



## TE KAUNIHERA O TE AWA KAIRANGI

20 June 2024

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

**Thursday 27 June 2024 commencing at 4:00 pm**

The meeting will be livestreamed on Council's YouTube page.

### Membership

Mayor C Barry (Chair)

Deputy Mayor T Lewis

Cr G Barratt

Cr K Brown

Cr S Edwards

Cr K Morgan

Cr N Shaw

Cr G Tupou

Cr J Briggs

Cr B Dyer

Cr A Mitchell

Cr C Parkin

Cr T Stallinger

For the dates and times of Council Meetings please visit [www.huttcity.govt.nz](http://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

## TE KAUNIHERA O TE AWA KAIRANGI | COUNCIL

<b>Chair</b>	Mayor Campbell Barry
<b>Deputy Chair</b>	Deputy Mayor Tui Lewis
<b>Membership:</b>	All Councillors (11) Refer to Council's Standing Orders (SO 31.10 Provisions for Mana Whenua)
<b>Meeting Cycle:</b>	Council meets on an eight-weekly basis (extraordinary meetings can be called following a resolution of Council, or on the requisition of the Chair or one-third of the total membership of Council)
<b>Quorum:</b>	Half of the members

### **POWER TO (BEING A POWER THAT IS NOT CAPABLE OF BEING DELEGATED)<sup>1</sup>:**

- Make a rate.
- Make bylaws.
- Borrow money other than in accordance with the Long Term Plan (LTP).
- Purchase or dispose of assets other than those in accordance with the LTP.
- Purchase or dispose of Council land and property other than in accordance with the LTP.
- Adopt the LTP, Annual Plan and Annual Report.
- Adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the LTP or developed for the purpose of the Local Governance Statement.
- Appoint the Chief Executive.
- Exercise any powers and duties conferred or imposed on the local authority by the Local Government Act 1974, the Public Works Act 1981, or the Resource Management Act 1991, that are unable to be delegated.
- Undertake all other actions which are by law not capable of being delegated.
- The power to adopt a Remuneration and Employment Policy for Council employees.

### **DECIDE ON:**

#### **Policy and Bylaw issues:**

- Adoption of all policies required by legislation.
- Adoption of strategies, and policies with a city-wide or strategic focus.
- Approval of draft bylaws before the consultation.
- Adoption of new or amended bylaws.

#### **District Plan:**

- Approval to call for submissions on any Proposed District Plan, Plan Changes and Variations.

<sup>1</sup> Work required before the making of any of these decisions may be delegated.

- Before public notification, approval of recommendations of District Plan Hearings Subcommittees on any Proposed Plan, Plan Changes (including private Plan Changes) and Variations.
- The withdrawal of Plan Changes in accordance with clause 8D, Part 1, Schedule 1 of the Resource Management Act 1991.
- Approval, to make operative, District Plan and Plan Changes (in accordance with clause 17, Part 1, Schedule 1 of the Resource Management Act 1991).
- Acceptance, adoption, or rejection of private Plan Changes.

#### **Representation, electoral and governance matters:**

- The method of voting for the triennial elections.
- Representation reviews.
- Council's Code of Conduct for elected members.
- Hearing of and making decisions on breaches of Council's Code of Conduct for elected members.
- Elected members' remuneration.
- The outcome of any extraordinary vacancies on Council.
- Any other matters for which a local authority decision is required under the Local Electoral Act 2001.
- Appointment and discharge of members of committees when not appointed by the Mayor.
- Adoption of Terms of Reference for Council Committees, Subcommittees and Working Groups, and oversight of those delegations.
- Council's delegations to officers, community boards and community funding panels.

#### **Delegations and employment of the Chief Executive:**

Appointment of the Chief Executive of Hutt City Council.

#### **Meetings and committees:**

- Standing Orders for Council and its committees.
- Council's annual meeting schedule.

#### **Long Term and Annual Plans:**

- The adoption of the LTP and Annual Plans.
- Determination of rating levels and policies required as part of the LTP.
- Adoption of Consultation Documents proposed and final LTPs and proposed and final Annual Plans.

**Council Controlled Organisations:**

- The establishment and disposal of any Council Controlled Organisation or Council Controlled Trading Organisation.
- Approval of annual Statements of Intent and annual Statement of Expectation for Council Controlled Organisations and Council Controlled Trading Organisations.

**Community Engagement and Advocacy:**

- Receive reports from the Council's Advisory Groups.
- Regular reporting from strategic partners.

**Operational Matters:**

- Civil Defence Emergency Management matters requiring Council's input.
- Road closing and road stopping matters.
- Approval of overseas travel for elected members.
- All other matters for which final authority is not delegated.

**Appoint:**

- The non-elected members of the Standing Committees, including extraordinary vacancies of non- elected representatives.
- The Directors of Council Controlled Organisations and Council Controlled Trading Organisations.
- Council's nominee on any Trust.
- Council representatives on any outside organisations (where applicable and time permits, recommendations for the appointment may be sought from the appropriate Standing Committee and/or outside organisations).
- Council's Electoral Officer, Principal Rural Fire Officer and any other appointments required by statute.
- The recipients of the annual Civic Honours awards.



## TE KAUNIHERA O TE AWA KAIRANGI | HUTT CITY COUNCIL

Ordinary meeting to be held in the Council Chambers,  
2nd Floor, 30 Laings Road, Lower Hutt on  
Thursday 27 June 2024 commencing at 4:00 pm.

### ORDER PAPER

### PUBLIC BUSINESS

#### **1. OPENING FORMALITIES - KARAKIA TIMATANGA**

Whakataka te hau ki te uru	<i>Cease the winds from the west</i>
Whakataka te hau ki te tonga	<i>Cease the winds from the south</i>
Kia mākinakina ki uta	<i>Let the breeze blow over the land</i>
Kia mātaratara ki tai	<i>Let the breeze blow over the ocean</i>
E hī ake ana te atakura	<i>Let the red-tipped dawn come with</i>
He tio, he huka, he hau hū	<i>a sharpened air.</i>
Tihei mauri ora.	<i>A touch of frost, a promise of a</i>
	<i>glorious day.</i>

#### **2. APOLOGIES**

No apologies have been received.

#### **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. ADOPTION OF THE LONG TERM PLAN 2024-2034**

Report No. HCC2024/3/153 by the Corporate Planning Lead 7

#### **6. SETTING OF RATES FOR 2024-25**

Report No. HCC2024/3/154 by the Manager Finance Transaction Services 19

#### **7. DEVELOPMENT CONTRIBUTION REMISSIONS AND REBATES FOR COMMUNITY HOUSING PROVIDERS**

Report No. HCC2024/3/155 by the Manager Financial Strategy and Planning 44

8. **PARKING - IMPLEMENTATION OF LONG TERM PLAN CBD  
PARKING DECISIONS**

Report No. TSC2024/3/151 by the Head of Transport 58

9. **SEAVIEW MARINA LIMITED STATEMENT OF INTENT FOR THE  
THREE YEARS - 2024/25 TO 2026/27**

Report No. HCC2024/3/156 by the Financial Accountant 64

10. **URBAN PLUS LIMITED GROUP STATEMENT OF INTENT FOR THE  
THREE YEARS - 2024/25 TO 2026/27**

Report No. HCC2024/3/157 by the Senior Financial Accountant 96

11. **REPRESENTATION REVIEW REPORT AND INITIAL PROPOSAL**

Report No. HCC2024/3/158 by the Policy Advisor 124

12. **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.

13. **CLOSING FORMALITIES - KARAKIA WHAKAMUTUNGA**

Unuhia!	<i>Release us from the supreme sacredness</i>
Unuhia!	<i>of our tasks</i>
Unuhia i te uru-tapu-nui	<i>To be clear and free</i>
Kia wātea, kia māmā	<i>in heart, body and soul in our continuing</i>
Te ngākau, te tinana, te wairua	<i>journey</i>
i te ara takatū	<i>Oh Rongo, raise these words up high</i>
Koia rā e Rongo whakairihia	<i>so that we be cleansed and be free,</i>
ake ki runga	<i>Yes indeed, we are free!</i>
Kia wātea, kia wātea!	<i>Good and peaceful</i>
Ae rā, kua wātea!	
Hau, pai mārire.	

Kate Glanville  
SENIOR DEMOCRACY ADVISOR

**07 June 2024****Report no: HCC2024/3/153**

## **Adoption of the Long Term Plan 2024-2034**

### **Purpose of Report**

1. The purpose of this report is to present the final Long Term Plan 2024 - 2034 to Council for adoption.

### **Recommendations**

That Council:

- (1) notes that the Long Term Plan 2024-2034 has been prepared based on the final decisions of the Long Term Plan/ Annual Plan Subcommittee on 4 June 2024 and feedback from the audit process;
- (2) notes the summary of changes to the Long Term Plan 2024-2034 attached as Appendix 1 to this report (circulated separately);
- (3) notes the Long Term Plan 2024-2034 attached as Appendix 2 (circulated separately) and corresponding financial tables to be included in the published version of the plan attached as Appendix 3 to this report (circulated separately);
- (4) receives the audit opinion from Audit New Zealand to be included in the published Long Term Plan 2024-34 attached as Appendix 4 to the report (circulated separately);
- (5) resolves that it is financially prudent to have an unbalanced operating budget until 2028-29 as outlined in Section D of the report;
- (6) agrees to adopt the Revenue and Financing Policy, included as part of the Long Term Plan attached as Appendix 2 to the report;
- (7) agrees to adopt the Long Term Plan 2024-2034, attached as Appendices 2 and 3 to the report; and
- (8) agrees to delegate authority to the Chief Executive, in consultation with the Mayor, to make any minor editorial changes that may arise as part of the Long Term Plan 2024-2034 publication process.

### **Acronyms**

draft Plan – Draft Long Term Plan 2024-2034

final Long Term Plan – Long Term Plan 2024-2034

Opex – operating expenditure

**Section A – Executive Summary**

2. The Local Government Act 2002 (the Act) requires councils to prepare and adopt a Long Term Plan before the commencement of the year to which it relates.
3. Council undertook formal public consultation for the draft Plan, which took place from 2 April to 3 May 2024. Hearings were held on 15 May and 16 May 2024.
4. Feedback and results of the consultation were reported to Council on 17 May 2024, followed by Council's deliberations on 4 June 2024.
5. Since Council adopted the draft Plan for consultation, officers have worked through a review of the budgets to consider any final updates and changes required. There were a range of budget matters where Council direction was sought to progress the final Long Term Plan on 17 May 2024 and 4 June 2024.

## Section B - Overview of the Long Term Plan process

6. Table 1 provides a summary of the high-level plan and process completed for the Long Term Plan 2024-2034.

**Table 1: High-level plan and process**

Activity	Date	Status
Initial planning	May 2023	Complete
Elected member hui to set initial priorities and objectives for the draft Plan	31 May 2023	Complete
Council decisions on draft strategic framework, approach to early engagement and high-level approach to the draft Plan	30 June 2023	Complete
Council decisions following feedback from early engagement and progressing decisions on key draft Plan assumptions	30 August 2023	Complete
Council agreement on draft budgets, policies and strategies and any issues arising from asset management planning review process.	30 October 2023	Complete
Council agreement on updated budgets, policies and strategies, trade-off considerations.	27 November 2023	Complete
Council agrees draft Plan budgets, policies, strategies and approach to consultation.	12 December 2023	Complete
External audit process by Audit NZ commenced.	5 Feb 2024	Complete
Council decisions on the draft consultation document and survey, further budget decisions and policy settings agreed.	20 Feb 2024	Complete
Council adopted draft Plan and consultation material for the formal public consultation process	27 March 2024	Complete
Public consultation process	2 April to 3 May	Complete
Hearings of public submissions on the draft Plan	15 - 16 May 2024	Complete
Council provides initial direction and progresses decisions to support the plan being finalised.	17 May 2024	Complete
External audit of the final Long Term Plan commences	4 June 2024	Complete
Council meets to make final decisions	4 June 2024	Complete
Council adopts the Long Term Plan 2024-2034 and strikes the rates	27 June 2024	Today

## **Section C - Background to the development of the draft Plan**

7. Since May 2023, Council has made a range of decisions to address several specific challenges faced by Hutt City Council in preparing the draft Plan.
8. Ahead of preparing the draft Plan, Council's work programme broadly focused on investment in basic infrastructure and services. The key challenges faced by Council as identified in preparation for the draft Plan remained essentially unchanged from previous years and included:
  - a. demand and pressure on infrastructure, mainly due to ageing assets and historical underinvestment;
  - b. housing supply and affordability;
  - c. delivering services for a fast-growing population;
  - d. climate change and sustainability; and
  - e. government reform impacts and uncertainties.
9. Early engagement with the public on these priorities took place during July 2023, and officers also engaged through workshops and our Community Panel. There was generally strong support for these priorities.
10. Detailed proposals for public consultation were then developed by Council across the key priority areas. Council considered a wide range of advice and information in developing the draft Plan from May 2023 to March 2024. This included full reviews of the Significance and Engagement Policy, Key Performance Indicators, Financial Strategy, Infrastructure Strategy, Revenue and Financing Policy, Development Contributions Policy, and rating policies.
11. Council included a range of budget cuts, revenue opportunities and savings in preparing the draft Plan, which equated to around \$38M over 10 years.
12. There is a statutory requirement to audit the consultation document and supporting information for the draft Plan. Audit NZ worked alongside relevant staff for some months to complete the audit process for the consultation phase. Audit NZ issued their audit opinion on 27 March 2024 before the public consultation proceeding. The audit opinion included two emphases of matters, being:
  - a. uncertainty over the delivery of the capital programme; and
  - b. uncertainty over the Three Waters forecasts (mainly due to the asset condition information based on the age of assets).

### ***Consultation document and engagement***

13. The consultation document and supporting draft Plan information adopted on 27 March 2023 outlined Council's proposals for 2024-2034. Options were presented for each proposal and public feedback was sought from 2 April to 3 May 2023. The key proposals covered:
  - a. water services;
  - b. food organics and green organics collection service;
  - c. rates relief for low-income households;
  - d. Petone assets (Petone Library building; Petone Recreation Ground grandstand, and Petone Wharf).

14. A dedicated website attracted a high number of visits from people engaging with the material available. 1,770 survey forms were completed during the engagement period.
15. Engagement was held with Mana Whenua at quarterly hui from June 2023 to March 2024 to inform them of the preparation of the draft Plan.
16. Several engagement hui were also held in our community facilities. Hui occurred with various interest groups across the education, social services, business, and community sectors. Social media also played a key role.

### ***Hearings and final decisions***

17. The hearing of public submissions took place on 15 and 16 May 2024.
18. Detailed analysis of submissions helped inform Council decisions on the proposals. At the Long Term Plan/ Annual Plan Subcommittee meeting on 17 May 2024 Council considered the analysis of the results of the public engagement process and progressed a range of decisions for the draft Plan.
19. The Long Term Plan/ Annual Plan Subcommittee met again on 4 June 2024 and finalised decisions for the draft Plan. These included decisions on all the proposals, some budget changes to operating and capital expenditure and retaining the rates revenue increase for 2024/25 at the same level as per the draft Plan.
20. An extract of a selection of the resolutions from the Council meeting on 4 June 2024 are as follows:
  - (3) *notes that the detailed analysis and results of the public engagement was reported to Council 17 May 2024;*
  - (4) *approves additional water services opex funding of \$1.5M per annum from years 2 to 10 of the Long Term Plan (adjusted for inflation)*
  - (5) *approves for inclusion in the final Long Term Plan 2024-2034 the water services option 1 being an investment of \$1.6B over 10 years;*
  - (3) *approves for inclusion in the final Long Term 2024-2034 the Petone assets option 3 being an investment of \$20M (Petone wharf \$12M, Petone Library \$5M, Petone Rec grandstand \$3M);*
  - (4) *agrees that Option 1 for rates relief for low-income households is not approved for inclusion in the final Long Term 2024-2034;*
  - (8) *approves for inclusion in the final Long Term 2024-2034 the food organics and green organics collection service option 1, however notes that in recognition of the feedback received from our community during the consultation, as well as the uncertainty regarding food and organic participation rates, reliance on unconfirmed government funding, and the need to accommodate those who currently compost, officers have been asked to do further work to identify how these concerns might be met before proceeding further;*
  - (9) *agrees the budget matters as detailed in Table 2 in the report and agrees decisions on these matters for the final Long Term Plan 2024-2034 as per feedback provided at the meeting;*
  - (10) *notes the projected debt and balanced operating budget results, as detailed in Section D and graphs 2 and 3 in the report;*

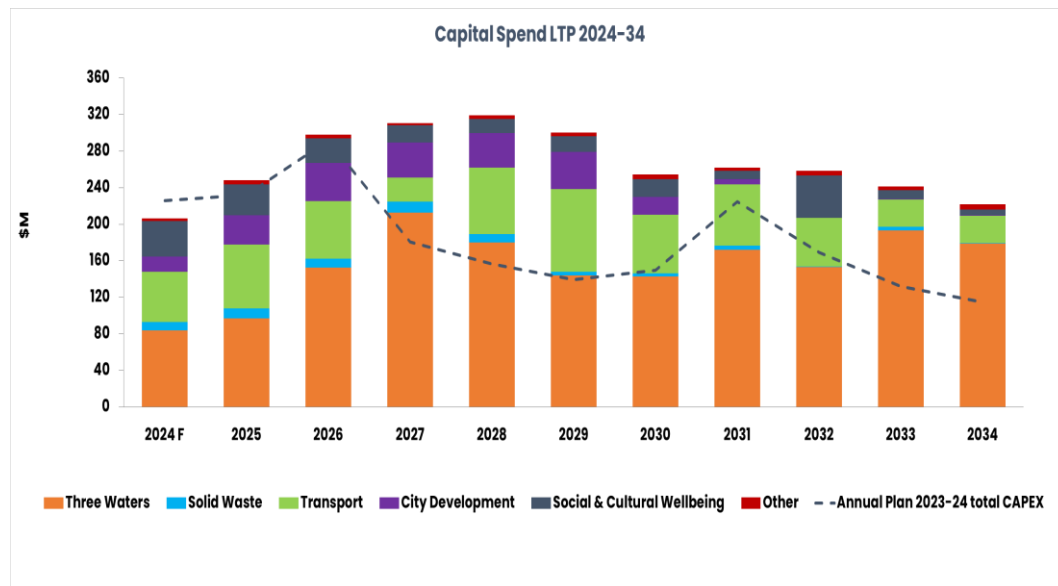
- (11) *agrees to the rates revenue increases (after growth) to be included in the final Long Term Plan 2024-2034 as follows and agrees that these will be updated to reflect final Council decisions as required;*

	2024/25	2025/26	2026/27	2027/82	2028/29	2029/30	2031-2034
<i>Rates revenue increase<sup>1</sup></i>	16.9%	13.4%	12.6%	12.6% <sup>2</sup>	12.4%	12%	7%

*1- excludes revenue from growth in the rating base*

- (12) *agrees to increase the Capital budget by \$6.8M (inflated) per year in the Long Term Plan for years 2031/32 to 2033/34 for Micromobility projects. Subsidies, at 51%, are assumed together with debt funding of the balance. The specific projects this funding relates to will be informed by the cycleway review in 2024/25;*
- (13) *notes the projected rating impact for 2024-25 for the average residential ratepayer is \$10.81 per week;*
- (14) *agrees the fees and charges to be included in the final Long Term Plan 2024-2034;*
- (15) *notes the external audit process that is to be completed.*
21. Officers have updated the draft Plan to reflect decisions made by Council on 4 June 2024 and feedback from the audit process. These changes are provided in the *Summary of Changes* attached as Appendix 1 to this report (circulated separately).
22. The draft Plan is attached as Appendix 2 (circulated separately) and corresponding financial tables attached as Appendix 3 to this report (circulated separately).
23. An overview of the capital investment programme is provided in Graph 1, which shows the planned \$2.7B investment over the 10 years. This investment is \$1.3B more than the previous Long Term Plan, with 60% going to Three Waters and 21% to Transport. This reflects Council's commitment to address investment in these vital areas for our city and is a key driver for the planned rates rises in the next 10 years.



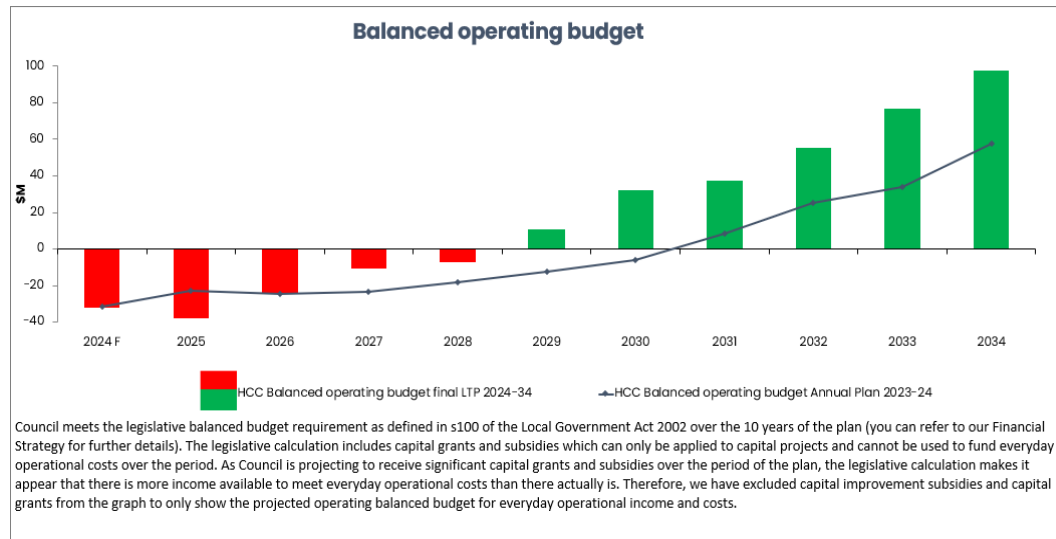
**Graph 1: Total capital expenditure by year and activity**

## Section D - Balanced budget and financial prudence requirements

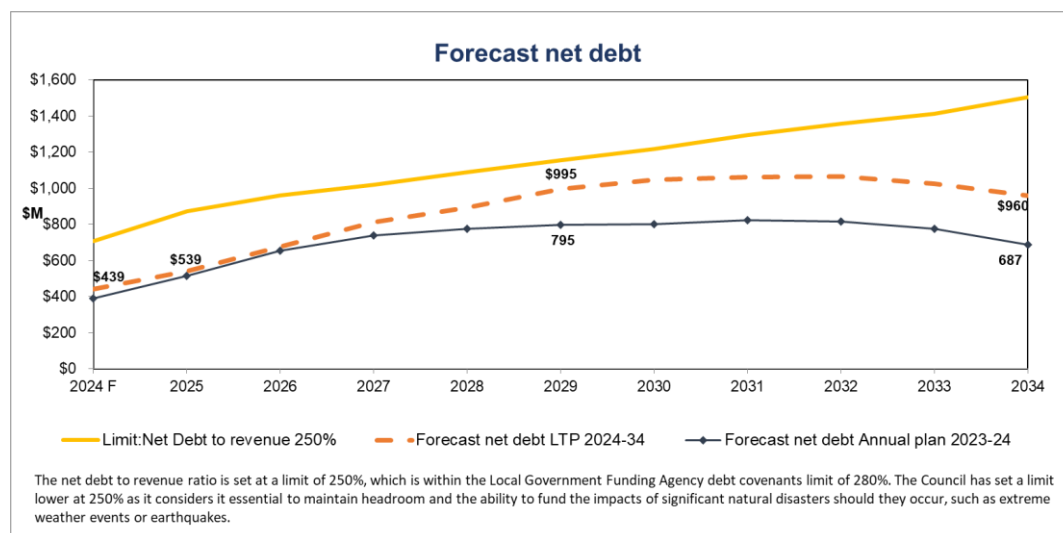
24. Sections 100 and 101 of the Act are the relevant legislation to be considered. The overarching requirement in this legislation is to act prudently and in a manner that promotes the current and future interests of the community.
25. Financial prudence is not defined in the Act. In the standard dictionary sense, prudence means 'careful', 'sensible', or 'habit of acting with careful deliberation'.
26. Council has considered the legislative requirement for a balanced budget and financial prudence a number of times in preparing the draft Plan and before finalising decisions for the final Long Term Plan. In the current economic environment, the affordability of rates has been a key consideration in these decisions.
27. In deciding on the Long Term Plan investment programme and the rates revenue settings, Council has worked to find a pragmatic response aiming to take into consideration the pressures on current ratepayers and ensuring Council remains financially sustainable into the future, whereby the actions of today do not significantly impact unfairly on ratepayers in the future.
28. The financial projections included in the draft Plan show:
  - a. a projected underlying net operating deficit in 2024/25 of \$38M;
  - b. a balanced operating budget (as defined in our Financial Strategy) projected to be achieved in 2028/29 (refer to Graph 2);
  - c. net debt is projected to peak at just under \$1B in 2028/29; and
  - d. net debt to revenue peaks at 216%, which is within the financial strategy limit of 250% (refer to Graph 3).

