main form of collecting feedback being a short survey hosted on our engagement website (Bang the Table – BTT). A series of social media posts over the engagement period, highlighted key projects and told the story of the draft Annual Plan (*Ngā Ekenga | Making Progress*). This was supplemented with a short engagement pamphlet distributed to all households in Lower Hutt and Council facilities and a notice in the Hutt News, to reach those who prefer a traditional engagement approach.
6. A “Rates Calculator” was also hosted online, where residents could enter their address to get information on how the proposed rates changes affect their property.

Engagement period activity

7. The Have Your Say engagement page was visited by a total of 283 individuals between 12 April and 3 May 2022. Of these, 61 visited one or more project pages, 32 visited the Frequently Asked Questions, and 51 accessed the survey form. After removing blanks, 48 responses to the form feedback were analysed. Thirteen pieces of feedback were also received in the form of letters and emails.
8. Due to the relatively low number of responses received (which is reflective of the light engagement undertaken), results need to be viewed with caution. Low response numbers mean that responses are unlikely to provide a representative view of the community. Even if representative, the low numbers mean the margin of errors around results are large (e.g. +/- ~15%).
9. Other consultations and project engagements were also live around the draft Annual Plan engagement period and received significantly more responses. Engagements on these other projects directly aligned with the key priorities outlined in the draft Annual Plan, e.g. Three Waters Reform, transport and intensification. The significantly higher level of responses to those would indicate preference to answer detailed level questions over ones relating to strategic direction.

Social Media

10. To align with our engagement approach, our social media campaign during the engagement period was light and focused on directing residents to the digital survey (and further information online). The campaign consisted of five Facebook posts, three tweets, and one LinkedIn post (upon engagement launch).

Rates Calculator

11. The rates calculator was used by 884 people to calculate the impact on their property.

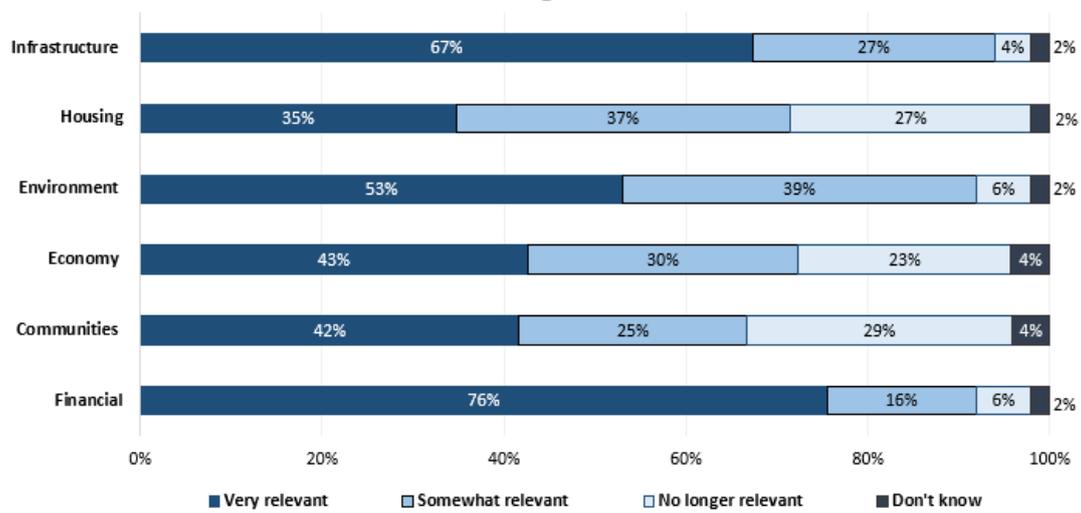
Submissions Analysis

12. Appendix 1 contains the engagement analysis report and specific results of the 48 responses to the feedback form.

LTP Priorities Feedback

13. Respondents to the feedback form were asked for their views on the relevancy of the LTP priorities outlined in the draft Annual Plan (Figure 1).

Figure 1: Proportion of respondents who felt the priorities were still relevant or not, or were unsure



14. The proportions of respondents who thought a priority was still somewhat or very relevant were highest for Infrastructure, Environment and Financial Sustainability (all above 90%), followed by Economy and Housing (both above 70%) and the Communities priority the lowest, but still regarded as relevant by two thirds of respondents (67%).

15. The Financial Sustainability, Infrastructure & Environment priorities received the most support from our community during last year’s LTP engagement and this is also reflected in these engagement results.

Other Priorities or Projects Feedback

16. Appendix 2 contains the text responses from the survey form and bodies of emails received. The low number of responses precluded the ability to undertake sentiment and thematic analysis.

17. The feedback received from individuals focused on the way Council was being run and overall rate increases. Investment in infrastructure was also a key theme in several emails. Footpaths were noted as an area of concern with several comments about states of disrepair. Several chose to ask questions about, or suggest new, smaller projects or areas outside of Council’s control and one related to commercial rates.

18. Several geographical areas were mentioned, particularly Petone and Wainuiomata, with comments that traffic and parking were problematic.
19. Other respondents commented around Central Government topics, including health, housing density, public transport and Three Waters Reforms.

Other Feedback

20. Of the thirteen pieces of letter/email feedback received, six were from groups/organisations:
 - *Normandale Residents Association*
 - *Nuku Ora*
 - *CCS Disability Action*
 - Hutt Valley Chamber of Commerce
 - Delaney Park Sports Association
 - NZ Chinese Language Week.
21. In addition, the three italicized groups/organisations above requested the opportunity to speak to their submissions, or the opportunity to discuss feedback. As we are not running a formal consultation or hearings process, these parties are being offered the opportunity to speak in the Public Comment section at the beginning of the meeting on which this report is on the agenda.
22. Appendix 3 contains the feedback received in the attachments to their emails.
23. Their feedback was varied and included: recommendations for further commentary to Council's stated priorities; support for the infrastructure and housing priorities; highlighting Council facilities that require upgrading, commercial rates and; funding requests.

Next Steps

24. The relatively low number of responses received, combined with their general support for the current LTP priorities, do not suggest substantive changes to the draft Annual Plan are required. However, text responses to the survey form and from letter/email submissions and attachments are provided for consideration.
25. Officers request that council considers any additional direction, taking into account the results of the engagement, ahead of the finalisation of the Annual Plan.
26. Final decisions on the Annual Plan 2022-2023 will be made on 7 June through LTP/AP and Council meetings, and the final plan will be presented to Council on 30 June 2022 for adoption.

Climate Change Impact and Considerations

27. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
28. The DAP directly responds to the need to achieve emission reductions, by embedding emission reductions in a range of initiatives.

Consultation

29. While this was not a formal consultation, engagement activities also included meetings with Mana Whenua, where the draft Annual plan was discussed as an agenda item.
30. Engagement with commercial stakeholders included liaison with the Hutt Valley Chamber of Commerce (the Chamber). Following the meeting of the LTP/AP subcommittee on 28 February 2022, the Chamber was informed of the meeting outcomes and advised of the engagement process for the draft Annual Plan. Following the issue of the draft Annual Plan the Chamber sought feedback from the business community through its communication channels. The Chamber's letter dated 1 May 2022 (and included in Appendix 3) reflects feedback on matters it received from members of the business community. Officers have since discussed the matters raised with the Chamber CEO and clarified the process of policy changes made through the adoption of the Long Term Plan 2021-2031.
31. Council agreed to a light-touch engagement for the draft Annual Plan 2022-2023. Extensive consultation has not been undertaken for the draft Annual Plan as it aligns with the direction set in the LTP. The public engagement consisted of an online survey with accompanying social media collateral, accompanied by a short, printed document to all households in Lower Hutt. The engagement period took place from 12 April to 3 May 2022.
32. Officers have considered the results of the light touch engagement process on the draft Annual Plan in the progression of final decisions around the financial aspects of the draft Annual Plan, which are included in a separate report to this committee.
33. A short survey was the main form of collecting feedback from residents on the draft Annual Plan, hosted on our engagement website (Bang the Table). A digital-first engagement approach was applied, allowing us to engage with a broad range of stakeholders in an effective and efficient way. A digital-first approach was also prudent given the potential impact of COVID-19 and allowed us to continue with engagement regardless of the COVID-19 situation at the time.
34. Officers recognised that a digital first approach must also be digitally inclusive. This means supplementing digital efforts with traditional engagement methods. For this reason, we printed and distributed a short engagement pamphlet to households. This directed readers to the online survey, or to their nearest Council facility where they could access the survey with the support of Council staff if needed.