29. The rates revenue decisions included in the draft Plan are key drivers of the balanced operating budget that will be achieved in 2028/29. Graph 2 shows the projections throughout the period of the Long Term Plan, whilst Graph 3 shows the projected net debt to revenue ratio is retained well within the limit of 250% throughout the period of the Long Term Plan.

**Graph 2: Projected balanced operating budget position**



**Graph 3: Projected net debt to revenue ratio compared to debt to revenue limit of 250%**



30. Officer advice is that Council can resolve that it is financially prudent to have an unbalanced operating budget until 2028/29, as revenues are increasing over the 10 years of the Long Term Plan and repayment of the debt is occurring to avoid a significant impact on future ratepayers. The projected balanced operating budget position does not impact Council's ability to maintain its levels of service and undertake asset renewals and is consistent with the Revenue and Financing Policy.

*Further detailed information:*

31. The draft Plan includes a range of further detailed information, including “Our finances at a glance”, Financial Strategy, Revenue and Financing Policy, Significant forecasting assumptions, Prudence benchmarks reporting, detailed financial statements, activity statements and funding impact statements.
32. Details of the rating impact are available in a separate report in this agenda entitled “Setting the rates for 2024/25”, and the “Funding Impact Statement for rates 2024/25”.

**Section E – Final external audit of the Long-Term Plan 2024-2034**

33. The final Long-Term Plan is required to be audited before adoption by Council. The audit commenced on 4 June 2024. This audit involves reviewing and understanding significant changes to the draft Plan following consultation. The audit team seeks assurance that appropriate consequential changes and disclosures have been made.
34. Auditing the Long Term Plan involves reporting on whether the plan provides a reasonable basis for:
  - a. long term decision-making and co-ordination of Council’s resources; and
  - b. its accountability to the community.
35. The audit report includes whether the Long Term Plan’s underlying information and assumptions are reasonable and whether certain legislative disclosure requirements have been met.
36. The audit opinion for the DLTP included two Emphasis of Matter paragraphs around:
  - a) uncertainty over the three waters forecasts and use of mainly age-based asset information; and
  - b) the uncertainty over the delivery of the capital programme, given the significant increase in the programme.

An Emphasis of Matter paragraph in the audit opinion draws the user’s attention to important information. These matters from the DLTP will flow through to the final LTP audit opinion.

37. There is one further new audit opinion item which is to be included in the audit opinion for the FLTP. This relates to the independent valuation of three water assets which is being undertaken for the Annual Report, for the period ended 30 June 2024. An early draft of this valuation is showing that the increase in the value of these assets is significantly higher than the assumptions applied in the FLTP. The valuer’s work is not complete and will be finalised as part of the Annual Report process. The audit opinion will reference that the audit was limited in relation to the value of these assets and flow on effects of valuation changes.
38. The audit opinion to be included as part of the final Long Term Plan 2024-2034 is attached as Appendix 4 to the report (circulated separately).

## **Next Steps**

39. The final Long Term Plan document must be published on Council's website before 30 July 2024.
40. A press release will be made following the adoption of the final Long Term Plan. An electronic version will be uploaded onto Council's website and hard copies will be available in libraries, community hubs and the administration building. The publication will be notified to our communities through various appropriate channels.
41. The section of the final Long Term Plan under the heading 'Closing the loop' will also be published online as a separate report with some supporting narrative. This report will close the engagement loop with submitters and our community and inform them of what Council heard during the consultation and the decisions made.
42. Due to the tight timelines involved in preparing information for this report, there may be the need for minor editorial changes (for example from final proofreading) and/or design changes as part of the publication process of the final Long Term Plan document. Council is requested to delegate to the Chief Executive the authority to make any minor changes required before the document's publication.

## **Consultation**

43. Reports considered at the 17 May 2024 and 4 June 2024 Long Term Plan/ Annual Plan Subcommittee meetings addressed matters related to the public consultation process for the draft Plan.

## **Climate Change Impact and Considerations**

44. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
45. The final Long Term Plan directly responds to the need to achieve emission reductions by embedding emission reductions in a range of initiatives. The final Long Term Plan also includes a number of projects to reduce emissions, including the decarbonisation of Council facilities and investing in public charging stations in order to help accelerate the uptake of electric vehicles in the community.
46. Where applicable, climate impact statements are or should be in place for each of the key initiatives or investments that have been included in the final Long Term Plan.

## **Legal Considerations**

47. The Local Government Act 2002 (the Act) requires all Councils to adopt a Long Term Plan and review it every three years. A Long Term Plan must be adopted before the commencement of the first financial year it relates to after being consulted with the community through a special consultative procedure. Whilst Council is required to adopt a Long Term Plan every three years, in the intervening years an Annual Plan is required. These plans set out the service levels, work plans and budgets for the coming years and provide the basis on which Council's rates are set.

48. The Act requires the adoption of the Long Term Plan prior to the start of each financial year. This means that Council is required to adopt its final Long Term Plan on or before 30 June 2024. Council may not set rates for 2024/25 until the final Long Term Plan is adopted.
49. The rates resolution is included as a separate report in this agenda. The rates resolution will be considered by Council once the final Long Term Plan has been adopted. Failing to adopt the final Long Term Plan could impact Council's ability to continue to deliver services and projects for Lower Hutt.
50. Section 101 of the Act requires all local authorities to "manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community."
51. Section 100 subsection 1 of the Act states:
  - 1) A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses."
52. Section 100, then goes on to say:
  - 2) Despite subsection (1), a local authority may set projected operating revenues at a different level from that required by that subsection if the local authority resolves that it is financially prudent to do so, having regard to –
    - a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
    - b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
    - c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
    - d) the funding and financial policies adopted under section 102.
53. The Long Term Plan 2024-34 being presented for adoption complies with the legislative requirements set out above.

### **Financial Considerations**

54. Reports presented to the Long Term Plan/ Annual Plan Subcommittee since October 2023 to date have addressed financial considerations in detail and can be referenced for further information.

**Appendices**

There are no appendices for this report.

**Author:** Wendy Botha  
Corporate Planning Lead

**Author:** Deepu Nunnian  
Manager Financial Strategy and Planning

**Reviewed By:** Richard Hardie  
Head of Strategy and Policy

**Reviewed By:** Jenny Livschitz  
Group Chief Financial Officer

**Reviewed By:** Jarred Griffiths  
Director Strategy and Engagement

**Approved By:** Jo Miller  
Chief Executive

12 June 2024

Report no: HCC2024/3/154

## Setting of rates for 2024-25

### Purpose of Report

1. To set the rates for the year commencing 1 July 2024 and ending 30 June 2025, under the Local Government (Rating) Act 2002.

### Recommendation

That Council resolves to set the rates and add penalties to unpaid rates during the 2024-25 rating year by passing the resolution attached as Appendix 1 to the report.

### Acronyms:

DLTP – Draft Long Term Plan 2024-2034

LTP – Long Term Plan 2024-2034 (being the final LTP following consultation and Council decisions)

LTPAP – Long Term Plan/ Annual Plan Subcommittee

SUIP – Separately used or inhabited part

CV – Capital Value

### Background

2. At the Long Term Plan/ Annual Plan Subcommittee meeting of 4 June 2024, Council approved an overall rates revenue increase of 16.9% with a growth-related rates revenue component of 1.1% in 2024-25. Included in the decisions were approvals on the targeted rates to be applied.
3. Subject to Council first adopting the LTP at the meeting of 27 June 2024, Council can then set the rates for the 2024-25 rating year. Attached to this report are the detailed Rates Resolutions (Appendix 1) and the Funding Impact Statement, including rates for 2024-25 (Appendix 2). These appendices have been prepared based on Council's final LTP decisions from 4 June 2024.

### Rating policy and system

4. Council's rating system includes:
  - a general rate based on the capital value of a property;
  - targeted rates based on a fixed amount per property (known as a rating unit) or separately used part of a property (SUIP) for water supply, wastewater, rubbish collection, recycling and green waste collection;

- a targeted rate to fund the Jackson Street Programme activity based on the capital value of commercial properties with frontage to Jackson Street in Petone, between Hutt Road and Cuba Street.
5. Further details are provided in Appendix 2 to the report, the Funding Impact Statement including rates for 2024-25.

### Targeted rates

6. All properties, regardless of rateable value, pay the fixed rates before the general rate in the dollar is applied to the property's rateable value.
7. Table 1 that follows provides a summary of the changes in the targeted rates and amounts for 2023-24 compared to the previous year 2022-23.

Table 1: Targeted rates for 2024-25

Targeted Rate	2023-24	2024-25	Change
Water supply rate –per SUIP	\$607	\$746	\$139
Wastewater –per SUIP	\$654	\$766	\$112
Recycling – per SUIP	\$128	\$130	\$2
Refuse/rubbish 80 litre per SUIP <sup>1</sup>	\$115	\$128	\$13
Refuse/rubbish 120 litre per SUIP <sup>1</sup>	\$175	\$192	\$17
Refuse/rubbish 240 litre per SUIP <sup>1</sup>	\$350	\$384	\$34
240L Green waste per SUIP (optional)	\$105	\$115	\$10

Note 1: Ratepayers will be charged one of the refuse/rubbish targeted rates.

### Water supply targeted rate

8. The water supply targeted rate is a fixed amount per rating unit or SUIP.
9. The increase to the overall water supply targeted rate is 22.9%, being a \$139.00 increase (from \$607.00 in 2023-24 per SUIP on a rating unit to \$746.00 in 2024-25). The increase reflects the increased investment in this priority area.
10. For rating units that are not connected to the city supply but can be, a charge of 50% of the total charge (\$373.00) is applied.

### Wastewater targeted rate

11. The wastewater targeted rate is a fixed amount per SUIP (or water closet/urinal for rating units in the commercial categories).
12. The increase to the overall wastewater targeted rate is 17.1%, a \$112.00 increase (from \$654.00 per SUIP on a rating unit to \$766.00). The increase reflects the increased investment in this priority area.
13. For rating units in any of the commercial categories, an additional charge of 50% of the full charge (\$383.00) for the second and any subsequent water closet or urinal on the rating unit.



### Recycling collection targeted rate

14. The recycling collection targeted rate is assessed as a fixed amount per SUIP on all residential and rural properties and any rating units in the Community Education Facilities, Community Facilities 1 (CF1), Community Facilities 2 (CF2) or Community Facilities 3 (CF3) categories that have chosen to receive the service.
15. The increase to the overall recycling collection targeted rate is 1.6% which is a \$2 increase in 2024-25 (from \$128.00 per SUIP on a rating unit to \$130.00).

### Refuse/rubbish collection targeted rates

16. The refuse collection targeted rate is assessed as a fixed amount per SUIP on all rating units in the Residential and Rural categories with a dwelling and on any rating units in the Community Education facilities, CF1, CF2 or CF3 categories that have chosen to receive the service.
17. The amount of the refuse collection targeted rate depends on the level of service the ratepayer has chosen. The standard service is a 120 litre wheelie bin collected weekly.
18. Ratepayers have the option to choose, instead of the standard service, an 80 litre or 240 litre wheelie bins collected weekly.
19. The targeted rate amounts in 2024-25 for the different sized bins are shown in the table below:

Table 2: Refuse collection targeted rates for 2024-25

Refuse Collection Service	2024-25 amount
80 litre	\$128 (\$13 increase)
120 litre (standard)	\$192 (\$17 increase)
240 litre	\$384 (\$34 increase)

### Green waste collection targeted rate

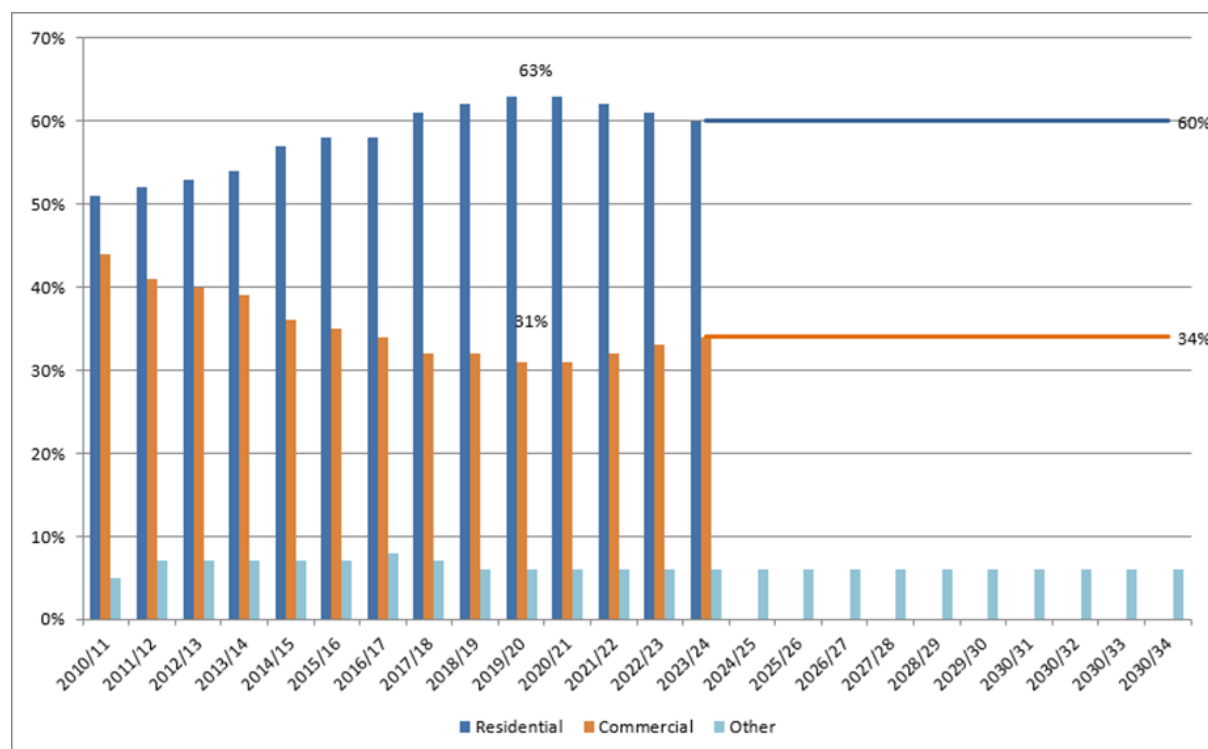
20. The kerbside waste service includes an optional monthly collection of a 240 litre wheelie bin for green waste.
21. Ratepayers can opt-in to the service, and only those ratepayers who do will pay the targeted rate.
22. The increase to the green waste collection targeted rate is 9.5% a \$10 increase in 2024-25 (from \$105.00 per SUIP on a rating unit to \$115.00).

### General rate

23. The general rate is a rate in the dollar assessed on the rateable value of each property.
24. As part of the Long Term Plan 2021-2031, Council reviewed its rating policy and agreed to apportion the general rates between the residential, commercial and utility property categories based on a percentage applied to each category group.

25. Council considered the impact on affordability for all ratepayers in the city and decided to reduce the percentage of rates paid by the residential rating category from 63% to 60% over three years from 2021-22, with a corresponding increase in commercial rating categories.
26. As part of the Long Term Plan 2024-2034, Council undertook a further review of the rating policy and agreed not to change where the policy had landed in 2023-24 at the 60% allocation of rates to the residential rating category. Graph 1 shows the allocation remaining at 60% for the 10 years of the LTP.

Graph 1: Allocation of rates charges between property rating categories approach per the 10-year plan



27. The percentage proportions of the General Rate for the 2024-2025 year are shown in the table below. 2023-24 is included for comparison.

Table 3: General Rate proportions 2024-25

Property category	2023-24 Percentage	2024-25 Percentage
Residential	60%	60%
Commercial central (includes Queensgate)	8%	7.7%
Commercial suburban	25.3%	25.4%
Utility networks	5.4%	5.6%

28. The General Rate differential and charge per dollar of capital value for 2024-25 are shown in the table below.

Table 4: General Rate differentials and rate in the dollar 2024-25

General Rate Differential Category	2024-25 Differential	2045-25 Charge per \$ of Capital Value
Residential	1.000	0.254690 cents
Rural	0.747	0.190254 cents
Commercial Central	3.525	0.897824 cents
Commercial Suburban	2.847	0.724999 cents
Utility Networks	3.426	0.872677 cents
Community Facilities 1	1.000	0.254690 cents
Community Facilities 2	0.500	0.127345 cents
Community Facilities 3	2.344	0.596994 cents

29. Please refer to the following reports for further information on the analysis and decisions made:
- HCC2023/3/188 – Revenue and Financing Policy Review
  - LTPAP2023/5/313 - Revenue and Financing Policy Review – Part 2
  - LTPAP2023/5/392 - Revenue and Financing Policy

#### **Rates revenue increase**

30. At the Council meeting 4 June 2024, Council endorsed the overall rates revenue increase in the LTP2024-34 for 2024-25 of 16.9% with a growth-related rates revenue component of 1.1%.
31. This is a shift from what was planned in Annual Plan 2023-24.

Table 5: Rates revenue increases in Annual Plan 2023-24

	<u>2024-25</u>	<u>2025-31</u>
Rates revenue increase <sup>1</sup>	8.9%	7.2%

Note 1- excludes revenue from growth in the rating base

32. Council reached this decision in response to the challenging economic climate impacting our community alongside the need to increase investment in key infrastructure (mainly in three waters and transport), together with a wide range of cost pressures across services.

33. The 2024-25 total rates revenue (excluding GST) totals \$189.8M, which includes \$71.9M of targeted rates for the year.

### Rating impact

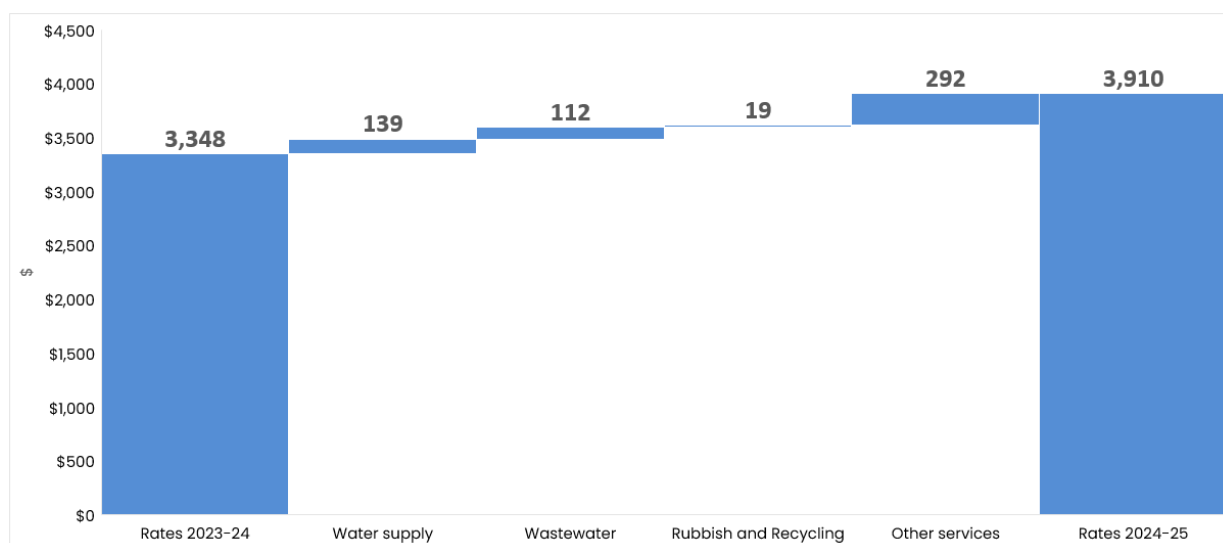
34. The rating analysis and impact that follows was prepared in mid-June 2024. While there is likely to be further growth in the rating database, analysis shows this will be minimal between mid-June and the end of June.
35. Based on LTP 2024-34 budgets, the changes in average property rates for 2024-25 compared to 2023-24 levels are summarised in table 6. These are shown including GST and excluding Greater Wellington Regional Council rates.

Table 6: Rates impact for 2024-2025

Property Category	Capital Value July 2024	2023/24 Rates	2024/25 Rates	\$ Change Annual	\$ Change Weekly	% Change Amount
Average Residential	\$815K	\$3,348	\$3,910	\$562	\$10.81	16.8%
Average Commercial Central	\$2,350K	\$19,367	\$22,994	\$3,627	\$69.75	18.7%
Average Commercial Suburban	\$2,418K	\$16,501	\$19,425	\$2,924	\$56.23	17.7%
Average Rural (no water or wastewater)	\$1,247K	\$2,342	\$2,694	\$352	\$6.77	15.1%
Utilities	\$3,262K	\$23,515	\$28,467	\$4,952	\$95.23	21.1%

36. Graph 2 shows the movement in rates for the average residential property from 2023-24 to 2024-25.

Graph 2: Average residential property rates change



37. Table 7 provides the indicative rating impact for the average residential property in a selection of suburbs across the city.

Table 7 – Average residential property rates by suburb

Residential Suburb	Capital Value July 2024	2023/24 Rates	2024/25 Rates	\$ Change Annual	\$ Change Weekly	% Change Amount
ALICETOWN	\$899,500	\$3,533	\$4,125	\$592	\$11.38	16.74%
AVALON	\$760,000	\$3,228	\$3,770	\$542	\$10.42	16.78%
BELMONT	\$972,500	\$3,693	\$4,311	\$618	\$11.88	16.73%
BOULCOTT	\$922,500	\$3,584	\$4,184	\$600	\$11.53	16.74%
DAYS BAY	\$1,294,500	\$4,398	\$5,131	\$733	\$14.09	16.66%
EASTBOURNE	\$1,217,800	\$4,230	\$4,936	\$705	\$13.57	16.67%
EPUNI	\$834,900	\$3,392	\$3,960	\$568	\$10.93	16.76%
FAIRFIELD	\$818,300	\$3,356	\$3,918	\$563	\$10.82	16.76%
HARBOUR VIEW	\$912,100	\$3,561	\$4,157	\$596	\$11.46	16.74%
HAYWARDS	\$632,500	\$2,949	\$3,445	\$496	\$9.54	16.82%
HUTT CENTRAL	\$1,080,800	\$3,930	\$4,587	\$656	\$12.62	16.70%
KELSON	\$879,600	\$3,490	\$4,074	\$584	\$11.24	16.75%
KOROKORO	\$1,023,900	\$3,806	\$4,442	\$636	\$12.23	16.71%
LOWRY BAY	\$1,661,600	\$5,202	\$6,066	\$864	\$16.62	16.61%
MANOR PARK	\$896,400	\$3,527	\$4,117	\$590	\$11.36	16.74%
MAUNGARAKI	\$932,800	\$3,606	\$4,210	\$603	\$11.61	16.73%
MELLING	\$766,900	\$3,243	\$3,787	\$544	\$10.47	16.78%
MOERA	\$648,200	\$2,983	\$3,485	\$502	\$9.65	16.82%
NAENAE	\$659,200	\$3,007	\$3,513	\$506	\$9.72	16.82%
NORMANDALE	\$896,200	\$3,526	\$4,117	\$590	\$11.35	16.74%
PETONE	\$950,800	\$3,646	\$4,256	\$610	\$11.73	16.73%
POINT HOWARD	\$1,185,100	\$4,159	\$4,852	\$694	\$13.34	16.68%
STOKES VALLEY	\$648,800	\$2,984	\$3,486	\$502	\$9.65	16.82%
TAITĀ	\$661,400	\$3,012	\$3,519	\$506	\$9.74	16.81%
WAINUIOMATA	\$630,100	\$2,944	\$3,439	\$495	\$9.52	16.83%
WAIWHETU	\$802,800	\$3,322	\$3,879	\$557	\$10.71	16.77%
WATERLOO	\$887,700	\$3,508	\$4,095	\$587	\$11.30	16.75%
WOBURN	\$1,283,900	\$4,375	\$5,104	\$729	\$14.02	16.66%
YORK BAY	\$1,128,100	\$4,034	\$4,707	\$673	\$12.95	16.69%

### Climate Change Impact and Considerations

38. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

## Consultation

39. The public consultation process on the DLTP took place from 2 April 2024 to 3 May 2024. The proposed rating changes were included in this process. Council considered the feedback from the consultation process before finalising decisions on the LTP. An online rates calculator enabled ratepayers to obtain an indication of what their rates would be for 2024-25, subject to final Council decisions.

## Legal Considerations

40. The rates are to be set in accordance with the Local Government (Rating) Act 2002, the requirements of which include the following:
- a. after setting the rates, sending each ratepayer:
    - aa. an assessment showing full details of rates on each rating unit, including how each rate is calculated and what activities are funded by the rate.
    - bb. a brief description of Council's rates remission and postponement policies.
  - b. sending a copy of the resolution setting the rates to the Secretary of Local Government within 20 working days of it being passed.
41. As in previous years, the Rates Resolution (Appendix 1 to the report) includes the authority to charge late payment penalties of 10 per cent on rates instalments not paid by the due date. In addition, it also provides for an additional 10 per cent penalties to be charged every six months on rates remaining outstanding from previous financial years.
42. The Rates Resolution (Appendix 1 to the report) and Rates Funding Impact Statement (Appendix 2 to the report) have been through an external legal review.

## Financial Consideration

43. There are no financial considerations besides those already outlined in this report.

## Appendices

No.	Title	Page
<a href="#">1</a>	Rates Resolution 2024-25	27
<a href="#">2</a>	Funding Impact Statement Including Rates 2024-25	30

**Author:** Alicia Andrews, Manager Finance Transaction Services

**Reviewed By:** Jenny Livschitz, Group Chief Financial Officer

**Approved By:** Jo Miller, Chief Executive

## SETTING THE RATES FOR THE YEAR ENDING 30 JUNE 2025

### Targeted and General Rates

1. In accordance with the relevant provisions of the 2024-34 Long Term Plan and the Funding Impact Statement including Rates for 2024-2025, **the Council hereby resolves**, pursuant to Section 23 of the Local Government (Rating) Act 2002, to set and assess the following **Hutt City Council** rates for the year commencing **1 July 2024 and ending 30 June 2025. All amounts are inclusive of Council's GST obligations.**

- (a) A **Targeted Rate (Water Supply Rate)** set and assessed under sections 16 to 18 of the Local Government (Rating) Act 2002. The water supply charges for 2024-25 are as follows:

1. A charge of **\$746.00** per separately used or inhabited part (SUIP) on a rating unit which is connected to the water reticulation system and is not metered.
2. A charge of **\$373.00** per SUIP on a rating unit that is not connected to, but is able to be connected to, the water reticulation system.
3. A charge of **\$746.00** per rating unit which is connected to the water reticulation system and contains more than one separately used or inhabited part, where a water meter has been installed to measure the total water consumed.

- (b) A **Targeted Rate (Wastewater Rate)** set and assessed under sections 16 to 18 of the Local Government (Rating) Act 2002. The wastewater charges for 2024-25 are as follows:

1. A charge of **\$766.00** per SUIP on a rating unit which is connected to the city wastewater system.
2. For rating units in the commercial categories (CMC, CMS and UTN), an additional charge of **\$383.00** (50% of the above charge) for the second and subsequent water closet or urinal connected to the wastewater system from each rating unit.

- (c) A **Recycling Collection Targeted Rate** set and assessed under sections 16 to 18 of the Local Government (Rating) Act 2002. The recycling charge for 2023-24 will apply as follows:

CATEGORY	Provision or availability	Per SUIP
Residential and Rural rating units	Able to be serviced	\$130.00
Community Education Facility, CF1, CF2 and CF3 rating units	Opt-in to the Service (provision)	\$130.00

- (d) A **Refuse Collection Targeted Rate** set and assessed under sections 16 to 18 of the Local Government (Rating) Act 2002. The refuse charges for 2024-25 are as follows:

CATEGORY	Provision or availability	Per SUIP
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	80 Litre or equivalent	\$128.00
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	120 Litre or equivalent	\$192.00
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	240 Litre or equivalent	\$384.00
Residential and Rural rating units	Able to be serviced but not serviced	\$128.00

- (e) **A Green Waste Collection Targeted Rate** set and assessed under sections 16 to 18 of the Local Government (Rating) Act 2002. The green waste charge for 2024-25 is **\$115.00** per SUIP on every rating unit in the Residential, Rural, Community Education Facility, CF1, CF2 and CF3 categories that has opted in to receive the green waste service.
- (f) **A Targeted Rate (Jackson Street Programme Rate)** set and assessed under sections 16 to 18 of the Local Government (Rating) Act 2002. The Jackson Street Programme charge for 2024-25 is **0.0006413** cents per dollar of capital value on every rating unit in the Commercial Suburban differential category having frontage to Jackson Street, Petone, between Hutt Road and Cuba Street.
- (g) **A General Rate** set and assessed under sections 13 and 14 of the Local Government (Rating) Act 2002. The general rate charge for the 2024-25 rating year is as follows:

CATEGORY	DIFFERENTIAL	CHARGE PER \$ OF CAPITAL VALUE
Residential	1.000	0.254690 cents
Rural	0.747	0.190254 cents
Commercial Central	3.525	0.897824 cents
Commercial Suburban	2.847	0.724999 cents
Utility Networks	3.426	0.872677 cents
Community Facilities 1	1.000	0.254690 cents
Community Facilities 2	0.500	0.127345 cents
Community Facilities 3	2.344	0.596994 cents

#### Rates Instalments

2. **The Council resolves** that the targeted rates and the general rate for the financial year ending 30 June 2025, as set out above, are payable in six equal instalments by the following due dates:

INSTALMENT NUMBER	DUE DATE	PENALTY DATE
One	20 August 2024	21 August 2024
Two	20 October 2024	22 October 2024
Three	20 December 2024	24 December 2024
Four	20 February 2025	21 February 2025
Five	20 April 2025	23 April 2025



Six	20 June 2025	24 June 2025
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**Penalties on unpaid rates**

3. The Council resolves, pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, except as stated in 4 below, that:
- a) A penalty of 10% will be added to the amount of any instalment remaining unpaid by the relevant due date above. The penalty will be added on the relevant penalty date stated above.
  - b) A penalty of 10% will be added to the amount of any rates assessed in previous years remaining unpaid on 5 July 2024 being 5 working days after the date of the resolution. The penalty will be added on 21 August 2024.
  - c) A further penalty of 10% will be added to the amount of any rates to which a penalty has been added under b) above and which remain unpaid on 21 February 2025.
4. No penalty shall be added to any rate account if:
- A direct debit authority is in place for payment of the rates by regular weekly, fortnightly or monthly installments, and payment in full is made by the end of the rating year.
  - Any other satisfactory arrangement has been reached for payment of the current rates by regular instalments by the end of the rating year.

# Funding impact statement including rates for 2024-25

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Tauākī pāpātanga tāhua āpiti atu ki ngā tāke kaunihera 2024-25  
Funding impact statements including 2024-25 rates

## Section A: Introduction

This Funding Impact Statement includes full details of how rates are calculated. It should be read in conjunction with Council's Revenue and Financing Policy (see section 4), which sets out Council's policies in respect of each source of funding.

### Summary of funding mechanisms and indication of level of funds to be produced by each mechanism

The Whole of Council Funding Impact Statement sets out the sources of funding to be used for 2024-25 and for subsequent years, the amount of funds expected to be produced from each source, and how the funds are to be applied. Details of user charges and other funding sources, and the proportion applicable to each activity, are included in Council's Revenue and Financing Policy which is included in the 10-Year Plan. Charges include GST unless otherwise noted.

### Uniform annual general charge

Council has not set a uniform annual general charge (UAGC) for 2024-25.

### Potential new rates during the term of the Long Term Plan 2024-34

Council is including a provision to set and assess a new targeted rate for a Green and Organic Waste household kerbside service. Community feedback was sought through the draft Long Term Plan engagement and further work needs to be completed to address community feedback and concerns. If approved in the future, the new targeted rate and service would take effect from from 1 July 2027.

### Definition of separately used or inhabited part

For the purposes of any targeted rate set as a fixed amount per separately used or inhabited part (SUIP) of a rating unit, a SUIP is defined as:

Any part of the rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

At a minimum, the land or premises intended to form the SUIP of the rating unit must be capable of actual habitation, or actual use by persons for purposes of conducting a business.

For the avoidance of doubt, a rating unit that has only one use (i.e., it does not have separate parts or is vacant land) is treated as being one SUIP of a rating unit.

## **Section B: Rates for year**

For 2024-25, and for subsequent years, Council will set the following rates.

### **a. Water supply rate**

A targeted rate will be set to meet the net operating costs of water supply and reticulation in the city. Lump sums will not be invited in respect of this rate. Council has set the targeted rate for water supply on the basis of the following factors:

- a charge per SUIP of a rating unit that is connected to the water reticulation system and is not metered
- a charge of 50 per cent of the above charge per SUIP of a rating unit that is not connected to but is able to be connected to the water reticulation system
- a charge per rating unit that is connected to the water reticulation system and contains more than one SUIP, where a water meter has been installed to measure the total water consumed provided that:
  - rating units situated within 100m of any part of the water reticulation network are considered to be able to be connected (i.e., serviceable)
  - rating units that are not connected to the system, and that are not able to be connected, will not be liable for this rate
  - where the owner of a rating unit with more than one SUIP has installed a water meter to measure the total water consumed, the owner will be liable to pay for water consumed as measured by the meter as set out in Council's Fees and Charges (see Appendix 1).

The charges for the 2024-25 rating year are as follows:

Category	Charge
Connected and unmetered	\$746.00 per SUIP
Serviceable but not connected	\$373.00 per SUIP
Connected and metered	\$746.00 per rating unit

### **b. Wastewater rate**

A targeted rate will be set to meet the net operating costs of wastewater collection, treatment and disposal within the city. Lump sums will not be invited in respect of this rate.

Council will set the targeted rate for the wastewater function on the basis of the following factors:

- a charge per SUIP of a rating unit for all rating units connected to the wastewater system
- for rating units in the commercial categories, an additional charge of 50 per cent of the full charge for the second and each subsequent WC or urinal connected to the wastewater system from each rating unit

provided that:

- no charge is made to any rating unit not connected to the wastewater system.

The charges for the 2024-25 rating year are as follows:

Category	Charge
Connected – SUIP	\$766.00 each
For commercial rating units in the CMC, CMS, and UTN categories – second and each subsequent WC or urinal from each rating unit	\$383.00 each

### **c. Recycling collection targeted rate**

A targeted rate will be set to meet 100 per cent of the costs of the recycling collection service. Lump sums will not be invited in respect of this rate.

For rating units in the Residential and Rural differential categories, the targeted rate will be set as a fixed amount per SUIP of each serviceable rating unit.

For Community Education facility rating units (those rating units that are 100% Non-Rateable under schedule 1 clause 6, part 1, of the Local Government (Rating) Act) and rating units in the CF1, CF2, or CF3 differential categories, ratepayers will be able to opt in to receive the recycling service. The targeted rate will be set as a fixed amount per SUIP of each rating unit that receives this service.

Rating units in the Residential and Rural differential categories that are not able to be serviced by the system will not be liable for this rate. This could include:

- land that does not have improvements recorded
- land with a storage shed only

- land that cannot receive the service due to inaccessibility, as determined by the Council.

The charge for the 2024-25 rating year is as follows:

Category	Charge per SUIP
Rating units in the Residential and Rural categories that can be serviced; or Community Education Facilities and Rating units in the CF1, CF2 or CF3 categories, that choose to opt in	\$130.00

#### **d. Refuse collection targeted rate**

A targeted rate will be set to meet 100 per cent of the costs of the rubbish collection service. Lump sums will not be invited in respect of this rate.

Rating units in the Residential and Rural differential categories that are not able to be serviced by the system will not be liable for this rate. This could include:

- land that does not have improvements recorded
- land with a storage shed only
- land that cannot receive the service due to inaccessibility, as determined by the Council.

For Community Education facility rating units (those rating units that are 100% Non-Rateable under schedule 1 clause 6, part 1, of the Local Government (Rating) Act) and rating units in the CF1, CF2, or CF3 differential categories, ratepayers will be able to opt in to receive the refuse collection service.

The rate is set on a differential basis, based on provision or availability of the service.

The targeted rate will be set per SUIP based on extent of provision of service on each serviced rating unit as follows: Community Education Facility (those rating units that are 100% Non-Rateable under schedule 1 clause 6 of the Local Government (Rating) Act), CF1, CF2 and CF3 differential categories.

The targeted rate will be set per SUIP based on extent of provision of service on each rating unit able to be serviced in the Residential and Rural differential categories.

The standard refuse service includes one 120-litre bin (or equivalent). Rating units can opt to use an 80-litre or 240-litre bin instead of the standard service. Rating

units in the Residential and Rural differential categories that are able to be serviced but opt not to be, will be rated at the charge applying to the 80-litre bin.

The charges for the 2024-25 rating year are as follows:

Category	Provision or availability	Per SUIP
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	80 Litre or equivalent	\$128.00
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	120 Litre or equivalent	\$192.00
Residential, Rural, Community Education Facility, CF1, CF2 and CF3 rating units	240 Litre or equivalent	\$384.00
Residential and Rural rating units	Able to be serviced but not serviced	\$128.00

#### e. Green waste collection targeted rate

A targeted rate will be set to meet 100 per cent of the costs of the green waste collection service. Lump sums will not be invited in respect of this rate.

For Community Education facility rating units (those rating units that are 100% Non-Rateable under schedule 1 clause 6, part 1, of the Local Government (Rating) Act, and rating units in the CF1, CF2, CF3, Residential and Rural differential categories, ratepayers will be able to opt in to receive the green waste service. The targeted rate will be set as a fixed amount per SUIP of each rating unit that receives this service.

The charge for the 2024-25 rating year is as follows:

Category	Charge per SUIP
Provision of service determined by those that choose to opt in	\$115.00

Council is including a provision to set and assess a new targeted rate for a Green and Organic Waste household kerbside service. Community feedback was sought through the draft Long Term Plan engagement and further work needs to be completed to address community feedback and concerns. If approved in the future, the new targeted rate and service would take effect from from 1 July 2027.

#### f. Jackson Street Programme rate

A targeted rate, based on the capital value of each rating unit, will be set to raise revenue from rating units in the Commercial Suburban category and with a frontage to Jackson Street, Petone, between Hutt Road and Cuba Street. The revenue raised from this rate will be applied to meet the costs of the Jackson Street Programme, a community-based initiative to help reorganise and revitalise commercial activities in Jackson Street. Lump sums will not be invited in respect of this rate.

The charge for the 2024-25 rating year is as follows:

Category	Charge
Rating units (or part thereof) in the Commercial Suburban category having frontage to Jackson Street, Petone, between Hutt Road and Cuba Street	0.0006413 cents per \$ of capital value

#### g. General rate

A general rate will be set:

- to meet the costs of Council activities, other than those detailed above
- based on the capital value of each rating unit in the city
- on a differential basis, based on the use to which the land is put and its location.

### Section C: Differential rating details

Each rating unit (or part thereof) is allocated to a differential rating category (based on land use and location) for the purpose of calculating the general rate and some targeted rates. Set out below are the definitions used to allocate rating units to categories, together with details of the differential rating relationships between each category of rating unit for the purposes of setting and assessing the general rate.

#### Definition of rating categories:

Category	Description
Residential (RES)	All land that is: used for residential purposes, excluding land categorised as rural; or used or set aside for reserve or recreational purposes (other than East Harbour Regional Park); and not otherwise categorised in the Definition of Rating Categories table

Rural (RUR)	All land located in the Rural zone in the Council's operative District Plan, excluding land categorised as : Community Facilities; Commercial Suburban; Utility Networks.
Commercial Central (CMC)	All land used for commercial and/or industrial purposes, and located within the Central Commercial Area as defined in the Council's operative District Plan, excluding land categorised as: Community Facilities; Utility Networks.
Commercial Suburban (CMS)	All land used for commercial and/or industrial purposes, excluding land categorised as: Community Facilities; Commercial Central; Utility Networks.
Utility Networks (UTN)	All land comprising all or part of a utility network.
Community Facilities 1 (CF1)	All land that is: 100% non-rateable in terms of the Local Government (Rating) Act 2002, Schedule 1, Part 1 50% non-rateable in terms of the Local Government (Rating) Act 2002, Schedule 1, Part 2.
Community Facilities 2 (CF2)	All land occupied by charitable trusts and not-for-profit organisations that either: use the land for non-trading purposes for the benefit of the community; or would qualify as land that is 50% non-rateable in accordance with Part 2 of Schedule 1 of the Local Government (Rating) Act 2002 if the organisation did not have a liquor licence.
Community Facilities 3 (CF3)	All land occupied by not-for-profit community groups or organisations whose primary purpose is to address the needs of adult members for entertainment or social interaction, and which engage in recreational, sporting, welfare or community services as a secondary purpose

For the purposes of these definitions:



- Rating units that have no apparent land use (or where there is doubt as to the relevant use) will be placed in a category which best suits the activity area of the property under the District Plan.
- Rating units that have more than one use will be 'divided' so that each part may be differentially rated based on the land use of each part.

For the avoidance of doubt, 'commercial purposes' includes rating units used:

- as a hotel, motel, inn, hostel or boarding house
- primarily as licensed premises
- as a camping ground
- as a convalescent home, nursing home, rest home or hospice operating for profit
- as a fire station
- by a government, quasi-government or local authority agency for administration or operational purposes
- as an establishment similar to any of the kinds referred to above, except to the extent that any such rating unit is non-rateable land in terms of the Local Government (Rating) Act 2002.

A 'utility network' includes:

- a gas, petroleum or geothermal energy distribution system
- an electricity distribution system
- a telecommunications or radio communications system
- a wastewater, storm water or water supply reticulation system.
- 

Subject to the right of objection set out in section 29 of the Local Government (Rating) Act 2002, it shall be at the sole discretion of Council to determine the use or primary use of any rating unit in the city.

### **Relationships of differential categories**

The general rate payable on each category of property is expressed as a rate in the dollar of capital value.

The general rate will be apportioned between residential, commercial and utility categories based on a percentage applied to each category group.

The percentage to be applied to each category group for the three years from 2024-25 are agreed following the completion of step two of the section 101(3) funding needs analysis process (which is designed to allow the Council to apply its judgement on the overall impact of the allocation of liability for revenue needs on

the current and future social, economic, environmental and cultural wellbeing of the community).

The percentages to be applied under the policy are as follows (including 2023-24 as a comparator):

Rating category	2023-24	2024-25, 2025-26 & percentage 2026-27 percentage
Residential	60%	60%
Commercial Central	8.0%	7.7%
Commercial Suburban	25.3%	25.4%
Utility Networks	5.4%	5.6%

The following table sets out the differential factors that Council will apply across all differential categories in 2024-25 to give effect to the approach.

The general rate differentials and charge per dollar of capital value are:

Category	2024-25 Differential	Charge per \$ of capital value
Residential	1.000	0.254690 cents
Rural	0.747	0.190254 cents
Commercial Central	3.525	0.897824 cents
Commercial Suburban	2.847	0.724999 cents
Utility Networks	3.426	0.872677 cents
Community Facilities 1	1.000	0.254690 cents
Community Facilities 2	0.500	0.127345 cents
Community Facilities 3	2.344	0.596994 cents

## Section D: Other information

### Summary of revenue required by differential group in 2024-25

Differential group	Total rates by category 2024-25 \$000 GST inclusive	Proportion of total rates
Residential	157,156	72.0%
Rural	1,310	0.6%
Utility Networks	7,640	3.5%
Commercial Central	11,132	5.1%
Commercial Suburban	38,852	17.8%
Community Facilities 1	218	0.1%
Community Facilities 2	437	0.2%
Community Facilities 3	218	0.1%
Services only	1,310	0.6%

<b>Total rates set</b>	<b>218,272</b>	<b>100%</b>
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### Summary of total revenue required from 2024-25 rates

Rate	Amount (inclusive of GST) \$000	Amount (exclusive of GST) \$000
General Rate	135,583	117,898
Targeted Rates:		
Water Supply	32,078	27,894
Wastewater	35,123	30,542
Jackson Street	197	171
Refuse	9,052	7,871
Recycling	5,608	4,877
Green waste	631	549
<b>Total rate revenue</b>	<b>218,272</b>	<b>189,801</b>

Note: The total rate revenue includes rates charged on Council-owned properties, rate refunds and rate remissions.

### Rates instalment details

The rates above are payable in six equal instalments on the following dates:

Instalment number	Due date
One	20 August 2024
Two	20 October 2024
Three	20 December 2024
Four	20 February 2025
Five	20 April 2025
Six	20 June 2025

### Penalties on unpaid rates

The Council resolves, pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, except as stated below\*, that:

- A penalty of 10 per cent will be added to the amount of any instalment remaining unpaid by the relevant due date above.

- b. A penalty of 10 per cent will be added to the amount of any rates assessed in previous years remaining unpaid on 5 July 2024. The penalty will be added on 21 August 2024.
- c. A further penalty of 10 per cent will be added to the amount of any rates to which a penalty has been added under b) above and which remain unpaid on 21 February 2025.

\*No penalty shall be added to any rate account if:

- A direct debit authority is in place for payment of the rates by regular weekly, fortnightly or monthly instalments, and payment in full is made by the end of the rating year.
- Any other satisfactory arrangement has been reached for payment of the current rates by regular instalments by the end of the rating year.