35. Alongside the online survey and printed document, officers hosted an online “Rates Calculator” where residents could enter their address to find specific information about how the proposed rates changes affect their property. Links to this calculator were included in the survey, and the printed document also direct readers to where they could find this tool online.

Legal Considerations

36. Under Section 95(2A) of the Local Government Act 2002, if the proposed Annual Plan does not include significant or material differences from the content of the LTP for the financial year to which the proposed Annual Plan relates then Councils can choose not to formally consult.
37. Section 97 of the Act provides that certain proposed decisions can only be pursued if provided for in the Long Term Plan. These include decisions to significantly alter the intended level of service provision for any significant activity, and decisions to transfer ownership or control of a strategic asset to or from the local authority. Section 103(4) requires that any significant amendment proposed to the Revenue and Financing Policy be included in a Long Term Plan.
38. Under ss99(4) and (5) of the Act, Council may amend the Long Term Plan at any time, but it must use the special consultative procedure to do so.
39. Section 83 sets out the requirements of the special consultative procedure. For a Long Term Plan (and any amendment) these consultation requirements are amended so that a consultation document is required. Section 93D sets out the content required of a consultation document for an amendment to the Long Term Plan.
40. Council’s Significance and Engagement Policy:
- sets out the general approach Council will take to determine the significance of proposals and decisions relating to issues, assets or other matters; and
 - provides clarity about how and when communities can expect to be engaged in decisions about different matters depending on the degree of significance Council and its communities attach to those matters.
41. This policy explains Council’s approach to determining the significance or materiality of a decision and lists the thresholds, criteria and procedures that Council and its community will use in the assessment.
42. A decision about budgets, assets and other matters is significant if it will mean a material departure from existing policy. A difference or variation is material if it could, itself or in combination with other differences, influence the decisions or assessments of those reading or responding to the engagement document.

Financial Considerations

43. Refer to separate report on this subcommittee agenda for further financial considerations for the Annual Plan 2022-2023.

Appendices

No.	Title	Page
1 ↓	Engagement analysis report and results	13
2 ↓	Text responses from survey and email bodies	17
3 ↓	Email attachment responses	25

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20 April 2022

File: (22/981)

Report no: LTPAP2022/2/88

Potential Targeted Initiatives to Support Business Sector Significantly Affected by Covid-19

Purpose of Report

1. To provide further advice on a package of targeted initiatives to support hospitality businesses and other sectors significantly impacted by Covid-19.

Recommendations

That the Committee recommends that Council:

- (1) notes officers have considered the recent impacts of Covid-19 on the business community and now provide further advice on a package of targeted support; and
- (2) notes that the evidence indicates that in Lower Hutt the hospitality sector is the most negatively impacted by Covid-19 in recent months; and
- (3) notes that officers have considered how other councils have responded to the recent impacts of Covid-19 in their cities; and
- (4) notes that officers are proposing Council provide further targeted support with the following initiatives:
 - (a) the waiver or subsidy of the food licensing annual renewal charge of \$180 (incl. GST), for the period 1 July 2022 to 30 June 2023, for those businesses that have a registered Food Control Plan; and
 - (b) the waiver or subsidy of annual permanent and temporary pavement encroachment fee of \$59 (incl. GST) for the period 1 July 2022 to 30 June 2023 for hospitality businesses; and
 - (c) provide an Activation Fund:
 - that our partner organisations and hospitality businesses can apply to for supporting their own activation and events to

- encourage more people into hospitality and retail centres; and
 - encourage people back into their local places of work to help increase spending in nearby hospitality and retail centres; and
 - to amplify the promotion of planned Council supported events such as the Hot Chocolate Challenge and Puanga/Matariki;
- (5) notes that the total cost to Council, in foregone revenue and direct costs is estimated to be \$265,000, made up of \$115,000 in foregone revenue and \$150,000 in direct costs;
- (6) approves the use of:
- (a) \$115,000 from savings made in FY2021/22 in the Development Stimulus Package (previously reported to this Subcommittee on 28 February 2022) for the waiver or subsidy of fees above; and
 - (b) the carryover of \$80,000 from for City Events Fund and \$40,000 from the budget for City Promotions, from 2021/22 to 2022/23, for the Activation Fund;
- (7) notes \$30,000 of the FY2022/23 budget for City Promotions will also be applied to the Activation Fund; and
- (8) notes that if approved officers will take steps to implement these initiatives for commencement from 1 July 2022 and regularly report back to Council on progress.

For the reason(s) that the Council has asked for advice on a package of targeted initiatives to support hospitality businesses and other sectors significantly affected by Covid-19.

Background

2. At its meeting on 4 April 2022 the Committee asked Council to direct officers to provide further advice on a package of targeted initiatives to support hospitality businesses and other sectors significantly affected by Covid-19 and report back to the Long Term Plan/ Annual Plan Subcommittee meeting on 18 May 2022 (**Minute No. LTPAP 22202 (7)**).

Discussion

3. The Reserve Bank in its Monetary Policy Statement issued 22 February 2022 noted *“economic activity will likely remain volatile in the near term. The spread of Omicron variant is expected to weigh on household and business spending in the first half of this year. This reflects greater uncertainty, some hesitancy to go out and spend in places like restaurants and bars, and increased sick leave for workers.”*
4. In its Quarterly Survey of Business opinion to the end of March 2022 NZIER noted the retail sector is now the most downbeat of the sectors surveyed, with a net 60% of retailers surveyed expecting a deterioration in general economic conditions over the coming months. The pessimism likely reflects the relatively greater negative impact the spread of Omicron has had on the retail sector, as people stay home out of fear of, or actual infection. The retail

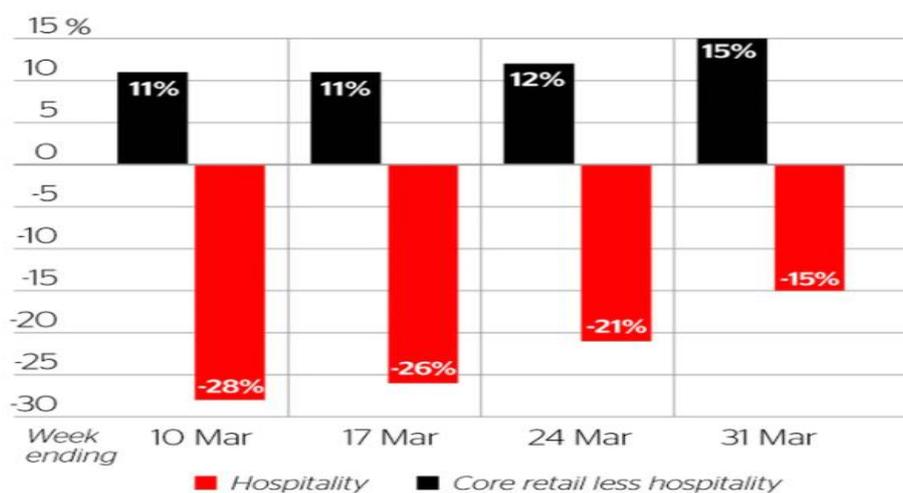
sector has borne the brunt of worker shortages that arose from the Omicron spread, given the limited availability of its workforce to work from home.

5. This has been exacerbated by rising interest rates, prices escalation and the general uncertainty over unfolding global events all of which are leading to a reduction in discretionary spending.
6. Data released by Worldline (formerly Paymark) on 5 April 2022 showed that spending nationally at hospitality merchants increased over the final 4 weeks of March. However, the monthly total of nearly \$700M was still down 16.3% on March last year, when lockdowns were not in effect and Covid-19 case numbers were low.

Worldline weekly spending

Among core retail merchants in NZ

March 2022 vs March 2019



Source: Worldline / Herald Network graphic

7. Verisk (formerly Marketview) data for Lower Hutt for March 2022 shows that the cafés restaurants bars & takeaways sector has experienced a significant reduction over the last 6 months most of which occurred in the last 3 months and over half of which occurred in March. Note that the data to 31 March 2022 picks up the period at which peak Omicron was occurring in Lower Hutt as compared to March 2021 when Lower Hutt and the Wellington region was in Level 1. We have shown a comparison with Wellington City to show the relative impacts in both cities.

8. As evidence indicates the hospitality sector is the most significantly negatively affected by Covid-19, over recent months we have considered targeted initiatives that could support this sector in the main.
9. The following table shows sales for all other categories except for café's, restaurants, bars & takeaways (above) and fuel and automotive (which not unexpectedly has seen a significant increase).