### Rating base

Based on the projected increase of 1.1 per cent in the rating base each year, the following table shows the projected number of rating units in the city as at 30 June:

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
42,816	43,287	43,764	44,245	44,732	45,224	45,721	46,224	46,733	47,247	47,766

The following table shows the projected capital and land value as at 30 June 2024:

Land value	Capital value
\$25,792,209,604	\$41,610,148,789

### Examples of rates on a range of typical properties

The examples below show how a range of properties are affected by the rates for 2024-25.

Property category	Rateable value as at 1 July 2024	2023-24 rates	2024-25 rates	Change amount \$
	\$	\$	\$	
Average Residential	\$815,000	\$3,348	\$3,910	\$562
Average Commercial Central	\$2,350,000	\$19,367	\$22,994	\$3,627
Average Commercial Suburban	\$2,418,000	\$16,501	\$19,425	\$2,924
Average Rural (no services)	\$1,247,000	\$2,342	\$2,694	\$352

Property category	Rateable value as at 1 July 2024	General rate	Water	Waste water	Rubbish and recycling	Total
	\$	\$	\$	\$	\$	\$
Residential	\$600,000	\$1,528	\$746	\$766	\$322	\$3,362
Residential	\$800,000	\$2,038	\$746	\$766	\$322	\$3,872
Residential	\$1,000,000	\$2,547	\$746	\$766	\$322	\$4,381
Residential	\$1,200,000	\$3,056	\$746	\$766	\$322	\$4,890
Residential	\$1,400,000	\$3,566	\$746	\$766	\$322	\$5,400
Residential	\$1,600,000	\$4,075	\$746	\$766	\$322	\$5,909
Commercial Suburban	\$700,000	\$5,075	\$746	\$1,149	\$0	\$6,970
Commercial Suburban	\$1,200,000	\$8,700	\$746	\$1,149	\$0	\$10,595
Commercial Suburban	\$2,400,000	\$17,400	\$746	\$1,149	\$0	\$19,295
Commercial Suburban	\$10,000,000	\$72,500	\$746	\$1,149	\$0	\$74,395
Commercial Central	\$800,000	\$7,183	\$746	\$1,149	\$0	\$9,078
Commercial Central	\$1,300,000	\$11,672	\$746	\$1,149	\$0	\$13,567
Commercial Central	\$2,400,000	\$21,548	\$746	\$1,149	\$0	\$23,443
Commercial Central	\$10,000,000	\$89,782	\$746	\$1,149	\$0	\$91,677
Commercial Central (Queensgate)	\$282,000,000	\$2,531,864	\$10,817	\$21,065	\$0	\$2,563,746
Utility Networks	\$3,000,000	\$26,180	\$0	\$0	\$0	\$26,180
Rural	\$800,000	\$1,522	\$0	\$0	\$322	\$1,844
Rural	\$1,000,000	\$1,903	\$0	\$0	\$322	\$2,225
Rural	\$1,250,000	\$2,378	\$0	\$0	\$322	\$2,700
Rural	\$2,500,000	\$4,756	\$0	\$0	\$322	\$5,078
Community Facilities 1	\$663,118	\$168,432	\$746	\$1,149	\$0	\$170,327
Community Facilities 2	\$1,396,351	\$78,196	\$746	\$1,149	\$0	\$80,091

Property category	Rateable value as at 1 July 2024	General rate	Water	Waste water	Rubbish and recycling	Total
	\$	\$	\$	\$	\$	\$
Community Facilities 3	\$3,371,667	\$1,304,835	\$746	\$1,149	\$0	\$1,306,730

Residential suburbs: average rateable value	Rateable value as at 1 July 2024	General rate	Water	Waste water	Rubbish & Recycling	Total
	\$	\$	\$	\$	\$	\$
Alicetown	\$899,500	\$2,291	\$746	\$766	\$322	\$4,125
Avalon	\$760,000	\$1,936	\$746	\$766	\$322	\$3,770
Belmont	\$972,500	\$2,477	\$746	\$766	\$322	\$4,311
Boulcott	\$922,500	\$2,350	\$746	\$766	\$322	\$4,184
Days Bay	\$1,294,500	\$3,297	\$746	\$766	\$322	\$5,131
Eastbourne	\$1,217,800	\$3,102	\$746	\$766	\$322	\$4,936
Epuni	\$834,900	\$2,126	\$746	\$766	\$322	\$3,960
Fairfield	\$818,300	\$2,084	\$746	\$766	\$322	\$3,918
Harbour View	\$912,100	\$2,323	\$746	\$766	\$322	\$4,157
Haywards	\$632,500	\$1,611	\$746	\$766	\$322	\$3,445
Hutt Central	\$1,080,800	\$2,753	\$746	\$766	\$322	\$4,587
Kelson	\$879,600	\$2,240	\$746	\$766	\$322	\$4,074
Korokoro	\$1,023,900	\$2,608	\$746	\$766	\$322	\$4,442
Lowry Bay	\$1,661,600	\$4,232	\$746	\$766	\$322	\$6,066
Manor Park	\$896,400	\$2,283	\$746	\$766	\$322	\$4,117
Maungaraki	\$932,800	\$2,376	\$746	\$766	\$322	\$4,210
Melling	\$766,900	\$1,953	\$746	\$766	\$322	\$3,787
Moera	\$648,200	\$1,651	\$746	\$766	\$322	\$3,485
Naenae	\$659,200	\$1,679	\$746	\$766	\$322	\$3,513
Normandale	\$896,200	\$2,283	\$746	\$766	\$322	\$4,117
Petone	\$950,800	\$2,422	\$746	\$766	\$322	\$4,256
Point Howard	\$1,185,100	\$3,018	\$746	\$766	\$322	\$4,852
Stokes Valley	\$648,800	\$1,652	\$746	\$766	\$322	\$3,486
Taitā	\$661,400	\$1,685	\$746	\$766	\$322	\$3,519
Wainuiomata	\$630,100	\$1,605	\$746	\$766	\$322	\$3,439
Waiwhetū	\$802,800	\$2,045	\$746	\$766	\$322	\$3,879
Waterloo	\$887,700	\$2,261	\$746	\$766	\$322	\$4,095

Residential suburbs: average rateable value	Rateable value as at 1 July 2024	General rate	Water	Waste water	Rubbish & Recycling	Total
	\$	\$	\$	\$	\$	\$
Woburn	\$1,283,900	\$3,270	\$746	\$766	\$322	\$5,104
York Bay	\$1,128,100	\$2,873	\$746	\$766	\$322	\$4,707

DRAFT

11 June 2024

Report no: HCC2024/3/155

## Development Contribution Remissions and Rebates for Community Housing Providers

### Purpose of Report

1. The purpose of this report is to seek approval of a Development Contribution Remissions and Rebates for Community Housing Providers Policy 2024 (the policy). This policy has been developed in response to direction provided to officers by Council on 17 May 2024.

### Recommendations

That Council:

- (1) approves the Development Contribution Remissions and Rebates for Community Housing Providers Policy 2024 (the policy) (attached as Appendix 1 to the report);
- (2) delegates to the Chief Executive, in conjunction with the Chair of the Policy, Finance and Strategy Committee, the authority to decide on a request for remission or rebate and the authority to approve such requests; and
- (3) approves the Chief Executive to make minor editorial changes to this policy.

### Acronyms

DCP 2024 – Development contributions and financial contributions policy

DLTP – Draft Long Term Plan 2024-2034

FLTP – Final Long Term Plan 2024-2034

LGA – Local Government Act 2002

### Section A - Executive summary

2. Council recently undertook formal public consultation for the DLTP, including the draft DCP 2024. Feedback and results of the consultation were reported to the Long Term Plan/ Annual Plan Subcommittee on 17 May 2024, and a range of decisions were made at this meeting. This included:
  - support to develop a policy on partial remissions for registered Community Housing Providers, in line with the approach outlined in section B of report LTPAP2024/2/113; and
  - provision of \$500k per annum in the FLTP to fund these remissions. This is included in the financial projections in the FLTP and is funded from debt.



3. The proposed remissions/rebates recognises the critical role registered Community Housing Providers play in providing lower cost housing in our community. The remission/rebate contributes to reducing the cost of new builds, making it more feasible for registered Community Housing Providers to deliver on their core business of providing social housing.
4. Officers seek approval of the attached Development Contribution Remissions and Rebates for Community Housing Providers Policy (Appendix 1).
5. In summary the proposed policy:
  - provides a 40% discount for eligible developments up to a cap, with the ability to seek an additional 20% discount (total 60%) if specified criteria are met;
  - provides a remission or a rebate (see Section B of the report for how these are defined), depending on whether or not the development is undertaken directly by registered Community Housing Providers;
  - includes a requirement for a covenant on title for 15 years limiting a site's use to social housing; and
  - excludes the Crown and its agents from being eligible under this policy, including developments they fund, even if delivered by registered Community Housing Providers.

## **Section B – Background**

6. Through the DLTP consultation, submissions and feedback referred to the difficulties Community Housing Providers would face with the proposed development contribution charges. Urban Edge Planning Ltd submitted that the higher development contribution charges proposed through the DCP 2024 would make it unaffordable to provide social housing and would potentially increase inequalities within the city. Following on from this feedback, Council progressed decisions on 17 May 2024 to develop a policy for remissions of development contributions for Community Housing Providers. The proposed policy has been developed to give effect to this Council response.
7. The policy provides for a remission, or a rebate as follows:
  - a) remissions provide relief from having to pay development contributions and are only available to developments undertaken by registered Community Housing Providers for the purpose of providing social housing. This means the registered Community Housing Provider is the resource or building consent applicant.

- b) rebates are the return of paid development contributions and are available where:
  - aa. the applicant for the building consent or resource consent is not a registered Community Housing Provider; but
  - bb. lots, residential units, other building(s), or parts thereof in the development for which development contributions were paid are intended to be sold to a registered Community Housing Provider for the purposes of providing social housing.
- 8. Where a development has a mix of social housing and for-profit housing, the policy provides for a remission or rebate only to the extent that the development is for social housing.
- 9. The remissions and rebates provided in the policy are:
  - a. for developments that meet the criteria, a standard development contribution remission or rebate equal to 40% of the value of the development contributions, up to a maximum of \$150,000 (GST inclusive) per development.
  - b. if additional criteria are met and at Council's discretion, a further development contribution remission or rebate of up to 20% (i.e. a total 60% when combined with a standard remission) and a lift in the maximum to \$225,000. When considering whether to grant a further remission or rebate, Council will consider the factors around its economic, environmental, cultural and social wellbeing goals for its people and place.
- 10. If granted a remission or rebate, the proposed policy requires a covenant on lots for 15 years limiting the use of the site for social housing. It requires repayment of any rebate/remission if this covenant is breached (claw back).

#### **Proposed remission/rebate limit**

- 11. The proposed limit on remission or rebates for any one development is intended to help ensure Council is not subject to very large costs against its remission/rebate budgets, enabling some control over cost blowouts. Most developments are unlikely to be limited by this. For example, a standard remission of 40% will not breach the cap for 10 standard dwellings in Wainuiomata, over 20 in Eastbourne, Stokes Valley, and Western Hills, and eight on the Valley Floor (once the new valley floor charges are fully in place in 2026/2027).
- 12. Those developments that exceed this will still receive substantial financial discounts from Council.

### **Rebates for private developments intended to be sold to a registered Community Housing Provider**

13. The proposed rebate scheme is intended to provide a similar benefit as a remission. Still, it acknowledges that a private developer owns the property and is undertaking the development, not a registered Community Housing Provider. Even with agreements in place, surety about a section or dwelling's use for social housing by a registered Community Housing Provider can only be gained once it is owned by that provider with the covenant in place.
14. The rebate approach protects Council's interest until then and minimises the risk of Council being drawn into debt collection if agreements are not honoured. For example, where a developer subsequently sells a section on the open market instead of to a Community Housing Provider. If granted a remission, Council will have lost its leverage via section 208 of the LGA to make the developer pay the development contribution before a section 224(c) certificate is issued. Instead, Council will need to rely on debt collection. A similar situation can arise about building consents, and Council's ability to withhold a code compliance certificate until the development contributions are paid.
15. Under a remission approach, Council would incur additional administrative costs associated with monitoring the progress of a development to ensure the housing ends up with a registered Community Housing Provider. If a developer became insolvent, then there is also a risk that Council would not be able to recover the unpaid development contributions at all.
16. Developers are likely to prefer remissions rather than rebates. A remission would lower the developer's required cashflow and holding costs.
17. Officers estimate that the minimum time between payment of development contributions and these being rebated is likely to be:
  - three months to create new sections that are sold to a registered Community Housing Provider.
  - three months where dwellings on an existing section are constructed and sold to a registered Community Housing Provider.
  - nine months for a turnkey land and house package, where sections must first be created via subdivision before the building can commence.
18. The delays could be longer depending on the agreement that the developer has with their clients and/or the time needed to complete multiple dwellings.

19. The holding costs of the discount to be rebated are likely to be very low compared to the cost of constructing dwellings in most cases. For example, the holding costs for a 12-month delay in receiving the standard discount (40%) represent between 0.09% and 0.24% (depending on the catchment) of the average value of a dwelling in Lower Hutt. It should also be noted that 90% of the value of the discount is still retained, even in this case.
20. For the reasons outlined above, officers do not recommend providing remissions where a development is not undertaken by a registered Community Housing Provider.

### Section C – Options

21. The main options available to Council are below. Officers recommend option A – Approve proposed policy.

Option	Pros	Cons
A. Approve proposed policy	<ul style="list-style-type: none"> <li>• Responds to concerns raised in submissions</li> <li>• Provides support to social housing developments</li> <li>• Applies to developments undertaken directly by registered Community Housing Providers and those that are undertaken on their behalf</li> <li>• Provides safeguards to ensure the remissions and rebates are not gamed or abused</li> <li>• Can come into force from 1 July 2024</li> <li>• Has been legally reviewed</li> </ul>	<ul style="list-style-type: none"> <li>• Cost of administering the policy</li> <li>• Provides rebates, rather than remission, if the development is not undertaken directly by a registered Community Housing Providers</li> <li>• May be perceived as too restrictive as it only applies to developments undertaken, or to be owned, by registered Community Housing Providers for social housing</li> </ul>
B. Approve proposed policy, with amendments	<ul style="list-style-type: none"> <li>• If the amendments are minor, similar to option A</li> </ul>	<ul style="list-style-type: none"> <li>• Can only be described once nature of amendments are known</li> <li>• May delay start of policy if further legal review is needed</li> </ul>
C. Not approve policy	<ul style="list-style-type: none"> <li>• Avoids direct and administrative cost of remissions/rebates, which are funded by rates and debt.</li> </ul>	<ul style="list-style-type: none"> <li>• Council has no policy to guide use of available remission funds</li> <li>• No support provided to increasingly important provider of social services</li> </ul>

**Next steps**

22. If the proposed policy is approved, it will be formatted and published and will be in force from 1 July 2024.
23. As this policy is being implemented for the first time, Officers will monitor its use and cost. They will consider whether any changes are needed in the future, and report these as a part of the half yearly performance report.

**Climate Change Impact and Considerations**

24. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
25. Development Contributions have no direct bearing on Council's or the city's emissions or natural environment. It does, however, help provide infrastructure support via funding for growth in the city, which puts pressure on existing systems such as transport, increasing congestion. Council is obligated to meet expected growth under the National Policy Statement on Urban Development.

**Consultation**

26. Results of the consultation process were reported separately on 17 May 2024, and this policy was based on the submissions received during that consultation process. The policy itself has not been consulted on with the community.

**Legal Considerations**

27. Development contributions are governed by the Local Government Act 2002. This includes a requirement to include any criteria for remissions with the DCP (Section 201(1)(c) LGA). The DCP approved by Council on June 4 includes a reference to this policy and the remissions it provides for registered community housing development. It is, therefore, incorporated by reference into the DCP.
28. An external legal specialist reviewed the policy and incorporated feedback from this review.

**Financial Considerations**

29. A provision of \$500k per annum is included in the FLTP budgets for remissions and rebates of development contributions for Community Housing Providers. This is incorporated in the development contribution revenue projection of \$114M over 10 years. Depending on the volume and nature of remissions received under this policy, there may be costs associated in the future with administering the policy, legal reviews, specialist input required to assess complex applications etc.

**Appendices**

No.	Title	Page
1 <a href="#">↓</a>	Draft policy - Development contribution remission and rebates for Community housing providers 2024	51

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**Reviewed By:** Jenny Livschitz  
Group Chief Financial Officer

**Approved By:** Jo Miller  
Chief Executive



# Development Contribution Remissions and Rebates for Community Housing Providers Policy 2024

Date created	May 2024
Publication date	June 2024
Review period	June 2025 (or earlier if required)
Owner	Finance

Version	Author	Date	Description
V 1.0	Dwayne Fletcher Deepu Nunnian	June 2024	



## Purpose and policy overview

1. This Policy outlines the Council's approach to providing partial remissions or rebates of development contributions required under its Development Contribution Policy, for community housing provider developments.
2. The Council is required under section 102(2) of the Local Government Act 2002 (LGA) to adopt a policy on development contributions or financial contributions. The purpose of these charges is to fund new infrastructure and upgrades to existing infrastructure required as a result of growth. In developing and adopting a development contributions policy, the Council decides the extent to which charges may be required under the policy as calculated on different classes or types of development. The Council may also choose to provide remissions and rebates for specified types of development, as it has done in this policy.
3. This policy applies to resource and building consents for eligible community housing developments applied for from 1 July 2024.

## Remissions and Rebates

4. Council may grant a partial remission or rebate for registered community housing provider developments that provide social housing.
5. **Remissions** provide relief from having to pay development contributions and are only available to developments undertaken by registered community housing providers for the purpose of providing social housing. This means the registered community housing provider is the resource or building consent applicant.
6. **Rebates** are the return of paid development contributions and are available where:
  - a) The applicant for the building consent or resource consent is not a registered community housing provider; but
  - b) Lots, residential units, other building(s), or parts thereof, in the development for which development contributions were paid are intended to be sold to a registered community housing provider for the purposes of providing social housing.



## Remission and rebate criteria

7. The registered community housing provider must intend to use the lots, residential units, other building(s) or parts thereof for social housing.
8. The remission or rebate is available only to the extent that lots, residential units, other building(s) or parts thereof are to be used for social housing purposes. In developments with a mix of for-profit and social housing, only the residential units, lots, other building(s) or parts thereof intended for social housing are eligible for a remission or rebate.
9. An application for remission or rebate must be lodged with Council prior to any development contributions being paid, using the form specified by the Council. Development contributions paid prior to a remission or rebate application being lodged will not be eligible for a remission or rebate.
10. For rebate applications, both the developer and registered community housing provider must sign the application and there must be evidence, to the satisfaction of the Council:
  - a) Of genuine intention to transfer the lot, residential unit, other building(s) or parts thereof, to a registered community housing provider on completion of the development such as a contract or sale and purchase agreement; and
  - b) That the benefit of the rebate will pass through to the registered community housing provider either directly via payment from the developer to the registered community housing provider, or indirectly via a reduced lot, residential unit, or building price.
11. The Crown, or Crown entities (including Crown agents, such as Kāinga Ora) are not eligible in any way to receive a rebate or remission. Developments undertaken or purchased by registered community housing providers on behalf of, or funded by, the Crown or crown entities are not eligible for remissions or rebates.

## Remission and rebate rates

12. For developments that meet the criteria, a standard development contribution remission or rebate will be granted equal to 40% of the value of the

development contributions assessed for the eligible development, up to a maximum of \$150,000 (GST inclusive) per development.

13. At its sole discretion, the Council may approve a further development contribution remission or rebate of up to 20% of the value of the development contributions assessed for the eligible development (i.e. a total 60% when combined with a standard remission or rebate) and lift the maximum to \$225,000 (GST inclusive) per development.
14. When considering whether to grant a further remission or rebate, the Council will consider the factors below:
  - a) Hutt City Council has economic, environmental, cultural and social wellbeing goals for its people and place. These are included in a number of plans and policies including our Climate Action Plan, Procurement Strategy and Waste Management and Minimisation Bylaw 2021. Council invites registered CHPs and developers who want to build in our city and who are seeking a remission or a rebate, where it is needed to make a build viable, to consider the ways in which they could contribute to our wider goals and purpose of a city that thrives. Examples of information to be provided include but are not limited to:
    - i. utilising renewable sources of energy for space heating, water heating and cooking facilities;
    - ii. Council wants to significantly reduce waste going to landfill. As such, the development could demonstrate a significant reduction in construction and/or demolition waste (see the waste minimisation plan requirement in the Solid Waste Minimisation and Management Bylaw);
    - iii. the application of agreed building quality standards including Homestar 6 across all developments (or similar/higher standard) or Passive house;
    - iv. achieving wider outcomes by using local labour and committing to education and training opportunities and further career development opportunities for their workforce.
15. Any remission or rebate may be granted subject to conditions imposed by the Council at its sole discretion, including those set out in paragraphs 18 to 24 below.

## Funding declaration

16. When making an application for a remission or rebate, the registered community housing provider must sign a declaration stating they don't have access to alternative sources of funding to pay the development contributions.

17. This requirement is to ensure the Council isn't providing funding via a remission or rebate when the development contributions could be funded from other sources such as the Ministry of Housing and Urban Development.

## **Agreement and restrictive covenant**

18. If granted a remission or rebate, the applicant(s) must enter into an agreement with the Council setting out the basis and conditions on which the remission or rebate is granted, including an obligation to have a restrictive covenant registered on the title(s).
19. The restrictive covenant in favour of the Council must be registered against the property title(s) for 15 years. The conditions of the agreements and covenant will limit the use of the covenanted property to the provision of social housing only.
20. The covenant and agreement will require the development contributions (plus interest cost) that has been remitted or rebated to be paid if the conditions of the agreement and covenant are breached. The Council will release the covenant from the land title(s) on payment of the development contributions.
21. The Council will provide an agreement to sign and a covenant precedent which must be completed and registered by the Council's solicitors at the developer's cost.
22. For remissions, the restrictive covenant must be registered:
- a) On creation of title for a new lot.
  - b) For builds on existing lots, prior to code compliance certificate being issued.
23. For rebates, the restrictive covenant must be registered prior to rebates being made. No rebate will be made until the restrictive covenant is registered.
24. Failure to register the restrictive covenant within the times outlined in paragraphs 22 and 23 above will invalidate any grant of remission and rebate. Any remitted development contributions will become payable within 3 months.

## Rebates benefit pass through

25. The benefit of any rebate must pass through to the registered community housing provider as indicated in the application for a rebate. If this does not occur, the development contribution will become payable as a debt to the Council by the developer.

## Credits

26. In no way should this policy be construed as providing refunds for lots, residential units, or buildings that already have development contributions credits.

## Process

27. An application for remission or rebate of development contributions needs to be made on Council's Development Contribution Remission and Rebate Application form before the development contributions are paid. It must be accompanied by all information necessary to determine eligibility and compliance with the requirements of this policy.
28. The Council will acknowledge receipt of the application within three working days by responding in writing including by email.
29. The Council may, within 10 working days of receiving the application, request further information from the applicant about compliance with this Policy's eligibility and remission/rebate criteria.
30. Once the Council has received all the required information relating to the request or the applicant has advised that they will not provide any further information, the Council will consider the application and advise the applicant of the outcome within 30 working days.
31. Council may extend these timeframes and will provide reasons in writing why additional time is required.
32. Council delegates to the Chief Executive, in conjunction with the Chair of the Policy, Finance and Strategy Committee:
- a) the authority to make a decision on a request for remission or rebate; and

b) the authority to approve such requests.