Verisk (Marketview) data to 31 March 2022						
Merchant locations: Hutt CBD; Petone; Wainuiomata; Taita/Naenae; Rest of Lower Hutt						
Category: All excluding Café's, Restaurants, Bars & Takeaways; Fuel & Automotive						
Customer location: All locations						
Location	Sales 1 month to 31 March	% Change same period last year	Sales 3 months to 31 March	% Change same period last year	Sales 6 months to 31 March	% Change same period last year
Petone	\$30,694,865	-0.80%	\$92,099,887	2.80%	\$203,282,750	6.20%
Hutt CBD	\$41,601,660	1.90%	\$125,422,151	4.40%	\$284,009,949	6.60%
Wainuiomata	\$4,255,901	7.20%	\$12,361,179	6.20%	\$25,425,913	6.60%
Taita/Naenae	\$4,380,357	3.30%	\$12,121,848	4.50%	\$25,514,438	6.40%
Rest of Hutt City	\$11,846,022	-4.40%	\$35,140,561	0.70%	\$77,257,288	2.50%
TOTAL	\$92,778,805	0.04%	\$277,145,626	3.50%	\$615,490,338	5.90%
		\$37,097		\$9,372,074		\$34,290,774
Merchant location: Wellington City						
Category: All excluding Café's, Restaurants, Bars & Takeaways; Fuel & Automotive						
Customer location: All locations						
Wellington City	\$166,929,047	-8.10%	\$496,161,608	-3.70%	\$1,107,513,514	-1.50%
		-\$14,713,006		-\$19,063,322		-\$16,865,688

Recently announced initiatives by other councils to support the hospitality sector, over and above relief provided immediately after the first Covid-19 lockdown include:

Council	Actions	Value
Wellington City Council	Alcohol and food licencing fees \$1 for period 1 March 2022 to 28 Feb 2023 Pavement licence fees – nil 4 th Qtr rates 6 months rates deferral for hospitality and retail businesses that own their building without penalty Reduced parking fees in evenings and at weekends.	\$2.3M
Christchurch City Council	Waive alcohol and food licencing fees and pavement licence fees for 6 months	\$1.45M
	Increased promotions and events	\$0.03M
	Transport support (free on certain days)	\$0.07M
Hamilton City Council	50% reduction to fees for food safety verification between 1 March and 30 June 2022	\$0.06M
	50% rent relief to Council tenants in hospitality sector	
	Waive fees for outdoor dining permits	
Whangarei District Council	Free parking for 6 weeks 14 March to 25 April 2022 in CBD	\$0.24M
Porirua City Council	Deferred introduction of paid parking in CBD until March 2023	\$not separately identified

Options

10. Options for support generally fall into 3 categories.
 - (a) Direct waiver or subsidy of fees and charges to affected sector businesses e.g. reduced fees for food and alcohol licencing charges
 - (b) Indirect waiver or subsidy of fees and charges that may help the affected sector businesses e.g. reduced parking charges
 - (c) Activation through events and promotion of local offerings to increase patronage at affected businesses e.g. “Love local” campaign.

Direct Waiver or Subsidy of Fees & Charges

11. The most obvious fees and charges directed at the hospitality sector are the food and alcohol licencing charges and pavement encroachment fees.
12. Alcohol licencing fees are set under bylaw. It is not proposed to waive or subsidise these fees. They are frozen for 2022/23 at the same level as current.

13. Food businesses are required to have a Food Control Plan or National Programme to manage food safety risks.
14. It is proposed to waive or subsidise the food licencing annual renewal charge of \$180 (incl. GST), for the FY2022/23 year, for those businesses that have a registered Food Control Plan.
15. Food Control Plans are required by businesses making or selling higher risk foods, such as restaurants, cafes, takeaways, food retailers that prepare or manufacture and sell food including retail butchers, fish mongers and delis.
16. There are approximately 700 businesses in Lower Hutt which have a registered Food Control Plan.
17. It is intended that this waiver or subsidy apply to annual renewals that fall during the period 1 July 2022 to 30 June 2023, capturing all licensees for 1 year.
18. It is not proposed to waive or subsidise the food licencing annual renewal charge for businesses under National Programmes.
19. National Programmes apply to businesses such as food and drink manufacturers, food distributors and brewers and distillers.
20. Permanent and temporary pavement encroachment fees for hospitality businesses were waived for Covid-19 impacts previously. It is proposed to waive the permanent and temporary pavement encroachment fees for hospitality businesses during the period 1 July 2022 to 30 June 2023. The fee for FY2022/23 is \$59.00 per annum (incl. GST).

Indirect Waiver or Subsidy of Fees & Charges

21. Several councils changed parking fees/time limits to support businesses due to Covid-19 impacts.
22. Various past trials and studies, including by this Council, have shown free parking is not an effective motivator for increased spending in retail areas.
23. Parking in Lower Hutt is not time limited or charged after 5.00pm weekdays, a key timeframe for hospitality businesses. There is no charge on Saturdays in nearly all localities and no charge or time limit on Sundays.
24. It is therefore not proposed to make changes to parking fees/time limits which remain the same in FY2022/23 as current.

Activation Through Events and Promotions

25. Activation and promotion can be used to increase awareness and activity of what is happening in Lower Hutt, bringing more people into the city to shop and enjoy the hospitality offering.

26. The Council has limited resources to undertake this by itself but proposes to provide an Activation Fund:
- that our partner organisations e.g. Jackson Street Programme and hospitality businesses can apply to for supporting their own activation and events to encourage more people into hospitality and retail centres; and
 - encourage people back into their local places of work to help increase spending in nearby hospitality and retail centres; and
 - to amplify the promotion of planned Council supported events such as the Hot Chocolate Challenge and Puanga/Matariki.
27. It is proposed that a fund amounting to \$150,000 be established for these activation and promotion initiatives.
28. Alternatively, Council could do nothing
- There is evidence that hospitality spend is improving as the peak of the current Omicron outbreak eases.
 - The Council continues to offer rates postponement for small businesses in financial difficulty.
29. However, whilst there is evidence of an improving hospitality sector spend the sector suffered the latest downturn in a period that it would normally be creating a financial buffer as it prepares for the quiet winter months. They have not had this opportunity in 2022 and therefore are heading into winter in a weaker financial position.
30. The proposed initiatives are aimed at trying to bolster activity through this traditionally quieter period.

Climate Change Impact and Considerations

31. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
32. There are minimal climate change implications. These initiatives may encourage more car trips into Lower Hutt although with current half price fares on public transport more people may be encouraged to use public transport instead.

Consultation

33. Officers have discussed these ideas with the executive of the Hutt Valley Chamber of Commerce and the Jackson Street Programme.

Legal Considerations

34. There are no legal considerations.

Financial Considerations

35. It is intended that the costs associated with these initiatives are covered from existing budgets as follows:
36. The waiving or subsidising the food licence annual renewal charge for businesses with Food Control Plans is estimated to mean foregone revenue to Council of approximately \$110,000.
37. The waiving of the pavement licence fees is estimated to have minimal revenue impact of less than \$5,000 foregone revenue.
38. This foregone revenue is proposed to be covered from savings made in the reduction of waived Development Remission Fees, as part of the Development Stimulus Package, (\$900k) in FY2021/22, previously advised to this Committee (28 February 2022). Effectively substituting one foregone revenue fee not received for another.
39. The proposed activation through events and promotions amounting to \$150,000 is proposed to be funded through the carryover from the following budgets for FY2021/22.
- | | |
|---------------------|----------|
| City Events Fund | \$80,000 |
| City Promotion Fund | \$40,000 |
- The balance of \$30,000 will be funded from same budgets provided for FY2022/23.
40. The funding application process will be as simple as possible and developed with input from Council's Community Advisor, Funding and Community Contracts.

Appendices

There are no appendices for this report.

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Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Kara Puketapu-Dentice
Director Economy and Development

28 April 2022

File: (22/1019)

Report no: LTPAP2022/2/89

Progressing decisions for the final Annual Plan 2022-2023, Financial Aspects

Purpose of Report

1. The purpose of this report is to progress final decisions for the Annual Plan 2022-2023.

Recommendations

That the subcommittee recommends that Council:

- (1) notes that the public feedback was received from the “light” engagement process from 12 April to 3 May 2022;
- (2) considers the budget matters as detailed in table 2 and provides direction to officers in the preparation of the final Annual Plan 2022-2023;
- (3) notes the latest projected debt and balanced budget results, as detailed in graphs 2 and 3;
- (4) notes the rating policy in the Long Term Plan and the implications for the Annual Plan 2022-2023 as detailed in section F and Funding impact statement in the Draft Annual Plan 2022-2023;
- (5) considers the rating policy for final Annual Plan 2022-2023 and provides direction to officers on the options;
- (6) considers the rates increases to be included in the final Annual Plan 2022-2023 and provides direction to officers, refer Section F;
- (7) endorses the fees and charges to be included in the final Annual Plan 2022-2023; and
- (8) considers any further direction and guidance to be provided to officers ahead of preparation of the final Annual Plan 2022-2023 reports and advice to be presented to the Long Term Plan/ Annual Plan Subcommittee on 7 June 2022.

Section A - Executive summary

2. The Long Term Plan 2021-2031 (LTP) was adopted by Council on 30 June 2021. This lays out Council's strategic intent and direction for the 10 years from 2021-2031. The LTP sets Council's strategic direction of getting the basics right to address the challenges that are being faced by the city and achieve the vision for Lower Hutt of a city where everyone thrives.
3. There was extensive consultation around the LTP, which included early consultation on the direction and focus of the LTP, followed by a consultation period where material was available through a range of media channels, community meetings and in person hearings with Council.
4. Council agreed to a light-touch engagement for the draft Annual Plan 2022-2023 (DAP). Extensive consultation has not been undertaken for the DAP as it aligns with the direction set in the LTP. The public engagement consisted of an online survey with accompanying social media collateral, along with a short, printed document distributed to all households in Lower Hutt. The engagement period took place from 12 April to 3 May 2022.
5. Results from the light engagement are contained in a separate report at item 5a on the agenda to the subcommittee. Advice in this report has been prepared taking into consideration feedback received.
6. Since Council adopted the DAP for engagement, officers have been working through a review of the budgets to consider any final updates and changes required. There are a range of budget carry overs and project rephasing updates where council endorsement is sought in order to progress the final Annual Plan (FAP).
7. As reported to our members, the delivery of our capital programme and the capacity of our contractors has been impacted in the current year, including the ongoing effects of COVID-19, availability of staff and contractors, timeliness of delivery by contractors, supply chain issues.
8. Delays in delivery have included forecast achievement of 69% of our three waters capital programme in 2021-22. Wellington Water Limited is currently reviewing the capital programme for carry overs and the achievability in the current operating environment. An update will be included in the update to the subcommittee on 7 June 2022.
9. Further advice will be prepared in relation to significant assumptions ahead of the next subcommittee meeting on 7 June 2022.
10. At the LTP/AP subcommittee meeting on 4 April 2022, council asked officers to consider the impact of COVID-19 on Lower Hutt's business community and provide advice on targeted solutions for those business significantly affected by COVID-19. A separate report at item 5b on the agenda to this committee meeting outlines a proposed approach, including the use of carry forwards to fund the initiative.
11. As part of the preparation of the DAP, council directed officers to prepare the DAP in line with the direction set by council in the LTP. As part of the

development of the LTP council agreed to move to allocate rates based on a percentage for each rating category (residential, commercial etc). Following LTP public consultation and careful consideration of rates affordability, Council agreed to reduce the percentage of rates applied to residential ratepayers from 63% to 60% over a three year period (refer Graph 4)

12. In 2022-2023 the reduction in the residential portion of the total general rate is from 62% to 61% with the corresponding increases in the commercial portions included in the projected rates impacts, as per the direction set in the LTP by Council.
13. Officers are seeking reconfirmation of rating policy direction from council for finalisation of the FAP (refer table 3). Officers advice is to maintain the approach adopted in the LTP and presented in the DAP.
14. As part of the DAP Council set the following indicative targeted rates for 2022-2023. The targeted rates are proposed based on the continued investment in wastewater and water supply, and to reflect latest cost information for the waste services.

Rate	LTP 2021-22	DAP 2022-23	Proposed change
Wastewater – per SUIP	\$559	\$593	\$34
Water supply – per SUIP	\$520	\$551	\$31
Refuse 80L – per SUIP	\$105	\$105	\$0
Refuse 120L – per SUIP	\$144	\$148	\$4
Refuse 240L – per SUIP	\$288	\$296	\$8
Recycling – per SUIP	\$105	\$111	\$6
Green waste – per SUIP	\$95	\$101	\$6

15. Council agreed to include a rates revenue increase in the DAP which aligns with the LTP, being an overall rates revenue increase of 5.9% together with a growth-related rates revenue component of 1.1%. Officers recommend that council confirm these targeted rates and rates revenue increases in the DAP for inclusion in the FAP.
16. The DAP proposed a rates rise which equates to an average increase of \$2.54 per week per household or an average increase of \$132 per annum. Investment in our Three Waters infrastructure makes up about half (\$65) of the average \$132 per annum rise. The remaining \$67 covers cost increases for all the other services provided (including transport, parks, community facilities, rubbish, recycling etc.).

Property Category Capital value (CV)	2021-2022 Rates	2022-2023 Rates	\$ Change Annual	\$ Change Weekly
Average Residential, CV \$630k	\$2,951	\$3,083	\$132	\$2.54
Average Commercial Central, CV \$1.8M	\$15,119	\$16,353	\$1,234	\$23.73

17. As part of the preparation of the DAP, council confirmed the expectation fees and charges set in the DAP increase in line with inflation. Fees and charges were updated and included in the DAP on this basis. Officers recommend that proposed fees and charges included in the DAP are endorsed for inclusion in the FAP.
18. Following direction and decisions by the Subcommittee at this meeting, officers will be preparing the FAP decision reports for 7 June 2022. The final Annual Plan 2022-2023 will then be presented to Council on the 30 June 2022 for adoption.

Section B - High level plan for the Annual Plan 2022-2023

19. Table 1 sets out the timeline for the Annual Plan 2022-2023 process as agreed to by Council.

Table 1: High level plan

Activity	Date	Status
Officers progress initial planning and preparation	August/September 2021	Complete
Council endorsement of high-level plan and key assumptions.	1 November 2021	Complete
Council meeting – Review of cost pressures, work programme changes and reprioritisation, funding options.	16 December 2021	Complete
Initial DAP and draft engagement material reviewed by Council. Further budget decisions.	28 February 2022	Complete
Council endorse DAP and engagement material for public engagement	4 April 2022	Complete
Public engagement - “light” engagement	12 April 3 May 2022	Complete
Community feedback received and considered. Officer advice to support decisions for the FAP.	18 May 2022	Today
Council meets to make final decisions	7 June 2022	
Council adopts the AP and sets the rates	30 June 2022	

Section C - Proposed budget changes requiring Council decisions

20. Since Council adopted the DAP for engagement, officers have been working through a review of the budgets to consider any final updates and changes required. This includes reviewing budgets to reflect latest information in regard to:

- a. Unavoidable increases (such as known rent reviews, contractual cost escalations and reviews, salary increases);
- b. Known decreases (such as one-off items, items no longer required, known savings such as contract rate reductions);
- c. Known changes to the timing of the projects/initiatives;
- d. Known changes related to staff resourcing;
- e. Latest forecast information for 2021-22 and flow on implications for 2022-23, including carry overs;

- f. Other justifiable changes required to budgets, such as updates to forecast depreciation and interest cost of borrowings
21. The delivery of our capital programme has been impacted in the current year by the ongoing effects of COVID-19. This has included inflation, availability of staff and contractors, timeliness of delivery by contractors, supply change issues. Delays in delivery have included forecast achievement of 69% of our three waters capital programme in 2021-22.
22. There are a range of budget matters where decisions/direction is sought in order to progress the finalisation of the FAP:
- a. Projects which have experienced delays in 2021-22 and are proposed to be deferred to later years which impact the LTP
 - b. Updates to projects due to new information that is now available that was not at the time of the drafting of the plan, including rephrasing of spending based on latest information
23. The proposed budget changes are included in Table 2:

Table 2: Budget matters requiring review and decisions

	Brief Description	Financial impact over the ten years of the LTP and officer recommendation	Further information in Appendix 1
a.	<p>Traffic safety improvements</p> <p>Traffic Safety Improvements comprises a series of safety improvements such as traffic calming measures.</p> <p>Due to internal resourcing constraints and COVID-19 restrictions impacting contractors, we have not been able to spend the full budget in 2021-22.</p>	<p>Transfer capex funding of \$0.23M and related capital subsidy from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment A

b.	<p>Miscellaneous traffic safety works</p> <p>These projects cover speed limit changes, upgrades of substandard roads and design and construction of wheelchair-friendly footpath routes.</p> <p>Due to internal resourcing constraints and COVID-19 restrictions impacting contractors, we have not been able to spend the full budget in 2021-22.</p>	<p>Transfer capex funding of \$0.22M and related capital subsidy from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment B
c.	<p>Wainuiomata Town Centre Upgrade</p> <p>Upgrades to Queen Street in paving, lighting, seating, and accessibility along with improvements to the surrounding public space.</p> <p>Due to COVID-19 restrictions and material shipping delays, the construction has started later than anticipated so we have not been able to spend the full budget available in 2021-22</p>	<p>Transfer capex funding of \$0.68M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment C
d.	<p>Naenae Town Centre Improvements</p> <p>The budget established for Naenae Town centre improvements is \$9.2M. Council have purchased the old Naenae Post Office and design work for its redevelopment as a community centre is underway. This project is estimated at \$5.425M including the property acquisition, the remainder of the budget is assigned for other developments within Hillary Court and Walter Mildenhall Park.</p> <p>Budget carryover and rephasing is requested to align with latest project developments.</p>	<p>Transfer capex funding of \$0.61M from 2021-22 and rephasing of remaining capital funding to align with a project completion in 2024-25.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment D

e.	<p>Petone 2040</p> <p>Petone 2040 spatial plan is an integrated vision between the council and the community for the future development of Petone.</p> <p>Due to internal resourcing constraints and COVID-19 restrictions impacting contractors, and lack of engagement has delayed progress in the current year.</p>	<p>Transfer capex funding of \$0.2M and opex funding of \$0.19M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment E
f.	<p>Event Centre and Community Houses</p> <p>Carryovers are proposed in relation to projects for two of our community facilities (Moera Community House and the Events Centre clock tower repairs) due to delays resulting from COVID-19 and obtaining engineering assessments.</p>	<p>Transfer capex funding of \$0.15M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment F
g.	<p>RiverLink</p> <p>RiverLink is a transformational project for Lower Hutt City that seeks to improve its resilience, connectivity, enable growth and address the ecological and wellbeing issues facing the city.</p> <p>The change in consenting pathway to direct referral to the Environment Court has caused a knock-on effect to the procurement programme for the wider RiverLink project with a delay in construction start.</p>	<p>Transfer capex funding of \$0.44M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment G

h.	<p>City Strategy</p> <p>The City Strategy will guide our progress on our 6 key priorities outlined in our 10-year plan as well as core projects that have already begun.</p> <p>Delays in the project have resulted from significant staffing changes in 2021 and the start of 2022 compounded by backlog of work.</p>	<p>Transfer opex funding of \$0.12M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	<p>Attachment H</p>
i.	<p>Wellington Regional Growth Framework and Urban Precinct Placemaking</p> <p>The Wellington Regional Growth Framework and Urban Precinct Placemaking budgets will be utilised to support the Urban Development Plan and its associated programme of activities.</p> <p>Delays in the project have resulted in the current year due to limited availability of the capability to complete the required work.</p>	<p>Transfer opex funding of \$0.22M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	<p>Attachment I</p>
j.	<p>District Plan</p> <p>The project involves a full review of the District Plan as required under the Resource Management Act 1991. The review will address a number of key issues including housing supply, protecting the City's natural environment, protecting historic heritage, and responding to climate change.</p> <p>Unexpected changes made by Central Government to the RMA have resulted in a reprioritisation of resources and a delay in full district plan review.</p>	<p>Transfer opex funding of \$0.4M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	<p>Attachment J</p>

k.	<p>Stokes Valley Pool</p> <p>Carryover of the budget for the replacement of the 37-year-old roof at Stokes Valley Pool + Fitness facility.</p> <p>Due to delays in material and COVID-19 restrictions impacting contractors, this has delayed the completion of the Huia Pool and Fitness Roof replacement.</p> <p>As the two projects have been aligned, this delay will mean that Stokes Valley would have to be completed during the winter months, which is not ideal. The proposed new dates will be from October 2022 to January 2023</p>	<p>Transfer capex funding of \$0.65M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment K
l.	<p>Dowse Collection Storage Upgrade</p> <p>Due to the impacts of COVID on staff capacity and HCC workstream re-prioritisation, the project timeline had to be re-worked resulting in delays in recruitment and expenditure in this financial year.</p>	<p>Transfer capex funding of \$0.15M from 2021-22 to 2022-23 (\$0.13M) and 2023-24 (\$0.02M).</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment L
m.	<p>Museum Renewals</p> <p>Due to internal resourcing constraints and COVID-19 restrictions impacting contractors and reduced supply of materials, there have been delays in these projects in the 2021-22 financial year requiring re-scheduling into 2022-23.</p>	<p>Transfer capex funding of \$0.13M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment M

n.	<p>Healthy Families</p> <p>Healthy Families Hutt Valley is a Ministry of Health fully funded contract until 30 June 2022.</p> <p>Due to internal resourcing constraints and COVID-19 restrictions, this has resulted in an underspend needing to be carried over to complete the contractual spend.</p>	<p>Transfer opex funding of \$0.16M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment N
o.	<p>Libraries Renewal - Moera Library</p> <p>The Moera refurbishment project aims to improve the existing capacity of the Moera library, as well as creating opportunities to enhance community services by collaborating with the Moera community house.</p> <p>The refurb project was delayed due by the impacts of Covid-19. The workplan for this project now falls into the 2022-23 financial year.</p>	<p>Transfer capex funding of \$0.39M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment O
p.	<p>Libraries RFID Machine</p> <p>Radio Frequency Identification Device (RFID) Robotic Returns Sorter is due to be replaced. At the time of planning, it was to be aligned with the seismic strengthening work required at War Memorial, but this has now been delayed due to other building maintenance priorities and planned service delivery interruptions across our network of facilities.</p>	<p>Transfer capex funding of \$0.16M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment P

q.	<p>Walter Nash Centre Renewal</p> <p>Walter Nash Centre planned capital expenditure projects to resurface the courts in the events centre and roof renewal in older section of the centre.</p> <p>Due to COVID-19 restrictions impacting contractors and reduced supply of materials we have been unable to confirm availability of contractors, quotes and materials and caused delays in progress.</p>	<p>Transfer capex funding of \$0.58M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment Q
r.	<p>Naenae Pool</p> <p>Demolition and rebuild of the Naenae Pool & Fitness Centre.</p> <p>The project is progressing. A rephasing of project budgets is requested to align with current project timelines based on latest information.</p>	<p>Carry forward \$1.35M of Crown Infrastructure Partners funding into 2022-23.</p> <p>Rephasing of project total budget of \$68M to align with current expected project timelines.</p>	Attachment R
s.	<p>Petone Wharf</p> <p>The main objective of the project is to refurbish the wharf structure and extend its life for at least a further 50 years.</p> <p>The project planning including the production of a conservation plan and consenting, is complex and we are advised that this will take up to a year to complete, meaning construction timing will need to be rescheduled and the budget re-phased accordingly.</p>	<p>Transfer capex funding of \$5M from 2022-23 to 2023-24 (\$3M) and 2024-25 (\$2M).</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment S

t.	<p>Hutt Valley Tennis Funding</p> <p>Hutt Valley Tennis is developing its facilities at Mitchell Park to improve the site and HCC has agreed to pay a \$500,000 grant to support project.</p> <p>Works have been deferred at the site, therefore officers are requesting a deferral of the grant budget to align with when Hutt Valley Tennis now expects work to commence.</p>	<p>Transfer opex funding of \$0.5M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment T
u.	<p>Reserve Improvements</p> <p>Improvements in the Western Hills, Jubilee Park, Meadowbank Reserve and other minor works have been identified in the LTP to provide protection to the local ecology and protect the environmental health of the city.</p> <p>Due to COVID-19 restrictions impacting contractors and reduced supply of materials, various reserve improvements identified in the LTP have are not able to be completed in the current financial year.</p>	<p>Transfer capex funding of \$0.55M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment U
v.	<p>Williams Park Improvements</p> <p>Due to COVID-19 restrictions impacting contractors and reduced supply of materials, Improvements to William Park cannot be completed this current financial year.</p>	<p>Transfer capex funding of \$0.46M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment V

w.	<p>Go Digital Programme</p> <p>The Go Digital Programme was established to transform council through the integration of digital technology into all areas of the business.</p> <p>The underspend in 2022-23 is due to a number of factors:</p> <ul style="list-style-type: none"> • the rescheduling of the delivery of some key projects • delaying the start of the Customer Services focused projects to allow for initial discovery work to be undertaken • Timing changes related to Covid partially in relation to securing resource and commitment from vendors 	<p>Transfer opex funding of \$1.2M from 2021-22 to 2022-23 (\$0.9M) and 2023-24 (\$0.3M).</p> <p>Transfer capex funding of \$0.05M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment W
x.	<p>Vehicle Fleet</p> <p>There are significant delivery delays for new fleet purchases due to the global shortage in semi-conductors, and significant shipping delays.</p>	<p>Transfer capex funding of \$0.26M from 2021-22 to 2022-23.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment X