Should the decision be that the application is not eligible for a remission or rebate under this policy, the provisions of Council's Development contributions policy would apply in terms of any assessed development contributions

## Definitions

33. Where this policy references words and phrases used in the Development Contributions Policy, those words and phrases are as defined in that Policy. For the purpose of this policy, the following additional definitions apply:

**Social housing** means not-for-profit housing built by or for, and operated by, a registered community housing provider to help low income households and other disadvantaged groups to access appropriate housing at a below market rent. This can be of a supported nature such as emergency housing, or of a more general nature where low income in relation to housing costs may be the main issue.

**Community Housing Regulatory Authority** – means the Authority that is charged with regulating community housing providers and registers and maintains the register for qualifying providers.

**Developer** and **development** includes all the stages of development work covered variously by a resource consent, a building consent, a certificate of acceptance, or a new water, wastewater, or stormwater service connection.

**Registered community housing provider** – means a community housing provider registered with the Community Housing Regulatory Authority.

10 June 2024

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Report no: TSC2024/3/151

## **Parking – Implementation of Long Term Plan CBD Parking Decisions**

### **Purpose of Report**

1. To seek approval under the Hutt City Council Traffic Bylaw 2017 to extend existing paid parking to seven days a week, 9:00am to 5:00pm, to increase paid parking fees, and to extend parking enforcement to seven days per week.

### **Recommendations**

It is recommended that Council:

- (1) receives and notes the information;
- (2) approves, pursuant to clause 4.1(b) of the Hutt City Council Traffic Bylaw 2017 (the Bylaw), paid parking in zones HC2, HC3, HC4 and the Riverbank Carpark to be seven days per week, 9:00am to 5:00pm;
- (3) approves the extension of parking enforcement in zones HC2, HC3, HC4 and the Riverbank Carpark to seven days per week; operating between 9:00am to 5:00pm;
- (4) approves the hourly rate increase to \$3.00 per hour for zone HC2;
- (5) approves the hourly rate increase and daily charge increases to \$3.00 per hour with a \$10.00 per day maximum charge, for zones HC3, HC4 and the Riverbank Carpark;
- (6) approves the monthly pass charge for the Riverbank Carpark of \$150.00;
- (7) notes that public holidays are still unrestricted for all parking zones;
- (8) approves, pursuant to clause 4.1(d) of the Bylaw, paid parking changes in the Lower Hutt Central Business District coming into effect from 9.00am, 1 July 2024;
- (9) notes parking for Petone is intended to commence on 1 October 2024, allowing time to procure and install meters and that a report seeking approval of Council to the new traffic controls will be sought before that date; and

- (10) rescinds any previous resolutions pertaining to traffic controls made pursuant to any bylaws to the extent that they conflict with the traffic controls described in this recommendation.

For the reason that the above recommendations will aim to decongest our city centre, reduce our carbon footprint and incentivise micromobility. This approach will create a more attractive and useable city centre and enhance the appeal of public transport.

## **Background**

2. This report is to formalise the resolution of the changes to existing paid parking.
3. Paid parking in Hutt City currently functions via pay and display meters; through Pay My Park app or SmartPark.
4. At the Long-Term Plan/ Annual Plan Subcommittee meeting on 4 June 2024, Councillors approved the extension of paid parking to operate seven days a week, 9:00am to 5:00pm and the increase of parking fees within Hutt City CBD; the Riverbank Carpark and Petone.
5. A separate update for the rollout of paid parking in Petone will be included in the Economy and Development Director's report for the Infrastructure and Regulatory Committee on 11 July 2024. Allowing time to procure and install parking meters required for paid parking in Petone, it is intended to commence paid parking in Petone from 1 October 2024.
6. Specific parking conditions vary based on the zone. A summary of the conditions is included in Appendix 1 attached to the report.
7. A parking zones list of the impacted roads is included in Appendix 2 attached to the report.

## **Discussion**

8. Council currently has four distinct paid parking zones, each with differing conditions and fees. A detailed breakdown of the conditions and fees for each zone is provided in Appendix 1 attached to the report.
9. The changes to paid parking amends the conditions by extending its operation to seven days per week, 9:00am to 5:00pm. In relevant zones, this extension also applies to the maximum parking durations, now applicable to seven days a week, 9:00am to 5:00pm. Public holidays are excluded.
10. Paid parking revenue included in the LTP is inclusive of revenue from the decision to extend paid parking and increase fees as per recommendations (2) to (8).
11. A list of the roads included within each paid parking zone is included as Appendix 2 attached to the report.

12. Communication of the changes to paid parking will be advertised through the Hutt News, Upper Hutt Leader, The Post, Council's website and social media.
13. Changes to parking will be effective from 1 July 2024.

### **Climate Change Impact and Considerations**

14. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
15. The decision will not increase greenhouse gas emissions and will not be affected by the changing climate.

### **Consultation**

16. Consultation regarding the paid parking changes was conducted through the draft Long-Term Plan. No separate consultation was undertaken by officers.
17. Feedback was received through the draft Long Term Plan and considered by the Long Term Plan/ Annual Plan Subcommittee.

### **Legal Considerations**

18. Council's approval is required to make the proposed parking enforceable in accordance with Hutt City Council's Traffic Bylaw 2017.

### **Financial Considerations**

19. The required changes to signage and parking meters to implement the changes to paid parking will be funded from existing Transport budgets.

### **Appendices**

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<a href="#">2</a>	Appendix 2 - Hutt City Paid Parking Zones	62

**Author:** Paul Hewitt  
Head of Transport

**Reviewed By:** Andrea Mitchell  
Business Manager

**Approved By:** Jon Kingsbury  
Director Economy & Development



**Appendix 1 – Changes to Paid Parking Conditions from Long Term Plan 2024-2034**

<b>Parking Zone</b>	<b>Current Zone Conditions</b>	<b>Current Charges</b>	<b>2024-2025 Zone Conditions</b>	<b>2024-2025 Charges</b>
Shoppers (Green HC2) Zone	<ul style="list-style-type: none"> <li>- Two hour maximum parking duration</li> <li>- Monday to Friday 9am -5pm</li> <li>- Saturday P120 (no charge)</li> <li>- Sunday and public holidays unrestricted</li> </ul>	\$2.00 per hour	<ul style="list-style-type: none"> <li>- Two-hour maximum parking duration outside of signposted restrictions</li> <li>- Operating hours between 9am–5pm (7 days per week)</li> <li>- Public holidays unrestricted</li> <li>- Enforcement 7 days per week</li> </ul>	\$3.00 per hour
Commuter (Yellow HC3) Zone	<ul style="list-style-type: none"> <li>- No daily maximum parking duration - Monday to Friday 9am–5pm</li> <li>- Saturday and Sundays, P120 zones (no charge) - Saturday, Sunday and public holidays unrestricted</li> </ul>	<ul style="list-style-type: none"> <li>\$2.00 per hour</li> <li>\$7.00 maximum charge daily</li> </ul>	<ul style="list-style-type: none"> <li>- No daily maximum parking duration outside of signposted restrictions</li> <li>- Operating hours between 9am–5pm (7 days per week)</li> <li>- Public holidays unrestricted</li> <li>- Enforcement 7 days per week</li> </ul>	<ul style="list-style-type: none"> <li>\$3.00 per hour</li> <li>\$10.00 maximum charge daily</li> </ul>
Commuter (Orange HC4) Zone	<ul style="list-style-type: none"> <li>- No daily maximum parking duration - Monday to Friday 9am–5pm</li> <li>- Saturday and Sundays, P120 zones (no charge) - Saturday, Sunday and public holidays unrestricted</li> </ul>	<ul style="list-style-type: none"> <li>\$2.00 per hour</li> <li>\$7.00 maximum charge daily</li> </ul>	<ul style="list-style-type: none"> <li>- No daily maximum parking duration outside of signposted restrictions</li> <li>- Operating hours between 9am–5pm (7 days per week)</li> <li>- Public holidays unrestricted</li> <li>- Enforcement 7 days per week</li> </ul>	<ul style="list-style-type: none"> <li>\$3.00 per hour</li> <li>\$10.00 maximum charge daily</li> </ul>
Riverbank car park (Light Blue) Zone	<ul style="list-style-type: none"> <li>- No daily maximum parking duration</li> <li>- Sunday and public holidays unrestricted</li> </ul>	<ul style="list-style-type: none"> <li>Monday - Friday 9am-5pm: \$2.00 per hour \$7.00 maximum daily charge</li> <li>Saturday 7am-2pm: \$2.00 per hour \$4.00 maximum daily charge</li> <li>Monthly pass: \$100.00</li> </ul>	<ul style="list-style-type: none"> <li>- No daily maximum parking duration outside of signposted restrictions</li> <li>- Operating hours between 9am–5pm (7 days per week)</li> <li>- Public holidays unrestricted</li> <li>- Enforcement 7 days per week</li> </ul>	<ul style="list-style-type: none"> <li>\$3.00 per hour</li> <li>\$10.00 maximum charge daily</li> <li>\$150.00 Monthly pass</li> </ul>

**Appendix 2 – Hutt City Council Parking Zones****Green HC2 zone**

- Stevens Grove, parallel parks
- Knights Road – Bunny Street to Laings Road
- Queens Drive – Laings Road to Fraser Street
- Fraser Street
- High Street – Fraser Street to Laings Road
- High Street – Laings Road to Waterloo Road
- Ward Street
- Market Grove, north side
- Knights Road, south side – Bloomfield Terrace to Myrtle Street
- Myrtle Street, east side angle parking – Knights Road to Laings Road
- Andrews Avenue
- Dudley Street
- Daly Street – Margaret Street to Andrews Avenue
- Rutherford Street, south end
- High Street – Waterloo Road to Downer Street
- Cornwall Street – Pretoria Street to Kings Crescent
- Cornwall Street, west side – Waterloo Road to Kings Crescent
- Pretoria Street - west end within CBD
- Raroa Road – east of Cornwall Street
- Kings Crescent - Cornwall Street to Queens Drive
- Osborne Place
- Queens Drive – Kings Crescent to Waterloo Road
- Queens Drive – Laings Road to Waterloo Road
- Waterloo Road – Bloomfield Terrace to Queens Drive
- Waterloo Road – Queens Drive to High Street
- Bloomfield Terrace – Kings Crescent to Knights Road
- The Pavilion car park- Laings Road
- Laings Road – Queens Drive to Myrtle Street
- Laings Road – High Street to Queens Drive
- Bunny Street
- Margaret Street

**Yellow HC3 zone**

- Fountain car park (Laings Road)
- Myrtle Street, west side – Laings Road to Knights Road
- Stevens Grove, angle parking portion
- Rutherford Street, south of Queens Drive
- Raroa Road – High Street to Cornwall Street
- Cornwall Street, east side – Kings Crescent to Waterloo Road
- Cornwall Street – Waterloo Road to Knights Road
- Knights Road – Cornwall Street to Bloomfield Terrace
- Knights Road, north side – Myrtle Street to Bloomfield Terrace
- Market Grove, south side

**Orange HC4 zone**

- Myrtle Street South (Huia Street to Laings Road)

**Light blue Riverbank zone**

- Riverbank carpark

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**Report no: HCC2024/3/156**

## **Seaview Marina Limited Statement of Intent for the Three Years - 2024/25 to 2026/27**

### **Purpose of Report**

1. The purpose of this report is to consider the final Statement of Intent (SOI) for Seaview Marina Limited (SML) for the three years commencing 1 July 2024.

### **Recommendations**

That Council:

- (1) notes the changes made to the final Statement of Intent as outlined in paragraphs 6 to 16 contained in the officer's report;
- (2) receives and agrees to the final Statement of Intent for Seaview Marina Limited for the three years commencing 1 July 2024, attached as Appendix 1 to the report;
- (3) agrees to increase the loan facility to Seaview Marina Ltd from \$4.9M to \$8.1M for the period 1 July 2024 to 30 June 2027 to allow for the purchase of the Breakwater and to fund the pier refurbishment programme;
- (4) notes dividend payments have been reduced and budgeted at \$100k per annum; and
- (5) notes the 10 year plan, attached as Appendix 2 to the report.

### **Background**

2. The Local Government Act 2002 (LGA) requires the board of a Council Controlled Organisation (CCO) to deliver to its shareholders a draft SOI on or before 1 March of each year.
3. The LGA also requires Council to agree to a SOI, or if it does not agree, take all reasonable steps to require a SOI to be modified, as soon as practicable after a SOI of a CCO is delivered to it.
4. The Policy, Finance and Strategy Committee received and considered the draft SOI for the three year period commencing 1 July 2024 for SML at its meeting held on 6 March 2024 (PFSC2024/1/37).

**Discussion**

5. Changes have been made to the final SOI. These changes are outlined below (paragraphs 6 to 16 below).
6. The long term financial projections for the business show a declining trend in profits as SML invests in its piers and other facilities, resulting in increased levels of interest and depreciation expenses.
7. Halving the dividend payment to \$100k for the three-year period of the SOI (\$200k in draft SOI) would alleviate pressures on cashflow and lessen the percentage of the decline. This is outlined in Appendix 2 and is subject to directors' satisfaction with the financial position being sustainable following the payment of a dividend and in accordance with the Companies Act 1993 requirements.
8. Berth revenue has increased in the budget year 2024/25 as SML has decided to end discounted rental rates to existing customers (existing meaning prior to April 2021). However, this is offset in part by reduced tenancy revenue in the Wellington Marine Centre, as two units will be vacant at the beginning of the budget year 2024/25. Furthermore, liveaboard and ramp revenue have not met expectations in the current financial year, and this has been reflected in the final SOI.
9. Expenses have decreased for the three years, mainly due to the pier refurbishment programme being delayed by one year with the first refurbishment due commencing in the budget year 2024/25 (previously budgeted as commencing in 2023/24). This has delayed the need to drawdown loans, decreasing interest expense and the depreciation on piers.
10. Furthermore, the breakwater purchase is now budgeted in March 2025 rather than September 2024. The six-month delay has decreased interest expense and depreciation in the budget year 2024/25. The delay is caused by the long waitlist for the consents with Department of Conservation.

11. The table below shows the changes made since the draft SOI:

	2024/25 Budget	2025/26 Plan	2026/27 Plan
<b>Financial Year Ended 30 June (Draft SOI)</b>			
Total revenue	3,818,168	4,053,608	4,251,721
Total expenses	3,745,423	4,019,460	4,216,301
<b>Net Surplus / (Deficit) before tax &amp; dividends</b>	<b>72,745</b>	<b>34,147</b>	<b>35,420</b>
<b>Financial Year Ended 30 June (Final SOI)</b>			
Total revenue	3,868,105	3,999,257	4,173,562
Total expenses	3,656,886	3,924,605	4,058,679
<b>Net Surplus / (Deficit) before tax &amp; dividends</b>	<b>211,219</b>	<b>74,651</b>	<b>114,883</b>
<b>Changes - Increase / (decrease)</b>			
Total revenue	(49,937)	(54,351)	(78,159)
Total expenses	(88,537)	(94,855)	(157,622)
<b>Net Surplus / (Deficit) before tax &amp; dividends</b>	<b>138,474</b>	<b>40,504</b>	<b>79,463</b>

12. Changes have been made to the capital programme. The refurbishment programme has been delayed and will begin in the budget year 2024/25. The pier refurbishment programme is now inflated to better reflect the likely increase in construction costs due to the delay.

13. The revised capital programme is presented below:

<b>Financial Year Ended 30 June</b>	<b>2024/25 Budget</b>	<b>2025/26 Plan</b>	<b>2026/27 Plan</b>
Miscellaneous Capital	554,639	475,000	303,000
Pier Refurbishment Pile Sleeving	99,000	-	-
Pier B Refurbishment	749,634	-	-
Piers A & C Refurbishment	-	766,126	784,513
Breakwater	3,428,000	-	-
<b>Total Capital Programme - Final SOI</b>	<b>4,831,273</b>	<b>1,241,126</b>	<b>1,087,513</b>
<b>Total capital Programme – Draft SOI</b>	<b>4,711,439</b>	<b>1,207,800</b>	<b>1,020,800</b>
<b>Increase</b>	<b>119,834</b>	<b>33,326</b>	<b>66,713</b>

14. A long-term view of the Capital programme can be viewed on appendix 2 attached to the report.

15. Funding remains unchanged from the draft SOI, which looks to increase the loan facility to SML from \$4.9M to \$8.1M for the period 1 July 2024 to 30 June 2027 to allow for the purchase of the Breakwater. This has been included in the table below:

<b>Year</b>	<b>Funding</b>	<b>Borrowing (cumulative Total)</b>
<b>2023/24</b>		2,700,000
<b>2024/25</b>	3,400,000 (breakwater) 1,000,000	7,100,000
<b>2025/26</b>	0	7,100,000
<b>2026/27</b>	1,000,000	<b>8,100,000</b>
<b>Total Funding</b>		<b>8,100,000</b>

16. The Return on Equity has changed as follows:

Financial Year Ended 30 June	2024/25 Budget	2025/26 Plan	2026/27 Plan
Return on Equity – Draft SOI	0.4%	0.2%	0.2%
Return on Equity – Final SOI	1.0%	0.4%	0.6%
Increase	0.6%	0.2%	0.4%

17. Officers recommend that Council agrees to the final SOI for SML. The SOI was approved by all Board members on 4 June 2024. Refer to Appendix 1, attached to this report.

### Consultation

18. There are no consultation requirements arising from this report.

### Legal Considerations

19. There is an obligation on the board of a CCO, that each SOI and each modification that is adopted to a SOI, “must be made available to the public within one month after the date on which it is delivered to the shareholders or adopted, as the case may be”.
20. The final SOI will be made available to the public via the website of SML after receiving notification of approval of the final SOI by Council.

### Climate Change Impact and Considerations

21. The matters addressed in this report have been considered in accordance with the process set out in Council’s Climate Change Considerations Guide.
22. SML has included performance measures aimed at reducing its carbon emissions.

### Financial Considerations

23. The SOI contains financial forecasts for the three-year period commencing 1 July 2024.
24. The total equity of SML is estimated to be \$20.4M on 30 June 2024.
25. Dividend payments to the Council have been budgeted to a reduced payment of \$100k by SML for the three years from the previously budgeted \$200k per annum. Council’s Long Term Plan 2024-2034 has been adjusted to align with this and includes SML dividend payments of \$100k.
26. Preparation for the Transfer of Breakwater title is currently in progress. The current loan facility requires an increase from \$4.9M to \$8.1M, for the period 1 July 2024 to 30 June 2027 to fund this breakwater purchase, together with funding of the pier refurbishment programme.



## Appendices

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2 <a href="#">↓</a>	Appendix 2 - Long-Term Projections	95

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Group Chief Financial Officer

**Approved By:** Tim Lidgard  
Chief Executive, Seaview Marina



**SEAVIEW MARINA LIMITED**  
**STATEMENT OF INTENT**  
**2024/25 to 2026/27**

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## 1. Vision

Renowned as a New Zealand leading Marina that embraces the whole spectrum of services that boaties' and water enthusiasts' desire.

## 2. Mission

To provide industry leading facilities and services that delight customers and stimulate related economic activity whilst meeting shareholder expectations.

## 3. Nature and Scope of Activities

Seaview Marina Limited (the Company) is responsible for the operation of the boating facilities and services, the maintenance of infrastructural assets and the development of additional facilities and services as demand dictates.

## 4. Corporate Governance Statement

The Company is 100% owned by Hutt City Council and accordingly is a Council Controlled Trading Organisation (CCTO) as defined by the Local Government Act 2002 (LGA). The Directors' role is defined in Section 58 of the LGA which requires that all decisions relating to the operation of a CCTO shall be made pursuant to the authority of the directorate of the CCTO and its Statement of Intent (SOI). In addition to the obligations of the LGA, the Company is also covered by the Companies Act 1993 which places other obligations on the Directors.

The Directors are responsible for the preparation of the SOI, which along with the three-year financial plan is provided to the Company's Shareholder, Hutt City Council. Six monthly and annual reports of financial and operational performance are provided to the Shareholder. Financial and operational /management reports are prepared monthly for the Directors.

The Directors of the Company are responsible for the overall control of the Company, but no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems operating within the Company reflect the specific risks associated with the business of the company.

Drawing down additional funding for Council supported capital expenditure comes with significantly increased pressure from finance expenses, compared with prior years. Additionally, there are some unknowns around final costs of these large transactions. The Directors of the Company have budgeted for fixed dollar dividend payments in 2024/25 and the outyears, however this remains subject to the Directors determining financial projections are shown to be sustainable, and in accordance with the Companies Act 1993 requirements. This is in line with the company's dividend policy approved by Council on June 30th, 2023.

The Companies Act 1993 requires the company directors to be satisfied the company's financial position is sustainable following any dividend payment. SML's ability to pay dividends relies largely on customer's discretionary income levels, which are under pressure in this current economic climate. The budgeted dividend payment for the 2024/2025 financial year is on the margin as any

*additional* income required to meet dividend payment parameters carries a higher degree of uncertainty at this time.

## 5. Corporate Goals

The principal goal of the Company is to operate as a successful business, achieving the objectives of its shareholder as specified in this Statement of Intent. The specific corporate goals of the Company are as follows:

### General

- 5.1 To ensure that the Statement of Intent and operating policies for the Company are consistent with the group operating policies of Hutt City Council.
- 5.2 To ensure that the Statement of Intent and operating strategies within, are adhered to.
- 5.3 To keep the Shareholder informed of matters of substance affecting the Company.
- 5.4 To perform continual reviews of the operating strategies, financial performance, and service delivery of the Company.
- 5.5 To develop the Company into one of New Zealand's premier marina businesses.
- 5.6 To further expand and diversify the Company's marina facilities.

### Economic

- 5.7 To maximise the financial returns achieved and the value added by the Company.
- 5.8 To return a minimum return on equity (ROE) per annum of 1.0%, 0.4% and 0.6% for each financial year commencing 1 July 2024/25.
- 5.9 To maintain the Company's financial strength through sound and innovative financial management.

### Social and Environmental

- 5.10 To support recreational boating activities in the Wellington Region.
- 5.11 To promote safe work practices.
- 5.12 To act as a socially responsible and environmentally aware corporate citizen and to contribute to, or assist where possible, with Hutt City Council's community outcomes (as listed in the Hutt City Council Annual or Long-Term Plan).
- 5.13 Reduce direct emissions by 50% by 2030 and achieve net zero emissions by 2050, to be aligned with HCC emissions targets in so far as reasonably practicable.

## 6. Specific Objectives for the Year Ending 30 June 2025

In pursuit of its corporate goals, the Company has the following objectives for the next 12 months:

### General

6.1 To review the Statement of Intent and Strategic Plans for consistency with the objectives of Hutt City Council.

6.2 To review the operating activities of the Company for compliance with the goals and objectives stated in the Statement of Intent and Strategic Plan.

### Economic

6.3 To achieve all financial projections.

6.4 To ensure that the reporting requirements of the Company and the Shareholder are met.

### Social and Environmental

6.5 To maintain good employer status by:

- (a) complying with all employment legislation; and,
- (b) operating open and non-discriminatory employment practices.

6.6 To ensure no transgression of environmental and resource laws.

6.7 To review the activities undertaken by the Company for the purposes of being a good socially and environmentally responsible corporate citizen.

## 7. Shareholder Expectations

The Shareholder has provided the Company with its expectations for the business over the next three years. These expectations are laid out under the following four categories: Health, Safety and Wellbeing, Development Plans, Returns to Shareholder, and Strategic Priorities.

### 7.1 Health, Safety and Wellbeing

Health and safety, with the inclusion of staff wellbeing, will continue as top priority and be embedded within all activities of the marina.

### 7.2 Development Plans

#### *i. In water*

Council supports a process of design and consultation for in-water infrastructure and further development, which will cater to present and future demand. However, large-scale in-water construction contracts should be delayed until funding requirements for the complete refurbishment programme of SML's oldest piers is agreed by Council.

#### *ii. On-land*

Council understand the increased demand SML is seeing for leased commercial spaces. SML will

engage with Council, stakeholders (and community partners) to continue the formation of an on-land 'masterplan.' To facilitate public benefit, site development, and to realise the SML vision and mission, Council expects SML to engage in the review of the District Plan process.

### *iii. Breakwaters*

Council have agreed in principle that the ownership of the breakwater structures at SML transfer in their ownership from council to SML. Council understand this will provide SML full control over future planning for these critical assets, safeguarding the continuity of SML.

## **7.3 Financial stewardship and sustainability**

The Council expects financial returns by way of dividends and breakwater lease payments. Breakwater leases payments are presently payable. Breakwater leases payments currently payable to council would cease at the time ownership of the breakwaters is transferred to SML.

The SML Board developed a Dividend Policy in April 2023 which was approved by Council on 30 June 2023. SML paid the first dividend to Council in April 2024. Fixed dollar amount dividend payments are to continue to be included in each year of the SOI.

Noting the significant cost escalations, SML should investigate and implement cost reduction strategies where appropriate, including exploring discounts with suppliers and optimising procurement approaches that produce value for money whilst also enabling the achievement of broader outcomes.

## **7.4 Strategic Priorities**

### **I. Promote Māori Outcomes**

Council is committed to improving outcomes for Māori and to working with our mana whenua partners to shape Lower Hutt for the future. SML is expected to fully participate alongside Council in any formal relationship agreements with mana whenua as they relate to improving outcomes relevant for SML. It is expected that SML take an active and meaningful approach to engaging with mana whenua and Māori through all its work and explore partnership/joint venture opportunities within SML's future developments.

### **II. Social and Environmental**

Support of charitable non-profit ventures connected with the organisation's business will continue to be a focus, including work with the disability sector. Council asks SML to continue to develop partnerships supporting the growth of local maritime businesses that are focused on utilising renewable energy sustainably and are aligned with the Council's 'carbon zero' initiatives. Council was pleased to see SML maintain the Clean Marina Programme accreditation in 2024/2025. Council expects SML to reinforce commitment to this programme and understands that continual improvement through work and investment is required to retain this accreditation.



### III. Living Wage

The Council became Living Wage accredited in November 2021 which cemented the commitment to continue the programme of implementing the Living Wage as the minimum rate for people working on Council procured contracts for services. Council's expectation is that SML will support and promote the Living Wage. SML will ensure as and when services are procured that it is a mandatory requirement for suppliers to pay staff delivering the services under contract the Living Wage as a minimum rate.

In addition, Council request that SML continue to promote the implementation of the Living Wage among the commercial tenants operating within SML. Council expect SML to encourage leaseholder commitment to paying the Living Wage, by actively engaging with leaseholders to emphasise the benefits to employee and business.

### IV. Climate Change

Council has cited the need to prioritise reducing city-wide emissions to net zero carbon, including the need to halve our own operational emissions by 2030. Council expects that SML will participate in the delivery of this objective, in line with our city-wide Climate Action Pathway and implement, monitor, and measure any agreed actions signed up to by SML. There are three areas of action for SML to consider:

- a. to replace fuel powered vehicles, equipment, and plant with electric powered equivalents when due for replacement, provided equivalents are commercially viable.
- b. Additionally, SML should develop a factual understanding of sea-level change and the performance of the breakwaters in relation to this. This improved understanding is to inform the financial planning regarding sea-level change, as part of the asset management plan.

### V. Integration with Tupua Horo Nuku

In line with the expectations to improve community engagement, SML will engage with Council to develop an understanding of Tupua Horo Nuku Eastern Bays shared path project, and how this will interact with all the activities in the Marina – not limited to commercial opportunities, public benefit, and health and safety implications.

### VI. Advance Knowledge of Transportation Vessels

SML should continue to support and develop relationships with ferry operators both locally and nationally, with the goal to better understand the business of passenger carrying watercraft. A formation of understanding of opportunities and implications of ferry service to the area will better inform both the on land and in- water development plans.

### VII. Achieve Wider outcomes – Employment and Training

Whilst SML is a small team, SML's work programme should create local training opportunities and support local employment, wherever possible. SML will use more

specialised training programmes such as MTI (Marina Training Institute) to provide career pathways for staff.

## 7.5 Performance Measures

	Key Performance Indicator	2024/25	2025/26	2026/27	Reporting Frequency
<b>Financial</b>					
1	Deliver the <b>total</b> annual budgeted income	Achieve 100% of total budgeted income	Achieve 100% of total budgeted income	Achieve 100% of total budgeted income	Six monthly
2	Deliver the <b>total</b> annual budgeted net surplus	Net surplus within budget	Net surplus within budget	Net surplus within budget	Six monthly
3	Achieve prescribed rate of return on equity before tax and dividends (1)	1.0%	0.4%	0.6%	Annually
4	Manage Capital Expenditure (2)	Complete within capital budget	Complete within capital budget	Complete within capital budget	Annually
<b>Relationship &amp; Communication</b>					
5	Client Service & Customer Needs	80% satisfaction in the bi-annual survey		85% satisfaction in the bi-annual survey	Bi-Annually
6	Special interest messages	Complete four messages per annum	Complete four messages per annum	Complete four messages per annum	Four per annum
7	Meet all shareholder reporting deadlines	See Section 11	See Section 11	See Section 11	Schedule in Section 11
<b>Risk Management and Human Resources</b>					
8	Notifiable health and safety incidents	None	None	None	Monthly to board
9	Staff Satisfaction	Achieve 85% staff satisfaction	Achieve 85% staff satisfaction	Achieve 85% staff satisfaction	Annually
<b>Marketing</b>					
10	Implement strategy to improve occupancy rates (3)	Berth occupancy equal or greater than 80%	Berth occupancy equal or greater than 83%	Berth occupancy equal or greater than 86%	Bi-Monthly

Non- Financial					
11	To provide financial or non- financial support to at least three charitable (non-profit) ventures with a marine focus during any given financial year.	Support to at least three organisations	Support to at least three organisations	Support to at least three organisations	Annually
12	Public benefit		Perform survey of public opinion on marina facilities		Bi-Annually
Environmental					
13	Reduce direct emissions (4)	Perform analysis to establish annual baseline emissions from fossil fuelled vehicles, plant, and equipment	Reduction from baseline emissions to pre-set target through most commercially viable approach to replacement of fossil fuelled vehicles, plant, and equipment	Reduction from 2025/226 emissions to pre-set target through most commercially viable approach to replacement of fossil fuelled vehicles, plant, and equipment	Annual carbon footprint report provided to HCC

**Notes to Financial Measures**

1. Return on equity is defined as net Surplus / (Deficit) before tax and dividends and excluding losses or gains arising from the revaluation of similar assets within an asset class divided by the opening balance of equity at the start of the year.
2. Excludes carry forward of expenses on projects from prior years, unless specifically budgeted for (e.g. where project spans two or more fiscal periods). Refers to the total capital budget.
3. March 2022 saw an occupancy high of 89%. More recent wider pricing pressure has seen occupancy decline to 82% in February 2023, where it has hovered since. Occupancy strategies can be expected to return previous high occupancy levels at a gradual rate.
4. SML is committed to halving operational emissions by 2030. Presently the composition of SML's carbon footprint is unknown. SML plan to perform analysis in 2024/25 to quantify emissions from individual fossil fuelled vehicles, plant, and equipment. From this baseline, annuals goals can be set, and high emitting machinery can be targeted for replacement through the most commercially viable approach.

## 8. Financial Projections

The projections have been prepared using several assumptions about the future, as well as business trends over the previous five years. In determining these projections, the Board and Management have applied their judgement to the future commercial environment in which the Company operates.

<b>Financial Year Ended 30 June</b>	<b>Forecast 2023/24</b>	<b>Budget 2024/25</b>	<b>Plan 2025/26</b>	<b>Plan 2026/27</b>
Total revenue	3,417,878	3,868,105	3,999,257	4,173,562
Total expenses	3,243,356	3,656,886	3,924,605	4,058,679
<b>Net Surplus / (Deficit) before tax &amp; dividends</b>	<b>174,522</b>	<b>211,219</b>	<b>74,651</b>	<b>114,883</b>
Total assets	23,942,259	28,399,783	28,279,417	29,236,488
Total liabilities	3,562,375	7,967,821	7,893,707	8,868,062
<b>Total equity</b>	<b>20,379,884</b>	<b>20,431,962</b>	<b>20,385,710</b>	<b>20,368,426</b>
Return on equity	0.9%	1.0%	0.4%	0.6%

**Note:** Return on Equity (ROE) is before tax.

**Capital Expenditure Projections**

<b>Financial Year Ended 30 June</b>	<b>Budget 2024/25</b>	<b>Plan 2025/26</b>	<b>Plan 2026/27</b>
Miscellaneous Capital	554,639	475,000	303,000
Pier Refurbishment Pile Sleeving	99,000		
Pier B Refurbishment	749,634		
Piers A & C Refurbishment	-	766,126	784,513
Breakwater	3,428,000		
<b>Total Capital Expenditure</b>	<b>4,831,273</b>	<b>1,241,126</b>	<b>1,087,513</b>

Note 1: Ownership of infrastructural assets is retained by the Shareholder (or other clients).

Note 2: Seaview Marina has to date returned all financial benefits to its Shareholder through increasing the capital value of the marina with trading profits being retained and invested in the strategic development programme. Dividends have been returned to the Shareholder in 2023/24.

## Prospective Statement of Comprehensive Revenue and Expenses

Year Ended 30 June	Forecast 2023/24	Budget 2024/25	Plan 2025/26	Plan 2026/27
Rental revenue	2,927,109	3,368,657	3,490,067	3,684,366
Other user charges	132,243	143,392	146,213	149,136
Interest revenue	26,042	22,999	29,414	6,012
Product sales	315,613	315,613	315,613	315,613
Other revenue	16,871	17,444	17,950	18,435
<b>Total revenue</b>	<b>3,417,878</b>	<b>3,868,105</b>	<b>3,999,257</b>	<b>4,173,562</b>
Employee expenses	741,315	890,227	933,462	978,819
Operating expenses	1,527,473	1,662,688	1,599,614	1,632,783
Finance expenses	171,378	250,730	459,110	468,432
Product cost of sales	293,563	293,563	293,563	293,563
Depreciation	509,627	559,677	638,856	685,081
<b>Total expenses</b>	<b>3,243,356</b>	<b>3,656,886</b>	<b>3,924,605</b>	<b>4,058,679</b>
<b>Net Surplus / (Deficit) before tax</b>	<b>174,522</b>	<b>211,219</b>	<b>74,651</b>	<b>114,883</b>
Income tax expense	48,866	59,141	20,902	32,167
<b>Net Surplus / (Deficit) after tax</b>	<b>125,655</b>	<b>152,078</b>	<b>53,749</b>	<b>82,716</b>

## Prospective Statement of Movements in Equity

Year Ended 30 June	2023/24 Forecast	Budget 2024/25	Plan 2025/26	Plan 2026/27
Balance at 1 July	20,454,228	20,379,884	20,431,961	20,385,711
Net Surplus after tax	125,655	152,078	53,749	82,716
Dividend Payment to HCC	(200,000)	(100,000)	(100,000)	(100,000)
<b>Balance at 30 June</b>	<b>20,379,884</b>	<b>20,431,961</b>	<b>20,385,711</b>	<b>20,368,426</b>

Prospective Statement of Financial Position				
As at 30 June	2023/24 Forecast	Budget 2024/25	Plan 2025/26	Plan 2026/27
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	774,453	986,273	284,529	850,421
Debtors and other receivables	460,063	433,585	433,597	433,609
Inventory	11,703	12,289	12,289	12,289
<b>Total current assets</b>	<b>1,246,219</b>	<b>1,432,147</b>	<b>709,512</b>	<b>1,264,151</b>
<b>Non Current Assets</b>				
Property, plant and equipment at cost	26,502,135	29,930,135	29,930,135	29,930,135
Property, plant and equipment accumulated depreciation	(4,381,438)	(4,940,250)	(5,579,105)	(6,264,187)
Intangible assets	62,087	62,087		
Intangible asset accumulated depreciation	(61,221)	(62,087)		
Assets under construction	574,477	1,977,750	3,218,876	4,306,389
<b>Total non current assets</b>	<b>22,696,040</b>	<b>26,967,636</b>	<b>27,569,905</b>	<b>27,972,337</b>
<b>Total assets</b>	<b>23,942,259</b>	<b>28,399,783</b>	<b>28,279,417</b>	<b>29,236,488</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables and deferred revenue	346,703	401,015	406,945	413,467
Employee entitlements	85,190	26,049	5,147	(27,021)
Advances from related parties	51,124	51,124	51,124	51,124
Current tax liability	48,866	59,141		
<b>Total current liabilities</b>	<b>531,883</b>	<b>537,329</b>	<b>463,216</b>	<b>437,570</b>
<b>Non Current Liabilities</b>				
Deferred Tax Liability	330,491	330,491	330,491	330,491
Borrowings	2,700,000	7,100,000	7,100,000	8,100,000
<b>Total non current liabilities</b>	<b>3,030,491</b>	<b>7,430,491</b>	<b>7,430,491</b>	<b>8,430,491</b>
<b>Total Liabilities</b>	<b>3,562,375</b>	<b>7,967,821</b>	<b>7,893,707</b>	<b>8,868,062</b>
<b>Net Assets (Assets minus Liabilities)</b>	<b>20,379,884</b>	<b>20,431,962</b>	<b>20,385,710</b>	<b>20,368,426</b>
<b>EQUITY</b>				
Accumulated funds	(13,712,431)	(13,660,353)	(13,706,604)	(13,723,888)
Share capital	21,281,903	21,281,903	21,281,903	21,281,903
Revaluation reserve	12,810,411	12,810,411	12,810,411	12,810,411
<b>Total Equity</b>	<b>20,379,884</b>	<b>20,431,961</b>	<b>20,385,711</b>	<b>20,368,426</b>

### Equity Value of the Shareholders' Investment

The estimated net value of the shareholders' investment in the company on 30 June 2024 will be \$20.38M and \$20.43M on 30 June 25.



## Prospective Statement of Cash Flows

Year Ended 30 June	2023/24 Forecast	Budget 2024/25	Plan 2025/26	Plan 2026/27
<b>Cashflows from Operating Activities</b>				
<b>Cash was provided from:</b>				
Receipts from rentals	2,675,223	3,411,139	3,506,860	3,701,999
Interest received	26,134	22,999	29,414	6,012
Other revenue	-	-	-	-
Receipts from user charges and other revenue	592,417	460,445	462,971	465,539
<b>Cash was applied to:</b>				
Payments to employees	(713,931)	(890,227)	(933,462)	(978,819)
Payments to suppliers	(1,823,583)	(1,961,666)	(1,908,150)	(1,951,992)
Dividend payments	(200,000)	(100,000)	(100,000)	(100,000)
Interest paid	(171,378)	(250,730)	(459,110)	(468,432)
Tax paid	(249,615)	(48,866)	(59,141)	(20,902)
<b>Net cash flows from operating activities</b>	<b>135,267</b>	<b>643,094</b>	<b>539,381</b>	<b>653,405</b>
<b>Cashflows from Investing Activities</b>				
<b>Cash was provided from:</b>				
Asset sales	-	-	-	-
<b>Cash was applied to:</b>				
Purchase of property, plant and equipment	-	(3,428,000)	-	-
Purchase of assets under construction	(247,705)	(1,403,273)	(1,241,126)	(1,087,513)
<b>Net cash flows from investing activities</b>	<b>(247,705)</b>	<b>(4,831,273)</b>	<b>(1,241,126)</b>	<b>(1,087,513)</b>
<b>Cashflows from Financial Activities</b>				
<b>Cash was provided from:</b>				
Borrowings from Hutt City Council	32,093	4,400,000	-	1,000,000
<b>Cash was applied to:</b>				
Repayment of borrowings to Hutt City Council	-	-	-	-
<b>Net cash flows from financing activities</b>	<b>32,093</b>	<b>4,400,000</b>	<b>-</b>	<b>1,000,000</b>
<b>Net Increase / (Decrease) in Cash</b>	<b>(80,345)</b>	<b>211,821</b>	<b>(701,745)</b>	<b>565,892</b>
<b>Cash at beginning of year</b>	<b>854,798</b>	<b>774,453</b>	<b>986,273</b>	<b>284,529</b>
<b>Cash at end of year</b>	<b>774,453</b>	<b>986,273</b>	<b>284,529</b>	<b>850,421</b>

## 9. Accumulated Profits and Capital Reserves

Seaview Marina returned its first dividend in the year 23/24 to Hutt City Council, and has budgeted for fixed dollar dividend payments in 2024/25 and the outyears.

## 10. Share Acquisition

There is no intention to subscribe for shares in any other company or invest in any other organisation during the period covered by this Statement of Intent. Notwithstanding this, the purchase of any shares requires shareholder approval.

## **11. Information to be provided to Shareholders**

In each year the Company shall comply with the reporting requirements under the Local Government Act 2002, the Companies Act 1993, and other relevant regulations.

The Company will provide:

### **11.1 Statement of Intent**

A draft Statement of Intent by 1 March of the year preceding the financial year to which it relates detailing all matters required under the Local Government Act 2002, including financial information for the next three years.

A final Statement of Intent before the commencement of the financial year to which it relates.

### **11.2 Half-Yearly Report**

Within two months after the end of the first half of each financial year, the Company shall provide a report on the operation of SML to enable an informed assessment of its performance, including financial statements, and progress on activities and projects (in accordance with section 66 of the LGA 2002).

### **11.3 Annual Report**

Within three months after the end of each financial year, the Company will provide an annual report which provides a comparison of its performance with the Statement of Intent, with an explanation of any material variances, audited consolidated Financial Statements for that financial year, and an Auditor's Report (in accordance with section 67, 68 and 69 of the LGA 2002).

## **12. Pricing Policy**

The Company operates in a competitive market competing with three other floating marinas within the Wellington Region and to a lesser extent with the Marlborough region marinas. All marina charges, apart from the Wellington Marine Centre Leases, are reviewed on an annual basis. The review is based on a number of criteria which are listed below:

### **12.1 Market Trends**

The Company positions its charges reasonably to provide excellent value in relation to the Wellington marina market and will adjust charges according to movements in other marinas of a similar standard.

### **12.2 Operating Costs**

Increases in operating costs related to the marina activities compared with the previous year.

### **12.3 Achievement of ROE**

Hutt City Council sets a minimum ROE which the Company is required to achieve each year, and to achieve these, rental charges are set accordingly.

### 13. Transactions with Related Parties

Transactions between the Company, HCC and other HCC controlled enterprises will be conducted on a wholly commercial basis. Charges from HCC and its other companies will be made for services provided as part of the normal trading activities of the Company.

Related Party	Transaction
HCC Finance Business Unit	Provision of accounting services and the consolidation of the Company's financial accounts into the HCC's accounts.
HCC People and Capability Business Unit	Provision of People and Capability support and services, including recruitment and other specialist support.
HCC IT Business Unit	Provision of technical support for the Company's computer hardware and systems.

### 14. Directory

#### Directors

Peter Steel (Chairman, appointed 1 July 2021)

Tui Lewis (from 9 December 2022 to 10 October 2025)

Pamela Bell (appointed 26 March 2021)

Rick Wells (appointed 26 March 2021)

#### Chief Executive

Tim Lidgard (Chief Executive Officer)

Registered Office

100 Port Road

Seaview

Lower Hutt

New Zealand

#### Postal Address

Private Bag 33 230

Petone 5012

**Telephone**

+64 (4) 568 3736

**Website**

[www.seaviewmarina.co.nz](http://www.seaviewmarina.co.nz)

**Auditor**

Audit New Zealand on behalf of the Auditor General

**Bankers**

Westpac Banking Corporation of New Zealand Limited

Lower Hutt

New Zealand

**Solicitors**

Thomas Dewar Sziranyi Letts

Level 2, Corner Queens Drive & Margaret Street

Lower Hutt

New Zealand

## **Accounting Policies**

### **REPORTING ENTITY**

Seaview Marina Limited (SML) is a Council Controlled Trading Organisation (CCTO), 100 per cent owned by Hutt City Council. The primary objective of SML is the operation of a marina which benefits the community of Hutt City. SML is designated a public benefit entity for financial reporting purposes.

### **BASIS OF PREPARATION**

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

### **Statement of compliance**

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with IPSAS and other applicable Financial Reporting Standards, as appropriate for public benefit entities (PBE) that apply Tier 2 PBE accounting standards. As SML's total expenses are under \$30,000,000, it has elected to apply Tier 2 PBE accounting standards.

### **Measurement base**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values have been rounded to the nearest dollar. The functional currency of SML is New Zealand dollars.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICES**

#### **Revenue**

SML derives revenue from its licensees and casual clients. The income is generated from a range of rentals for boat storage and building tenancies as well as services available through the facilities provided by SML.

Revenue is measured at the fair value of consideration received.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Interest revenue is recognised using the effective interest method.

### **Expenses**

Expenses are recognised when the goods or services have been received on an accrual basis.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **Trade debtors and other receivables**

Trade debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

### **Inventory**

Inventory is recorded at cost on a first in – first out basis.

### **Property, plant, and equipment**

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

### **Additions**

Expenditure of a capital nature of \$1,000 or more is capitalised. Expenditure of less than \$1,000 is charged to operating expenditure. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to SML and the cost of the item can be measured reliably.

Labour costs relating to self-constructed assets are capitalised if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to SML and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the Statement of Comprehensive revenue and expense.

### Subsequent costs

Costs incurred after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SML and the cost of the item can be measured reliably.

### Revaluation

Land, site improvements and buildings are reviewed each year to ensure that their carrying amount does not differ materially from fair value and are revalued when there has been a material change. All other asset classes are carried at depreciated historical cost. Revaluation movements are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The straight-line depreciation rates are as follows:

Property, plant, and equipment consist of the following asset classes: land, buildings, leasehold improvements, furniture and office equipment and motor vehicles.

Estimated economic lives	Years	Rate
Buildings	5 - 33	3% - 20%
Service Centre, hardstand, travel lift	2 - 77	1.3% - 50%
Site improvements	3 - 60	1.7% - 33.3%
Piers and marina berths	4 - 30	3.3% - 25%
Plant and equipment	1.5 - 66	1.5% - 67%
Vehicles	5	20%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

### Intangible assets

#### Software acquisition and development

Acquired computer software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by SML, are recognised as an intangible asset.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive revenue and expense.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated economic lives	Years	Rate
Computer software	2.5 - 33	3% - 40%

### Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the Statement of Comprehensive revenue and expense.

### Goods and services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

### Employee entitlements

#### Short-term entitlements

Employee benefits that SML expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

SML recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that SML anticipates it will be used by staff to cover those future absences.

SML recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### Payables

Short term creditors and other payables are recorded at their face value.



**Provisions**

SML recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) because of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

**Borrowings**

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless SML has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

**Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**Income tax**

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the way the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

## **Leases**

### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### **Finance leases**

SML has not entered any material finance leases.

## **Financial instruments**

The Company is party to financial instrument arrangements as part of its normal operation. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Revenue and Expenses.