y.	<p>Electric Vehicle (EV) Charging Station rollout</p> <p>Council’s LTP approved the roll out of 20 Direct Current (DC, “fast”) charging stations. EECA is co-funding the roll out.</p> <p>The project is likely to exceed the original budget set.</p> <p>The cost overrun is driven mainly by the requirement to install additional transformer capacity at two sites, with some other installation costs also higher than originally estimated, due to more complex installations and/or the need to set up a new connection.</p> <p>It is proposed that the cost overrun is funded through a forecast underspend in the fleet budget in 2021-22 and 2022-23. Refer item x above.</p>	<p>Transfer capex funding of \$0.32M from the fleet budget to the EV charging station budget in 2021-22 (\$0.13M) and 2022-23 (0.19M).</p> <p>There is no change in the timing of EECA co-funding.</p> <p>Officers recommend the approval of the proposed change.</p>	Attachment Y
z.	<p>Targeted support to businesses significantly affected by COVID-19</p> <p>At the LTP/ AP subcommittee meeting on 4 April 2022, council asked officers to consider the impact of COVID-19 on Lower Hutt’s business community and provide advice on targeted solutions for those business significantly affected by COVID-19. A separate report at item 5b on the agenda to this committee outline the proposed approach, including the use of carry forwards to fund the initiative.</p>	<p>Transfer of opex funding of \$0.115M from Development stimulus package, \$0.08M from city events fund, and \$0.40M from City promotions from 2021-22 to 2022-23 to fund the proposed support package.</p>	Refer separate report on this agenda

24. The three waters capital programme is currently being reviewed by Wellington Water Limited for carry overs and the achievability in the current operating environment. An update will be included in the update to the subcommittee on 7 June 2022.

Section D – Significant forecasting assumptions and financial risks

Inflation

25. Inflation rates used in the plan are the Local Government Cost Index (LGCI) prepared by BERL for local government. These rates are prepared annually and most recently received in October 2021. The adjustors used are based on data to June 2021. Recent Consumer Price Index information indicates that higher than planned for inflation continues to be a risk. Statistics NZ reported the March 2022 CPI annual change result of 6.9%.
26. The inflation risks for Council are in part managed through having contracts in place for services and for projects/initiatives. This helps provide a level of certainty in the near to medium-term. As part of the DAP budgeting process officers worked hard to remain within the budgets set in the LTP. Officers found costs savings or re-prioritised within the base budget to balance rising costs and to retain the rates revenue increases as projected in the LTP. Maintaining the rates revenue increase at 5.9% as per the LTP (excluding the growth assumption) has been particularly challenging in the current inflationary environment.
27. Specific financial risk factors identified through the budgeting process have been brought to council for decision, for example the reserves maintenance and road maintenance contracts.
28. The wider economic environment continues to carry a number of uncertainties and risks due to impacts COVID-19 is having. Officers will continue to monitor and provide advice on specific risks as they arise.

Interest Rates

29. Alongside the current inflationary environment, we are seeing the Reserve Bank's moves to combat this through increases in the Official Cash Rate. This has the flow on effect on Council's borrowing rates. Global uncertainty is also resulting in greater uncertainty and fluctuations in long term borrowing rates.
30. Officers are seeking advice from our external treasury advisors on the potential impacts on the Council's forecast costs of borrowings. The outcomes of this advice will be reported back to the subcommittee and incorporated into our forecasting for the 7 June 2022 subcommittee meeting.

Central Government Infrastructure Acceleration Fund

31. In the DAP Council included initial indicative capital funding of \$57.5M for construction of wastewater elements and concept design of stormwater elements of the valley floor growth projects. This funding was included to show intent from council to support the application to the Infrastructure Acceleration Fund.
32. The DAP includes \$50M assumed receipt from the Infrastructure Acceleration Fund for valley floor growth wastewater and stormwater projects that relate to the funding of \$57.5M included if we were successful. Total project costs or potential funding has not been included at this stage.

33. Council has recently been invited into the final stage of this process to enter negotiations with Kāinga Ora. This stage will see further due diligence undertaken and both funding and housing outcome agreements negotiated before funding can be confirmed.
34. Further advice will be provided to Council on full budget impacts of implementing the full valley floor growth projects, including capital costs, infrastructure acceleration fund finding, and development contributions, as the negotiation process progresses. Due to the current uncertainty, officers advice is to retain the assumptions as per the DAP.

Central Government Three Waters Reform programme - "Better off" funding

35. The detailed criteria for the Three Waters Reform "better off" funding were released in April 2022. Officers are currently preparing advice on potential options that the first tranche of funding of \$8.36M.
36. This funding is intended to be applied to projects not currently included in the Annual Plan 2022-2023. Funding proposals are required to be completed by 30 September 2022.
37. The DAP did not include any additional revenue or associated expenditure related to this "better off" funding. Given the timing of the application process and uncertainty related to Council and Government decisions, it is proposed that no adjustments are made to the budgets for the FAP in relation to this.

Asset revaluations

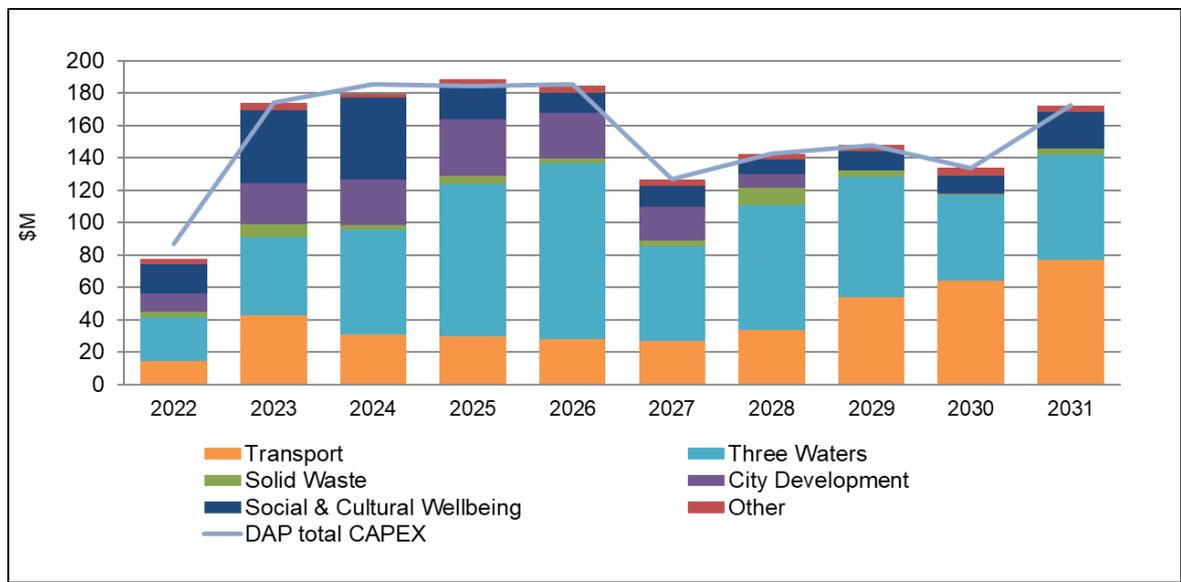
38. Council is required to undertake revaluations of assets every three years, or when there are indications of a material change in asset values. Council fixed assets are undergoing a revaluation ahead of the 30 June 2022 financial year end. This is a year earlier than planned in the LTP.
39. This is largely due to market related increases to the value of land and buildings and the impact of inflation on construction costs indicating a material change in our asset values. Our infrastructure assets are revalued at depreciated replacement cost in line with accounting standard requirements. This value is derived based on asset age and the expected cost of replacement. As market costs have increased this has resulted in an increase in the value of these assets.
40. The significant forecasting assumptions will be updated in the FAP to reflect this change.

Section E - Summary financial information

Capital investment

- 41. Graph 1 shows the updated capital programme for the FAP (after inclusion of the carryovers and other budget decisions in table 2).
- 42. The 2022-23 to 2025-26 capex has decreased to \$727M in the FAP compared to the DAP capex of \$729M. This change is primarily as a result of an technical accounting adjustment to move the costs of the Go Digital Programme from capex to opex, offset by carryovers into the period. This change has been made following technical review of the costs involved which will primarily be for implementing software as a service solutions.