All financial instruments are recognised in the Statement of Financial Position based on the Company's accounting policies. All financial instruments disclosed on the Statement of Financial Position are recorded at fair value.

## **Budget figures**

The budget figures are those approved by the Board at the beginning of the year. The budget figures have been prepared in accordance with generally accepted accounting practice (GAAP), using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

## **Critical accounting estimates and assumptions**

In preparing these financial statements SML has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period in which the revision is made and in any future periods that will be affected by those provisions.

Assumptions have been made for the useful lives of property, plant and equipment and intangible assets as noted above.

## Appendix 2 – Long-Term Projections

Dividends at \$100k for three SOI years per final SOI

P&L	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total Revenue	3,868,105	3,999,259	4,173,502	4,445,160	4,733,531	5,068,709	5,242,664	5,395,047	5,524,500	5,695,089
Total Expenses	3,656,886	3,924,605	4,058,679	4,329,958	4,534,024	4,877,199	5,071,810	5,240,058	5,360,366	5,533,576
<b>Profit before tax</b>	<b>211,219</b>	<b>74,654</b>	<b>114,823</b>	<b>115,202</b>	<b>199,507</b>	<b>191,510</b>	<b>170,854</b>	<b>154,989</b>	<b>164,134</b>	<b>161,513</b>
<b>Debt level</b>	<b>7,100,000</b>	<b>7,100,000</b>	<b>8,100,000</b>	<b>8,100,000</b>	<b>9,100,000</b>	<b>10,100,000</b>	<b>10,100,000</b>	<b>9,100,000</b>	<b>9,100,000</b>	<b>7,100,000</b>
Yearly interest	250,730	459,110	468,432	530,550	546,880	661,550	661,550	656,166	596,050	574,336
<b>Additional/Repay Loan</b>	<b>4,400,000</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>- 1,000,000</b>	<b>-</b>	<b>- 2,000,000</b>
<b>Cash Levels</b>	<b>991,996</b>	<b>290,253</b>	<b>856,101</b>	<b>344,959</b>	<b>61,448</b>	<b>847,640</b>	<b>938,233</b>	<b>686,097</b>	<b>1,639,108</b>	<b>588,825</b>

Dividends at \$200k for three SOI years (comparison)

P&L	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Total Revenue	3,868,105	3,995,213	4,201,032	4,465,057	4,753,371	5,059,503	5,230,057	5,382,023	5,511,062	5,681,218
Total Expenses	3,656,886	3,924,605	4,118,796	4,389,895	4,588,578	4,877,199	5,071,810	5,240,058	5,360,366	5,533,576
<b>Profit before tax</b>	<b>211,219</b>	<b>70,608</b>	<b>82,237</b>	<b>75,162</b>	<b>164,793</b>	<b>182,305</b>	<b>158,247</b>	<b>141,964</b>	<b>150,696</b>	<b>147,642</b>
<b>Debt level</b>	<b>7,100,000</b>	<b>7,100,000</b>	<b>8,100,000</b>	<b>9,100,000</b>	<b>10,100,000</b>	<b>10,100,000</b>	<b>10,100,000</b>	<b>9,100,000</b>	<b>9,100,000</b>	<b>7,100,000</b>
Yearly interest	250,730	459,110	528,548	590,487	601,434	661,550	661,550	656,166	596,050	574,336
<b>Additional/Repay Loan</b>	<b>4,400,000</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>- 1,000,000</b>	<b>-</b>	<b>- 2,000,000</b>
<b>Cash Levels</b>	<b>886,273</b>	<b>81,617</b>	<b>525,136</b>	<b>994,290</b>	<b>696,996</b>	<b>486,280</b>	<b>570,373</b>	<b>312,389</b>	<b>1,259,372</b>	<b>202,864</b>

Projection of Capital Expenditure

	FY24/25	FY25/26	FY26/27	FY27/28	FY28/29	FY29/30	FY30/31	FY31/32	FY32/33	FY33/34
Miscellaneous	554,639	475,000	303,000	508,000	155,000	300,000		195,000		
Fuel dock					1,200,000					
Pier refurbishment	848,634	766,126	784,513	802,557	820,213	837,437	855,024			
Breakwater purchase	3,428,000									
<b>Total</b>	<b>4,831,273</b>	<b>1,241,126</b>	<b>1,087,513</b>	<b>1,310,557</b>	<b>2,175,213</b>	<b>1,137,437</b>	<b>855,024</b>	<b>195,000</b>	<b>-</b>	<b>-</b>

06 June 2024

Report no: HCC2024/3/157

## Urban Plus Limited Group Statement of Intent for the Three Years - 2024/25 to 2026/27

### Purpose of Report

1. The purpose of this report is to consider the final Statement of Intent (SOI) for Urban Plus Limited Group (UPL) for the three years commencing 1 July 2024.

### Recommendations

It is recommended Council:

- (1) notes the changes made to the final Statement of Intent as outlined in paragraphs 6 to 11 of the officer's report;
- (2) receives and agrees to the final Statement of Intent for Urban Plus Limited Group for the three years commencing 1 July 2024, attached as Appendix 1 to the report;
- (3) agrees the loan facility for Urban Plus Ltd at \$43M for the period of the Statement of Intent and that aligns with the Long Term Plan 2024-2034, as detailed in paragraph 11 of the officer's report; and
- (4) notes the 10 year projections for Urban Plus Group, attached as Appendix 2 to the report.

### Background

2. The Local Government Act 2002 (LGA) requires the board of a Council Controlled Organisation (CCO) to deliver to its shareholders a draft SOI on or before 1 March of each year.
3. The LGA also requires Council to agree to a SOI, or if it does not agree, take all reasonable steps to require a SOI to be modified, as soon as practicable after a SOI of a CCO is delivered to it.
4. The Policy, Finance and Strategy Committee received and considered the draft SOI for the three year period commencing 1 July 2024 for UPL at its meeting held on 6 March 2024 (PFSC2024/1/38).

## Discussion

5. Changes have been made to the final SOI. These changes are outlined below (paragraphs 6 to 11 below).
6. Revenue decreased between the draft and final SOI in 2024/25. This is due to the timing and completion of the Tawhai Street developments, which are now expected to be completed in the 2025/2026 year instead of 2024/25 year.
7. Revenue increased in 2025/26 due to sales from the Cambridge Terrace project brought forward to April 2026 instead of October 2026.
8. Revenue increased in 2026/27 due to sales from the Colson/Hollard project are now expected to be completed in 2026/27, rather than as previously assumed, with 50% being sold in 2025/26 and another 50% being sold in 2026/27 year.
9. The table below shows the changes made since the draft SOI:

Financial Year Ended 30 June (Final SOI)			
For the Year Ended 30 June	2025	2026	2027
	Budget	Plan	Plan
<b>Total Revenue</b>	<b>42,083,816</b>	<b>35,025,172</b>	<b>53,895,036</b>
<b>Total Expenses</b>	<b>34,419,624</b>	<b>31,522,091</b>	<b>44,551,927</b>
<b>NET SURPLUS/(DEFICIT) before Tax</b>	<b>4,172,287</b>	<b>(68,466)</b>	<b>5,525,785</b>
Financial Year Ended 30 June (Draft SOI)			
<b>Total Revenue</b>	<b>58,641,181</b>	<b>3,722,721</b>	<b>40,474,885</b>
<b>Total Expenses</b>	<b>50,670,622</b>	<b>3,655,196</b>	<b>34,334,746</b>
<b>NET SURPLUS/(DEFICIT) before Tax</b>	<b>4,809,749</b>	<b>(3,216,731)</b>	<b>2,501,805</b>
Changes - Increase/(decrease)			
<b>Total Revenue</b>	<b>(16,557,365)</b>	<b>31,302,451</b>	<b>13,420,152</b>
<b>Total Expenses</b>	<b>(16,250,998)</b>	<b>27,866,895</b>	<b>10,217,180</b>
<b>NET SURPLUS/(DEFICIT) before Tax</b>	<b>(637,462)</b>	<b>3,148,264</b>	<b>3,023,979</b>

10. Cashflow requirements for the capital projects have changed due to the timing of the completions.

For the Year Ended 30 June	2025	2026	2027
Brook Street	1,978,981		
55 Britania Street	2,229,222		
Stanley Street	4,866,637		
Tama Street	2,290,549		
Tawhai Street	6,186,909	841,765	
17 Britannia St	599,319		
12 Holard Grove	5,085,411	4,572,544	
Colson/Hollard Grove	3,775,347	14,729,225	13,897,796
Cambridge Tce	8,513,867	6,844,973	
Placeholder D00018		992,785	2,978,354
Placeholder D00019		2,847,814	5,695,627
Placeholder D00020			610,468
<b>Total Capital programme - Final SOI</b>	<b>35,526,243</b>	<b>30,829,104</b>	<b>23,182,246</b>
<b>Total Capital programme - Draft SOI</b>	<b>38,455,862</b>	<b>18,792,543</b>	<b>27,015,065</b>
<b>(Decrease)/Increase</b>	<b>(2,929,618)</b>	<b>12,036,561</b>	<b>(3,832,819)</b>

11. The cashflow requirements of this latest SOI are consistent with those presented when Council approved the loan facility and are expected to be progressively increased with a peak expected between June 24-September 2024 and January 2027-February 2027.
12. Funding remains unchanged regarding the draft SOI and is set out below in the following table. On 20 December 2022 (LTPAP2022/5/228) Council approved an increase in loan facility from \$43M to \$63M for a two year period. However, this additional funding was not utilised by UPL. Through the Long Term Plan 2024-2034, UPL has confirmed maintaining a funding limit of \$43M and the SOI has been prepared in line with this.

Year	Funding	Borrowing (cumulative Total)
2023/24	-	33,000,000
2024/25	10,000,000	43,000,000
2025/26	-	43,000,000
2026/27	-	43,000,000
<b>Total Funding</b>	<b>10,000,000</b>	

13. 10 year projections are attached as Appendix 2, which illustrates the longer term view of operations and projects.
14. Officers recommend that Council agrees to the final SOI for UPL. The SOI was approved by all Board members on 9 May 2024. Refer to Appendix 1, attached to this report.

### Consultation

15. There are no consultation requirements arising from this report.

### Legal Considerations

16. There is an obligation on the board of a CCO, that each SOI and each modification that is adopted to a SOI, “must be made available to the public within one month after the date on which it is delivered to the shareholders or adopted, as the case may be”. The final SOI will be made available to the public via the website of UPL after receiving notification of approval of the final SOI by Council.

### Climate Change Impact and Considerations

17. The matters addressed in this report have been considered in accordance with the process set out in Council’s Climate Change Considerations Guide.
18. UPL Group has included performance measures aimed at reducing its carbon emissions. This includes the action of ensuring all new housing units shall achieve a certified HomeStar design and construction rating of at least six stars.

### Financial Considerations

19. The SOI contains financial forecasts for the three-year period commencing 1 July 2024.
20. The total equity of UPL is estimated to be \$50.60M on 30 June 2024.
21. The UPL Board has no intention to pay a dividend in the three-year period for the SOI.

### Appendices

No.	Title	Page
<a href="#">1</a>	Appendix 1: Urban Plus Final SOI for the three years from 2024/25	100
<a href="#">2</a>	Appendix 2: Urban Plus Limited - 10 year plan	123

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**Reviewed By:** Jon Kingsbury, Director Economy & Development

**Approved By:** Jenny Livschitz, Group Chief Financial Officer



**URBAN PLUS GROUP**

**STATEMENT OF INTENT  
2024/25 – 2026/27**

**15** YEARS PROVIDING  
**HOMES**  
FOR HUTT CITY



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## Purpose

The purpose of this Statement of Intent is to:

- a. State publicly the activities and intentions of this Council-Controlled Trading Organisation for the year and the objectives to which those activities will contribute;
- b. Provide an opportunity for the Shareholder to influence the direction of the Organisation; and
- c. Provide a basis for the accountability of the Directors to the Shareholder for the performance of the Organisation.

This Statement of Intent covers the year 1 July 2024 to 30 June 2025 and forecasts for the following two financial years. It has been prepared in accordance with Section 64 (1) of the Local Government Act 2002.

## Introduction

Urban Plus Limited (UPL) is wholly owned by Hutt City Council (HCC) and operates as a Council Controlled Trading Organisation (CCTO) under the Local Government Act 2002. UPL was established effective 1 May 2007 with principle objectives as stated below under 'Our Business Objectives'.

The Urban Plus Group comprises Urban Plus Limited (UPL), UPL Limited Partnership (UPLLP) and UPL Developments Limited (UPLDL).

UPL is a company registered under the Companies Act 1993, is governed by the requirements of that Act and Section 6 of the Local Government Act 2002 and is covered by law and best practice. It also has responsibilities under the general law including the Resource Management Act 1991.

## Shareholder's Expectations to Urban Plus Group

UPL is charged with providing housing outcomes for Te Awa Kairangi Ki Tai / Lower Hutt on behalf of its Shareholder, Hutt City Council. Recent years has seen a move to focusing on partnerships with Community Housing Providers and iwi. This will continue, and our aim is to continue to grow and strengthen our established relationships and look for more entities to work alongside to provide wider housing outcomes in targeted areas within the overall housing continuum.

In December 2023, UPL received the Shareholder's Letter of Expectation (LoE), which set out seven key priorities and areas for UPL to address and deliver for the upcoming year(s). There was no significant change of direction noted, but more emphasis in some areas for UPL to focus greater attention on. There are three broad but clear aspirations of UPL from the Shareholder:

1. **Promote Māori Outcomes:** to develop greater understanding of mana whenua aspirations, and for a deeper engagement with Māori communities in terms of housing outcomes and partnerships.
2. **Financial Accountability:** There is also expectation to continue financial prudence – seeking efficiencies where possible such as via optimising contracting and procurement processes, exploring alternative funding arrangements (outside of the Shareholder's Local Government Funding Agency channels), and:

3. **Climate Change & Environmental Standards:** as well as an advancement of considerations towards Climate Change and the environmental landscape such as adopting sustainable standards and incorporating products and materials into housing specifications, designs, and layouts.

In alignment with the Shareholder's wider expectations and deliverables, UPL cannot act as both developer and continue to hold property long term that is not specifically for its own portfolio. Cyclical project programming and delivery (by way of sales) are fundamental to successfully delivering the company's objectives and remaining commercially solvent. Future projects' success and deliverables are reliant on a continued cycle of development and release (and repeat).

The LoE sets out seven key priorities for UPL to address regarding housing – our strategic response to each of these are set out below:

## Strategic Priorities

### 1. Provide for a Wider Housing Need

UPL will collaboratively work with the Shareholder as required to identify and enable strategic utilisation of Council's resources and tools to better enable housing outcomes for the city. The Shareholder will empower UPL to align with and deliver its housing aspirations. UPL will work closely with the Shareholder throughout the 2024-25 financial year and outer lying years to assist in reviewing and identifying parcels of council-owned land to enable further growth and assist in achieving the Shareholder's Urban Growth targets to assist in addressing the housing shortage currently being experienced in Lower Hutt.

Regarding rental levels for the residential portfolio, it is recognised tenants in UPL housing already face housing hardship, and both the Shareholder and UPL are eager to see rents kept as low as possible – as such, there is to be careful balance between prudent management of both planned and reactive maintenance expenditure with keeping rents at manageable levels for tenants and meeting performance measures.

### 2. Build More Housing Partnerships

In order to deliver homes across targeted areas of the housing continuum, UPL is to develop and strengthen relationships and partnerships with a diverse array of stakeholders and key entities such as Community Housing Providers (CHPs), government agencies, tertiary institutions and private developers – examples being:

- A minimum of two Community Housing Providers (CHP) with at least one being a Māori CHP
- Mana whenua – Te Runanga o Te Āti Awa, Ngāti Toa Rangatira and Taranaki Whānui (Port Nicholson Block Settlement Trust)
- Non-governmental organisations (such as social service providers) & Community Housing Aotearoa (CHA)
- Central government organisations with responsibilities for delivering housing (Kāinga Ora, Ministry of Housing and Urban Development)
- Tertiary education providers such as WelTec and Whitireia (noting the new coalition Government proposed changes)
- Local, Hutt-city based developers.

Partnerships with key organisations within the housing and social sectors will enable UPL to achieve outcomes where it cannot achieve them solely on its own and will enable a broader and diverse range of housing solutions and options to meet broader needs of the community.

**Policy Advocacy and Inter-Governmental Synergy:** UPL is to play an active role in advocating for policies that support sustainable housing development in alignment with Community Housing Aotearoa (CHA).

### 3. Build Pathways to Permanency

**Securing Stable Housing Futures:** Via the nurturing of partnerships, UPL will (either directly or indirectly) deliver where appropriate, initiatives such as shared equity, rent to buy, reduced deposit schemes, and other means of assisting qualifying entities, cohorts and households into housing permanency. It is to explore and implement alternative funding options as appropriate to establish and support sustainable housing outcomes.

### 4. Achieve Broader Outcomes

UPL will embrace and include the Shareholder's commitment to the 'Four Wellbeings' within its delivery of housing outcomes within the community. Social, Economic, Environmental, and Cultural elements are to be at the forefront of the organisation's focus and how these enhance the wellbeing and prosperity of the wider community. There is to be a strategic alignment with the Shareholder's overarching goals to achieve these broader outcomes.

### 5. Delivery on Amended Plan Change (PC56)

District Plan Change 56 enables greater housing capacity and a wider range of residential development in areas of the city which are located near transport and retail nodes. UPL is mandated to continue to seek housing opportunities within these designated areas directly, as well as working closely with the Shareholder to identify land and development opportunities around suburban shopping centres and transport hubs afforded by Plan Change 56 and to be an exemplar of the well-designed developments the Shareholder envisaged in the Medium Density Design Guide that accompanied the Plan Change.

### 6. Provision of Accommodation for the Low-Income Elderly (Aged 65 years plus)

UPL is charged with the ongoing priority to provide warm, dry and healthy housing accommodation to the predominantly low-income elderly of Lower Hutt, who may not be in a position to self-fund independent accommodation. The forecast is for steadily growing numbers of the over 65's entering this sector as the population ages. The changing Lower Hutt demographic will put increased pressure on housing providers, such as UPL, to provide an increased number of housing units in the future. UPL has a significant role to play in appropriately housing this growing and aging demographic.

In advancement of design refinement and improvement, UPL will incorporate age-friendly, mobility / accessibility and safety design considerations into its future projects as the company grows its rental portfolio. It will investigate alternative products which enables infill options to optimize urban spaces. As with prior years, UPL will continue to consider the overall amenity value of the community including proximity to public transport, retail, medical centres, land contour etc. so our residents can live safely and in an engaged manner within the community, whilst retaining mobility and independence.

UPL continues to undertake an annual review of its rental portfolio performance – considering a range and balance of aspects such as affordability, market rents, sustainability, reactive and long-term maintenance, tenants cost of living and access to Central Government subsidisation allowances.

**The UPL Residential Portfolio explained:** The current UPL Portfolio consists of the properties owned and managed by UPL. The UPL Residential Portfolio does not include any other operational tranche of housing development such as projects with Community Housing Providers (CHPs) or any ‘for-market’ developments. These are treated and recorded as separate operational tranches. There currently 182 units within the UPL Residential Portfolio. These are wholly owned and managed by UPL. UPL’s portfolio is located in various areas of Lower Hutt – such as Wainuiomata, Petone and throughout the Valley floor (e.g. Alicetown, Waterloo, Waiwhetu, Fairfield, Taita and Naenae). UPL’s residential portfolio is aimed to accommodate the low income elderly of Lower Hutt as its priority cohort.

**Properties Not Included (i.e. not counted) in UPL portfolio numbers:**

***a) 38 Britannia Street, Petone: Lease with Wellington City Mission – (Not Included in UPL portfolio numbers)***

UPL owns but leases one property to Wellington City Mission (38 Britannia Street, Petone). This property has nineteen bedrooms / bedsits which WCM accommodates a specific cohort independently of UPL. For clarity, this property / these units are not included in UPL’s residential portfolio schedule as it is a leased property, the property is managed by another entity and has a different cohort focus to UPL.

***b) Hutt City Council Residential Stock – (Not Included in UPL portfolio numbers)***

We note that UPL manages two properties (consisting of eleven units in total) on behalf of its Shareholder. These are not included as part of UPL’s Residential Portfolio:

- Korohiwa Bus Garage apartments, Eastbourne – x3 ‘units’
- 142 Stokes Valley Road, Stokes Valley – x8 units

These properties did not transfer to UPL as part of the major portfolio transfer which occurred in 2007 due to the leasing arrangements being in place with the Shareholder (and not UPL) at that time. UPL manages the Eastbourne and Stokes Valley tenancies and general maintenance matters on behalf of the Shareholder. Costs and revenues are coded to HCC budgets, not UPL.

***c) Community Housing Provider (CHP) Projects – (Not Included in UPL portfolio numbers)***

UPL partners with CHPs on specific, individual projects separate to its residential portfolio and ‘for market’ projects. Any and all CHP projects have their own separate project funding, coding and contractual obligations exclusive to each project.

## 7. Hutt City Council's Policy Framework Development

Optimal Land Use and Development Framework (OLU&DF): In collaboration with the Shareholder, UPL will develop a comprehensive OLU&DF which identifies land (and its use), tools and mechanisms to enable UPL to deliver housing outcomes that maximises efficiency and community benefits. In turn, the Shareholder is open to using an array of options and incentives for UPL to achieve its performance targets and outcomes.

The framework is to outline phased deliverables (housing, social and community related outcomes) over the next three years, and align with the Shareholder's strategic objectives. Within this collaborative approach, the outcomes should provide the best use of land, mechanisms and resources to achieve the broader goals and well-being of the community.

UPL's ongoing commitment to these priorities will contribute significantly to shaping a sustainable, inclusive, and vibrant city.

## Our Statutory Objectives

**Section 59 of the Local Government Act 2002 provides:**

### Principal objective of council-controlled organisation

- (1) The principal objective of a Council-Controlled Organisation is to:
  - (a) Achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent;
  - (b) Be a good employer;
  - (c) Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates, and by endeavouring to accommodate or encourage these when able to do so; and
  - (d) If the Council-Controlled Organisation is a Council-Controlled Trading Organisation, conduct its affairs in accordance with sound business practice.
- (2) In subsection 1.b, good employer has the same meaning as in clause 36 of Schedule 7 of the Local Government Act 2002.

## Our Business Objectives

**In addition to the Statutory objectives, the Business objectives of UPL are to:**

- 1.1 operate as a successful and profitable undertaking;
- 1.2 provide for need in a variety of areas across the housing continuum by developing property for housing outcomes such as: affordable / 'for market', social, long-term market rentals and CHP partnership projects;
- 1.3 be a provider of housing into the local supply chain with various housing typologies;
- 1.4 build housing partnerships with local and nationwide community housing organisations, mana whenua and Crown agencies;
- 1.5 develop a framework to enable households to transition into housing permanency;
- 1.6 demonstrate environmental leadership by the implementation of HomeStar methodologies and other practices which lower carbon emissions;



- 1.7 support and advance training and employment opportunities within the construction and built environment sectors;
- 1.8 seek greater housing capacity outcomes afforded by Operative Plan Changes (e.g. PC56);
- 1.9 support Central Government initiatives where and when prudent, in alignment with the Shareholder;
- 1.10 provide for the long term a growing portfolio of rental housing for the predominately low-income elderly<sup>1</sup> consistent with, and to give effect to, the Shareholder's Housing Policy;
- 1.11 manage and develop the housing portfolio in a manner which increases its property values;
- 1.12 purchase, develop, lease or on-sell future development projects in a manner which maximises its value at a level of risk appropriate for the investment of funds and/or which aligns with the aspirations of the Shareholder;
- 1.13 comply with all legislative and regulatory provisions relating to its operations and performance;
- 1.14 ensure all assets owned by the company are maintained to the applicable standards;
- 1.15 maintain an effective business continuance plan;
- 1.16 maintain a register of, and comply with, current Shareholder policies relevant to its business and operations; and
- 1.17 assist the Shareholder's when asked to do so in its endeavours in regard to the Shareholder's Spatial Plan.