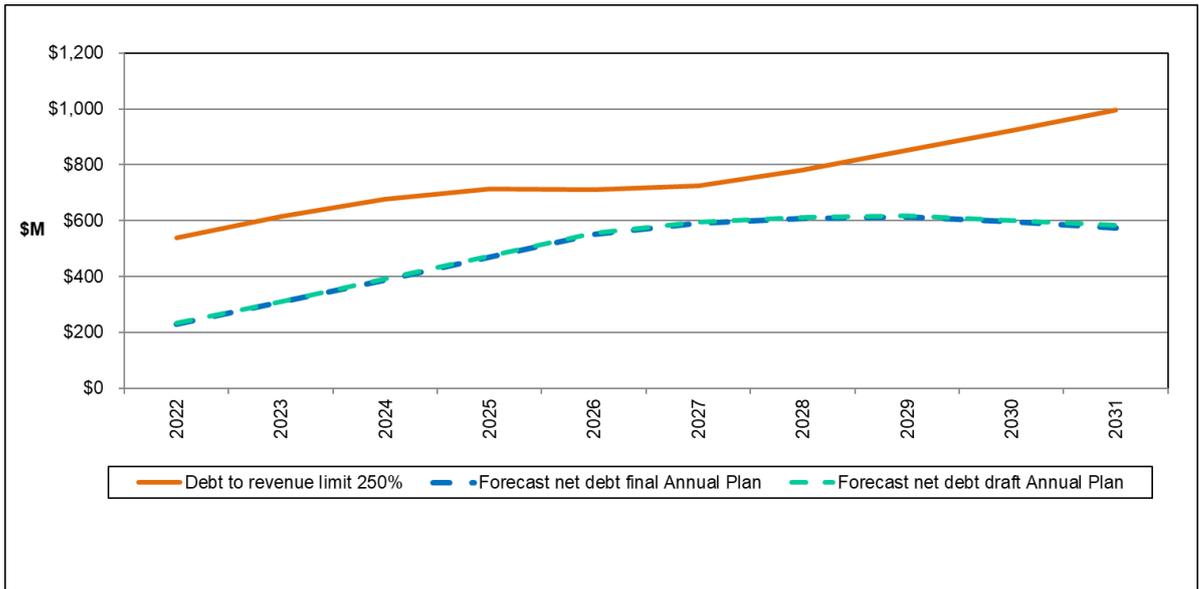
Graph 1: Capital investment plan, comparison of FAP with DAP



Borrowing

- 43. The change in the capital programme results in a corresponding adjustment in the level of borrowings required. Borrowing levels are maintained within the limits set in our financial strategy. Net debt is projected to peak in the FAP at \$613M in 2028-29 compared to a projected peak in the DAP of \$618M.

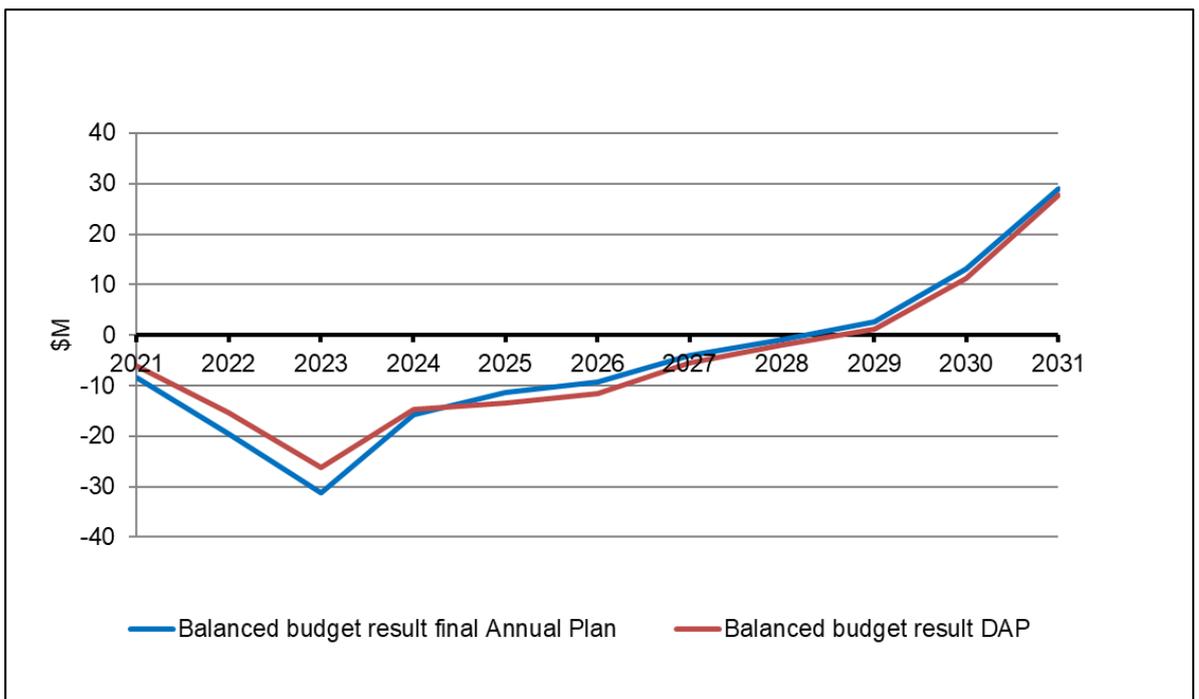
Graph 2: Projected net debt, comparison of DAP and FAP



Balanced budget

- 44. The balanced budget position in 2022-23 is projected to be a \$31.2M deficit compared to a deficit of \$26.2M in our DAP. This change is primarily as a result of an accounting adjustment to move the costs of the Go Digital Programme from capex to opex, offset by carryovers into the period.
- 45. In the LTP we are projected to achieve a balanced budget in 2028-29; we remain within this projected timeframe for the FAP.

Graph 3: Projected balanced budget target, comparison of DAP and FAP

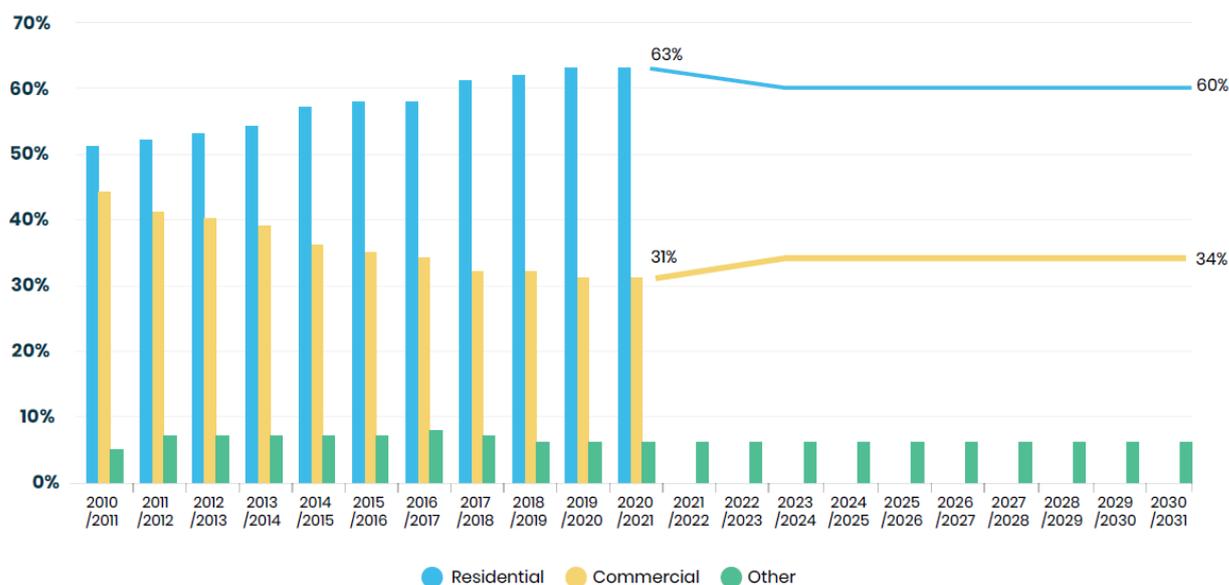


Section F - Rates Revenue

Rates Policy

46. As part of the LTP council undertook a review of its rating policy as part of a wider Revenue and Financing Policy review. The LTP process also included extensive consultation with the community.
47. Council considerations as part of the rating policy review included affordability and approaches to reduce fluctuations caused by differences in valuation movements between differential rating categories.
48. Prior to the LTP 2021-2031, Council applied a direct differential multiplier to each differential category. In addition, Council policy was to reduce the differential multiplier in favour of commercial ratepayers. Applying a direct differential multiplier was prone to fluctuations in the level of rates charged to each group, in particular during three yearly revaluations.
49. Following the policy review and consultation, council agreed to apportion the general rates between the residential, commercial and utility property categories based on a percentage applied to each category group. A percentage approach helps to reduce fluctuations in the general rate caused by valuation movement differences between categories; this should provide greater stability of rates charges.
50. Council also considered rating policy and the impact on affordability for all ratepayers in the city. As a result, council decided to reduce the percentage of rates paid by the residential rating category from 63% to 60% over a three-year period from 2021-22, with a corresponding increase in commercial rating categories.
51. In 2022-23 the reduction in the residential portion of the total general rate is from 62% to 61% with the corresponding increases in the commercial portions are included in the projected rates impacts.

Graph 4: Change over the last ten years in the allocation of rates charges between property rating categories and the approach for the 10-year plan



52. As part of the preparation of the DAP, council directed officers to prepare the DAP in line with the direction set by council in the LTP.
53. If council decided to pause the process of reallocation of how the general rate is shared by rating categories, this would result in a reduction in the rates increase for Commercial ratepayers and an increase for residential ratepayers when compared to the DAP. Table 3 below provides indicative information of the impact a pause would have on the average ratepayer.

Table 3: Indicative impact comparing residential rates proportion at 62% vs 61% for the general rate

Property Category	Capital Value	2021-2022 Rates	Keep residential at 62%			Reduce residential to 61% (as per DAP)		
			\$ Change Amount annual	\$ Change Amount Weekly	%	\$ Change Amount annual	\$ Change Amount Weekly	%
Average Residential	\$630,000	\$2,951	\$156	\$3.00	5.28%	\$132	\$2.54	4.47%
Average Commercial Central	\$1,782,000	\$15,119	\$642	\$12.34	4.25%	\$1,234	\$23.73	8.16%
Average Commercial Suburban	\$1,644,000	\$13,135	\$787	\$15.13	5.99%	\$1,095	\$21.05	8.33%

54. Any change to the percentage allocated would be a departure from the Revenue and Financing Policy consulted on and set as part of the LTP. Any change would also result in differences to what was included in the rates calculator as part of the engagement on DAP.

55. A significant departure from the Revenue and Finance Policy would require an LTP amendment to be undertaken by Council. A decision to temporarily pause the progression of the direction set would be unlikely to be considered significant, as opposed to a permanent change which may trigger the need for an amendment.
56. While such a change would be allowable under the Significance and Engagement Policy, any change in policy would be divergent from what has been communicated by Council and engaged on with the community. Therefore, officers do not recommend departing from council policy approved in the LTP.
57. Officers are seeking confirmation of rating policy direction from council for finalisation of the FAP.
58. Further information in relation to the application of council rates policy is included in the Funding Impact Statement in the DAP.

Rates revenue increases

Targeted rates

59. As part of the DAP, Council set the following indicative targeted rates for the 2022-23 year. The targeted rates are proposed based on the continued investment in wastewater and water supply, and to reflect latest cost information for the waste services.

Table 4: indicative targeted rates in the DAP

Rate	LTP 2021-22	DAP 2022-23	Proposed change
Wastewater - per SUIP	\$559	\$593	\$34
Water supply - per SUIP	\$520	\$551	\$31
Refuse 80L - per SUIP	\$105	\$105	\$0
Refuse 120L - per SUIP	\$144	\$148	\$4
Refuse 240L - per SUIP	\$288	\$296	\$8
Recycling - per SUIP	\$105	\$111	\$6
Green waste - per SUIP	\$95	\$101	\$6

60. Officers recommend that council confirm the targeted rates for inclusion in the FAP.

Rates Revenue increase

61. Council agreed to include a rates revenue increase in the DAP which aligns with the Long-Term Plan 2021-2031, being an overall rates revenue increase of 5.9% together with a growth-related rates revenue component of 1.1%.
62. Affordability of rates is a key consideration of Council. The proposed rates rise equates to an average increase of \$2.54 per week per household or an average increase of \$132 per annum. Investment in our Three Waters infrastructure makes up about half (\$65) of the average \$132 per annum rise. The remaining \$67 covers cost increases for all the other services provided (including transport, parks, community facilities, rubbish, recycling etc.).
63. Officers recommend that council confirm these the rates revenue increases in the DAP for the FAP.
64. Note that officers are updating rates modelling ahead of the advice to be presented to the Subcommittee 7 June 2022. This will reflect latest information from the rating database and projected rating impacts will reflect this information.

Section G - Fees and charges

65. User fees and charges are an important aspect of how we fund Council facilities and services. Setting fees and charges at an appropriate level is important to pay for the cost of Council's activities and achieve a balanced budget. The key aspects of the Council's Financial Strategy that were considered in reviewing fees are:
 - a. The importance of a balanced budget so that the projected operating revenue is set at a level to meet expected operating expenses; and
 - b. Ensuring the distribution of benefits is fair. Where there are direct identifiable benefits, the proportion of costs associated with those benefits should be recovered by the users.
66. As part of the preparation of the DAP, council confirmed the expectation set in the LTP that fees and charges set in the DAP increase in line with inflation. Fees and charges were updated and included in the DAP on this basis.
67. The Council approved the detailed listing of proposed fees and charges for inclusion in the DAP for engagement (refer appendix 1 of the DAP). There was very limited feedback on fees and charges from the light engagement process.
68. Officers recommend that proposed fees and charges included in the DAP are endorsed for inclusion in the FAP.

Section H - Next steps

69. Following direction and decisions by the Subcommittee at this meeting, officers will be preparing the final Annual Plan decision reports for 7 June 2022.
70. The final Annual Plan will be presented to Council on the 30 June 2022 for adoption.

Section I - Climate Change Impact and Considerations

71. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
72. The FAP directly responds to the need to achieve emission reductions, by embedding emission reductions in a range of initiatives. For example, Council's investment in Naenae Pool includes that the new building would not use natural gas for heating and instead utilise alternative low-carbon energy sources. The FAP also includes a number of projects to reduce emissions, including the decarbonisation of Council facilities (including pools and the Dowse).
73. There are a range of budget initiatives which contain climate change related considerations; please refer to Table 2 and Appendix 1 for further details.

Section J - Consultation

74. Council agreed to a light-touch engagement for the draft Annual Plan 2022-2023 (DAP). Extensive consultation has not been undertaken for the DAP as it aligns with the direction set in the LTP. The public engagement consisted of an online survey with accompanying social media collateral, accompanied by a short, printed document to all households in Lower Hutt. The engagement period took place from 12 April to 3 May 2022.
75. Results of the light touch engagement process on the DAP are included in a separate report at item 5a on the agenda to this committee. Officers have considered the response from the light engagement process in the preparation of this report.

Section K - Legal Considerations

76. The most relevant legislation includes the Local Government Act 2002, Local Government (Rating) Act 2002 and the Rating Valuations Act 1998. The documents referenced in this report have been prepared to meet the legislative requirements.
77. Under Section 95(2A) of the Local Government Act 2002, if the proposed Annual Plan does not include significant or material differences from the content of the LTP for the financial year to which the proposed Annual Plan relates then Councils can choose not to formally consult.
78. Section 97 of the Act provides that certain proposed decisions can only be pursued if provided for in the Long Term Plan. These include decisions to significantly alter the intended level of service provision for any significant activity, and decisions to transfer ownership or control of a strategic asset to or from the local authority. Section 103(4) requires that any significant amendment proposed to the Revenue and Financing Policy be included in a Long Term Plan.
79. Under ss99(4) and (5) of the Act, Council may amend the Long Term Plan at any time, but it must use the special consultative procedure to do so.
80. Section 83 sets out the requirements of the special consultative procedure. For a Long Term Plan (and any amendment) these consultation requirements

are amended so that a consultation document is required. Section 93D sets out the content required of a consultation document for an amendment to the Long Term Plan.

81. Council's Significance and Engagement Policy:

- sets out the general approach Council will take to determine the significance of proposals and decisions relating to issues, assets or other matters; and
- provides clarity about how and when communities can expect to be engaged in decisions about different matters depending on the degree of significance Council and its communities attach to those matters.

82. This policy explains Council's approach to determining the significance or materiality of a decision and lists the thresholds, criteria and procedures that Council and its community will use in the assessment.

83. A decision about budgets, assets and other matters is significant if it will mean a material departure from existing policy. A difference or variation is material if it could, itself or in combination with other differences, influence the decisions or assessments of those reading or responding to the engagement document.

Section L - Financial Considerations

84. No other financial considerations other than those contained in this report.

Appendices

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