These objectives will be monitored and where in conflict will be pursued giving greater weight to the interests of maximising value to the Shareholder provided that in relation to the provision of social housing, value to the Shareholder will include the consideration of social value and prudent financial management of UPL.

<sup>1</sup> 'Aged 65-plus/Predominantly low-income elderly' in this context relates to an applicant for a residential tenancy, that at the time of application, is able to demonstrate:

- i. that they are eligible for National Super(aged over 65 years – this being subject to review periodically by Central Government);
- ii. that they have no other income;
- iii. that they do not have cash or assets of such a magnitude that would mean they could make independent accommodation choices.

## Nature and Scope of Activities to be undertaken by Urban Plus Group

The nature and scope of activities of the UPL are to:

1. Operate as a successful business, returning benefits to the Shareholder;
2. Own, operate and maintain, to an acceptable standard, a housing portfolio that provides rental accommodation for the predominately low-income elderly in accordance with normal commercial guidelines and the Housing Policy of the Shareholder;
3. Ensure that the housing portfolio for the predominately low-income elderly is appropriate for the changing needs of the community in terms of the objectives outlined in the Shareholder's Housing Policy;
4. Develop property in preparation for sale or lease, which is declared surplus to the needs of Hutt City Council and which provide an appropriate return for the costs and risks of

development;

5. Actively participate in the market with intent to acquire / purchase property to develop for sale, lease, portfolio retention or public market rental which provides appropriate returns for the levels of cost, risk and funds invested;
6. Purchase, develop, lease or on-sell the development property portfolio in a manner which maximises its value at a level of cost and risk appropriate for the investment of funds and is in alignment with the aspirations of the Shareholder; and
7. Otherwise become involved in property-related transactions and property-technical advisory services on a commercial basis that support the Shareholder's vision for the future development of the city. This specifically includes assisting with progressing the objectives in the Spatial Plan.

Section 59 of the Local Government Act 2002 also provides that the principal objectives of a Council-Controlled Trading Organisation include the objectives of its Shareholders.

In order to meet our objectives we focus our work activity on asset planning and development, capital project management, operations management, risk management, staff development and corporate governance.

#### Other

UPL will continue to be involved in property-related transactions on a commercial basis that support the Shareholders' vision for the future development of the city.

UPL will continue to provide a wide range of strategic property advice and property consultancy when required to the Shareholder. Work has included:

1. Advice and general direction for property projects that are in alignment with its standard business operations;
2. Commercial leasing management advice for HCC property and subsidiaries;
3. Specific property advice; and
4. Assist with strategic HCC property acquisition and divestment as directed by the Shareholder.
5. HCC property acquisition and divestment as directed by the Shareholder.

## Performance Measures

The Company will meet the following measures for the next three years:

#### Rental Housing

- 1.1 Capital expenditure within budget.
- 1.2 Operational expenditure within budget.
- 1.3 Net Surplus before Depreciation and tax and after Finance Expenses as a Proportion of the Net Book Value of Residential Land and Buildings at the Start of the Year – Greater than 2.25%.
- 1.4 Tenant satisfaction with the provision of the company's rental housing greater than or equal to 90%.
- 1.5 Percentage of total housing units occupied by predominately low-income elderly<sup>2</sup> greater



than or equal to 90%.

- 1.6 Annual rental increases to be no greater than \$50 per week per unit.
- 1.7 Increasing the portfolio size to 220 units by December 2025.
- 1.8 Any rental housing units purchased and not already utilising electricity or renewable sources of energy for space heating, water heating, and cooking facilities, shall be converted to utilise only electricity or renewable sources of energy within five years of acquisition.
- 1.9 New rental housing units constructed by UPL to utilise only electricity or renewable sources of energy for space heating, water heating and cooking facilities.

<sup>2</sup> 'Aged 65-plus/Predominantly low-income elderly' in this context relates to an applicant for a residential tenancy, that at the time of application, is able to demonstrate:

- i. that they are eligible for National Super (aged over 65 years – this being subject to review periodically by Central Government);
- ii. that they have no other income;
- iii. that they do not have cash or assets of such a magnitude that would mean they could make independent accommodation choices.

### Property Development

- 1.10 Capital expenditure within budget.
- 1.11 Operational expenditure within budget.
- 1.12 All new developments shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.
- 1.13 All new housing units (standalone house or townhouse) shall achieve a certified HomeStar design rating of at least six stars.<sup>3</sup>
- 1.14 A pre-tax return of not less than 15% on Development Costs including Margin and Contingency on housing released to market (except where the Board and Shareholder agree otherwise to achieve specified objectives).
- 1.15 Value of divestment to Community Housing Providers (or socially like-minded organisations) set at each project's Development Cost (includes contingency and GST) plus a margin of no greater than 12.5% (except where the UPL Board and Shareholder agree otherwise to achieve specified objectives).
- 1.16 Long term public rental accommodation pre-tax returns at no less than (or equal to) 3.0% after depreciation.<sup>4</sup>

<sup>3</sup> The assessment criteria being: **Either** - an independent review by a certified HCC Homestar Assessor to qualify the design would satisfy and meet the appropriate the Homestar 6 standards for each UPL project – **Or**, via a formal registration and certification process via NZGBC. The decision on which option to utilise is at the discretion of UPL officers in terms of financial impact to projects on a case-by-case basis.

<sup>4</sup> Returns are specific to each project's (Board Approved) business case where long-term market rentals are developed. Future rents are set having regard to an annual review.

### Professional Property Advice

1.17 Achieve a market return on additional services provided to the Shareholder.

### UPL Developments Limited

1.18 Undertake, negotiate and execute tender and procurement processes for and on behalf of the Partnership and 'parent' company as required.

1.19 Facilitate civil and construction contracts for and on behalf of the Partnership and 'parent' company as required.

1.20 Facilitate payment of contract progress claims for Board approved contracts as well as payments to other suppliers engaged to provide services or goods to defined development projects.

1.21 Should UPLDL be used for future developments, the same performance measures apply as for Property Development (refer above).

1.22 Act as General Partner when a Limited Partnership structure is utilised for development projects.

### UPL Limited Partnership

1.23 Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds.

1.24 To perform business undertakings in common with UPL with a view to profit from development projects for the purposes of funding future projects that align with the Strategic Priorities set out above.

1.25 Should UPLLP be used for future developments, the same performance measures apply as for Property Development (refer above).

## Risk Management

### Health and Safety in Employment

UPL will maintain sound industry practice with ongoing reviews of its Health and Safety policies to ensure they remain current in terms of compliance.

### Business Continuity

UPL will maintain a Business Continuity Plan for unforeseen circumstances so any event will have minimal impact on the day-to-day operation of the business.

### Insurances

UPL will maintain appropriate insurances to mitigate risk of portfolio damage, business interruption and professional indemnity. This will include Directors and Office Bearers cover where appropriate.

### Emergency preparedness

UPL will rehearse and maintain systems and procedures to best position itself to deal with emergency situations.

### Commercial Risk

UPL will manage its affairs in a manner that minimises commercial risk recognising that some risk will need to be taken to achieve targets. In recognising the lessened profit margins and higher commercial risk when delivering projects to Community Housing Providers, the UPL Board of Directors and Chief Executive will consider the scale, funding constraints and timing of these projects within the wider development programme. The risk appetite of the Board may have bearing on the number of CHP-focused projects being undertaken at one time in consideration to other priorities of the SOI.

## Board of Directors

The Board of Directors consists of up to six members, with the Shareholder appointing Council representation as Director(s) and Independent Directors. Directors generally serve three-year terms.

The Board is responsible for the proper direction, governance and control UPL.

### Unanimous approval of the Board is required for:

- 1.1 Employment of the UPL Chief Executive and creation of new permanent positions outside of resolved budget limits;
- 1.2 Extraordinary transactions (entering into any contract or transaction except in the ordinary course of business);
- 1.3 Delegation of Directors' powers to any person;
- 1.4 Major transactions (entering into any major transaction);
- 1.5 Disputes (commencing or settling any litigation, arbitration or other proceedings which are significant or material to the Company's business);
- 1.6 Borrowings in a manner that materially alters the Company's banking arrangements, advancing of credit (other than normal trade credit) exceeding \$5,000 to any person except for making deposits with bankers, or giving of guarantees or indemnities to secure any person's liabilities or obligations;
- 1.7 Sale of assets (sell or dispose of fixed assets for a total price per transaction exceeding \$100,000 or a series of transactions aggregated exceeds \$300,000); and
- 1.8 Capital expenditure (other than in the ordinary course of doing business) at a total cost to the Company, per transaction, exceeding \$300,000 or a series of transactions aggregated exceeds \$750,000. However, the UPL Chief Executive has delegated authority to approve individual, project-specific capital expenditure invoices up to \$750,000 + GST if the Board has unanimously approved the budget for that specific project.

### The Board will require the agreement of the Shareholder for:

- 1.1 Any changes to the Constitution;
- 1.2 Any increases in capital and the issue of further securities, share buybacks and financial assistance;
- 1.3 Any alteration of rights attaching to shares;
- 1.4 Any arrangement, dissolution, re-organisation, liquidation, merger or amalgamation of the Company; and

1.5 Any 'major transactions' as that term is defined in the Companies Act 1993.

#### Ratio of consolidated Shareholders' funds to total assets

The target ratio for consolidated Shareholders' funds to total assets is at least 50%. Consolidated Shareholders' funds comprise share capital and accumulated reserves. Total assets comprise all tangible assets of the Company, the main component being housing and undeveloped land. The forecast consolidated Shareholders funds as at June 2024 is 60%. The share capital of \$15.3 million consists of 27,000,001 ordinary shares on issue, of which 12,000,001 are fully paid and 15,000,000 are issued but uncalled.

#### Accumulated profits and capital reserves

There is no intention to pay a dividend in the 2024/25 financial year or succeeding years.

#### Information to be provided to Shareholders

In each year UPL shall comply with the reporting requirements specified for CCO's under the Local Government Act 2002 and the Companies Act 1993 regulations.

In particular, it shall provide:

#### Annually

1. Annually report, within two months after the end of each financial year.
2. A Statement of Intent detailing all matters required under the Local Government Act 2002;
3. An annual budget for the coming financial year, broken out by the two major areas of operation; Rental Housing and Land Development, including the assets employed and debt attributable to each area;
4. A written report on the financial operations of the Company to enable an informed assessment of its performance including a comparison against budget and the Statement of Intent, the Return on Equity and Return on Assets for the Period;
5. Financial statements comprising the Statement of Financial Position, Statement of Comprehensive Revenue and Expenses and Statement of Cash Flows;
6. A business plan indicating the nature of property development it proposes to undertake and the range of investment and estimated return it proposes to achieve;
7. An assessment of the current market for rental housings and the appropriateness of the current housing portfolio to meet the needs of the predominately low-income elderly.

#### Half Yearly

8. Six-monthly, within two-months of the end of the six-month reporting period.
9. A written report on the operations of the Company by the two major areas of operation to enable an informed assessment of its performance including a financial comparison against budget and the Statement of Intent, the Return on Equity and Return on Assets for the Period.
10. Financial statements comprising the Statement of Financial Position, Statement of Comprehensive Revenue and Expenses and Statement of Cash Flows.

11. Progress on activities outlined in the agreed business plan.

#### Share acquisition

There is no intention to subscribe for shares in any other company or invest in any other organisation. (NOTE: UPL has a subsidiary company UPL Developments Limited).

#### Compensation from Local Authority

It is not anticipated that the company will seek compensation from any local authority other than in the context of normal commercial contractual relationships.

NB: if UPL has undertaken to obtain or has obtained compensation from its Shareholder in respect of any activity, this undertaking or the amount of compensation obtained will be recorded in:

1. The annual report of UPL; and
2. The annual report of the Shareholder.

#### Equity value of the Shareholder's investment

For the year ended 30 June 2024, the estimated net value of the Shareholder's investment in Urban Plus Group will be \$50.60 million

## Financial Forecasts

Planning and programming for development projects will be based on exceeding the agreed minimum financial performance thresholds as set out in the Performance Measures section for each commercial, residential portfolio, affordable housing and long-term market rental development project. Each development project will require the approval of the Board to ensure strategic fit and achievement of the minimum rate of return.

The current downturn of the property market and volatility of interest rates have resulted in considerable uncertainty in terms of what projects will become available, and what sales might result from those projects. Details of potential development projects will be included in the regular reporting to the Board and Shareholder.

## Consolidated Statement of Financial Performance

For the Year Ended 30 June	2024	2025	2026	2027
	Forecast	Budget	Plan	Plan
<b>REVENUE</b>				
Rental Revenue	2,658,168	2,842,460	3,061,540	3,348,983
Finance Revenue	1,053,590	711,416	916,424	888,423
Commercial Development Sales	-	38,065,347	30,811,957	49,657,630
Other Revenue	27,428	464,594	235,251	-
<b>Total Revenue</b>	<b>3,739,187</b>	<b>42,083,816</b>	<b>35,025,172</b>	<b>53,895,036</b>
<b>EXPENSES</b>				
Personnel Expenses	1,112,127	1,359,131	1,434,972	1,515,314
Rates	333,469	390,742	437,630	490,146
Repairs & Maintenance	883,276	678,250	668,177	973,838
Insurance	232,816	267,667	307,817	338,598
Specialist Services	126,116	148,752	130,551	134,467
Operational Contracts	173,002	175,308	180,568	185,985
HCC Support Costs	180,374	183,952	187,631	191,384
Other Operating Expenses	347,136	365,845	339,996	350,900
Asset Write-Offs	55,104	-	-	-
Agents Fees & Marketing	185,000	234,000	375,000	237,500
Cost of Commercial Development Sales	-	30,615,976	27,459,750	40,133,795
<b>Total Expenses</b>	<b>3,628,421</b>	<b>34,419,624</b>	<b>31,522,091</b>	<b>44,551,927</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>110,765</b>	<b>7,664,192</b>	<b>3,503,081</b>	<b>9,343,110</b>
Depreciation	700,121	746,427	783,647	1,011,638
Finance Expenses	2,084,595	2,745,478	2,787,900	2,805,687
<b>NET SURPLUS/(DEFICIT) before Tax</b>	<b>(2,673,951)</b>	<b>4,172,287</b>	<b>(68,466)</b>	<b>5,525,785</b>
Income Tax Expense/(Benefit)	-	419,534	-	1,528,049
<b>SURPLUS/DEFICIT after TAX</b>	<b>(2,673,951)</b>	<b>3,752,753</b>	<b>(68,466)</b>	<b>3,997,736</b>
<b>Other Comprehensive Revenue and Expenses</b>				
Gain on Property Revaluation	-	-	-	-
Less: Tax on Revaluation	-	-	-	-
<b>Total Other Comprehensive Revenue and Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE REVENUE and EXPENSES</b>	<b>(2,673,951)</b>	<b>3,752,753</b>	<b>(68,466)</b>	<b>3,997,736</b>

### Consolidated Statement of Changes in Equity

For the Year Ended 30 June	2024	2025	2026	2027
	Forecast	Budget	Plan	Plan
Balance at 1 July	53,275,470	50,601,519	54,354,272	54,285,806
Total Comprehensive Revenue and Expenses for the Year	(2,673,951)	3,752,753	(68,466)	3,997,736
Balance at 30 June	50,601,519	54,354,272	54,285,806	58,283,541

**Note re: Commercial Development Sales 2024/25 FY**

Proceeds from the multiple commercial development projects are timed to occur within the 2024/25 Financial Year resulting in the significant increase in revenue compared to previous and outer lying Financial Years.



## Consolidated Statement of Financial Position

As at 30 June	2024	2025	2026	2027
	Forecast	Budget	Plan	Plan
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	6,618,469	18,088,339	19,331,348	47,374,020
Debtors & Other Receivables	13,360	-	-	-
Related party receivables	56,285	56,285	56,285	56,285
Inventories	26,686,465	31,017,864	25,176,018	3,679,643
<b>Total current assets</b>	<b>33,374,579</b>	<b>49,162,487</b>	<b>44,563,651</b>	<b>51,109,948</b>
<b>Non-Current Assets</b>				
Property, Plant & Equipment	44,325,535	43,020,983	53,833,148	52,821,510
Assets Under Construction	3,609,830	6,827,018	-	-
Assets Available for Sale	3,724,825	-	-	-
<b>Total non-current assets</b>	<b>51,660,190</b>	<b>49,848,002</b>	<b>53,833,148</b>	<b>52,821,510</b>
<b>TOTAL ASSETS</b>	<b>85,034,769</b>	<b>99,010,489</b>	<b>98,396,799</b>	<b>103,931,458</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Creditors & Other Payables	377,503	180,936	55,247	64,121
Employee Entitlements	51,701	51,701	51,701	51,701
Tax payable	276,082	276,082	276,082	276,082
<b>Total Current Liabilities</b>	<b>705,287</b>	<b>508,719</b>	<b>383,030</b>	<b>391,905</b>
<b>Non-Current Liabilities</b>				
Employee Entitlements	50,669	50,669	50,669	50,669
Borrowings	33,000,000	43,000,000	43,000,000	43,000,000
Deferred Tax Liability	677,294	1,096,828	677,294	2,205,343
<b>Total Non-Current Liabilities</b>	<b>33,727,963</b>	<b>44,147,497</b>	<b>43,727,963</b>	<b>45,256,012</b>
<b>TOTAL LIABILITIES</b>	<b>34,433,250</b>	<b>44,656,217</b>	<b>44,110,993</b>	<b>45,647,917</b>
<b>NET ASSETS</b>	<b>50,601,519</b>	<b>54,354,272</b>	<b>54,285,806</b>	<b>58,283,541</b>
<b>EQUITY</b>				
Retained Earnings	5,060,916	8,613,669	8,545,203	12,542,938
LTMP Reserve	-	200,000	200,000	200,000
Share Capital	15,300,000	15,300,000	15,300,000	15,300,000
Revaluation Reserve	30,240,603	30,240,603	30,240,603	30,240,603
<b>TOTAL EQUITY</b>	<b>50,601,519</b>	<b>54,354,272</b>	<b>54,285,806</b>	<b>58,283,541</b>



## Consolidated Statement of Cash Flows

For the Year Ended 30 June	2024	2025	2026	2027
	Forecast	Budget	Plan	Plan
<b>CASH FLOWS from OPERATING ACTIVITIES</b>				
<i>Cash was provided from:</i>				
Receipts from Rent and Leases	2,658,168	2,842,460	3,061,540	3,348,983
Receipts from Other Revenue	27,433	464,594	235,251	-
Interest Received	1,053,583	711,416	916,424	888,423
Receipts from Commercial Development Sales	-	38,065,347	30,811,957	49,657,630
	3,739,185	42,083,816	35,025,172	53,895,036
<i>Cash was applied to:</i>				
Payments to Employees	(1,116,768)	(1,359,131)	(1,434,972)	(1,515,314)
Payments to Suppliers	(2,420,084)	(2,701,928)	(2,771,425)	(2,893,944)
Interest Paid	(2,084,595)	(2,745,478)	(2,787,900)	(2,805,687)
Tax Paid	(304,710)	-	(419,534)	-
Costs of Commercial Development Sales	(14,379,424)	(27,958,346)	(21,599,537)	(18,637,420)
	(20,305,582)	(34,764,883)	(29,013,369)	(25,852,364)
<b>Net Cash Flows from Operating Activities</b>	<b>(16,566,398)</b>	<b>7,318,933</b>	<b>6,011,803</b>	<b>28,042,672</b>
<b>CASH FLOWS from INVESTING ACTIVITIES</b>				
<i>Cash was applied to:</i>				
Purchase and Construction of Property, Plant and Equipment	(2,576,779)	(5,849,064)	(4,768,794)	-
	(2,576,779)	(5,849,064)	(4,768,794)	-
<b>Net Cash Flows from Investing Activities</b>	<b>(2,576,779)</b>	<b>(5,849,064)</b>	<b>(4,768,794)</b>	<b>-</b>
<b>CASH FLOWS from FINANCING ACTIVITIES</b>				
<i>Cash was provided from:</i>				
Proceeds from Borrowings - HCC	-	10,000,000	-	-
	-	10,000,000	-	-
<i>Cash was applied to:</i>				
Repayment of Advance from related parties	(88,741)	-	-	-
	(88,741)	-	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>(88,741)</b>	<b>10,000,000</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) in CASH and CASH EQUIVALENTS</b>	<b>(19,231,918)</b>	<b>11,469,869</b>	<b>1,243,009</b>	<b>28,042,672</b>
Cash and Cash Equivalents at the Beginning of the Year	25,850,387	6,618,469	18,088,339	19,331,348
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>6,618,469</b>	<b>18,088,339</b>	<b>19,331,348</b>	<b>47,374,020</b>

## Statement of Accounting Policies

UPL will apply the following accounting policies consistently during the year and apply these policies to the Statement of Intent. In accordance with the New Zealand Institute of Chartered Accountants Financial Reporting Standard 42 (FRS 42), the following information is provided in respect of the Statement of Intent.

### Nature of prospective information

The financial information presented consists of forecasts that have been prepared on the basis of best estimates and assumptions on future events that UPL expects to take place.

### Statement of compliance with International Financial Reporting Standard

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for public benefit entities.

### Reporting entity

UPL is a company registered under the Companies Act 1993 and a Council-Controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002. Hutt City Council is the only shareholder. The company was incorporated in New Zealand in 13 December 1996 as De Luie Developments Limited, changed its name to Centre City Plaza Limited on 27 June 1997, changed its name to Hutt Holdings Limited on 20 January 2003 and finally changed its name to Urban Plus Limited on 25 May 2007.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

For purposes of financial reporting, UPL is a public benefit entity.

### Reporting period

The reporting period covers the 12 months from 1 July 2023 to 30 June 2024. Comparative projected figures for the year ended 30 June 2024 and 30 June 2025 are provided.

### Specific accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The measurement basis applied is historical cost.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

### Judgements and estimations

Preparing financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

### Revenue

Revenue is measured at the fair value of consideration received.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Property sales are recognised on settlement date, along with the related expenses. Interest income is recognised using the effective interest method.

### Property, plant and equipment

On transition to NZ IFRS assets were recorded at cost less accumulated depreciation and impairment losses.

#### Revaluation

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

#### Additions

Expenditure of a capital nature of \$1,000 or more has been capitalised. Expenditure of less than \$1,000 has been charged to operating expenditure. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to UPL and the cost of the item can be measured reliably.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in the Statement of Comprehensive Income.

#### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to UPL and the cost of the item can be measured reliably.

**Depreciation**

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost (valuation) of the assets to their estimated residual values over their useful lives. The straight line depreciation rates are as follows:

Estimated economic lives	Years	Rate
Buildings	2 - 69	1.45% - 50.00%
Plant and equipment	8 - 13	7.69% - 12.00%
Vehicles	7	12.76%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

**Intangible assets****Software acquisition and development**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by UPL, are recognised as an intangible asset.

**Amortisation**

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Estimated economic lives	Years	Rate
Computer software	2.8	36%

**Impairment of non-financial assets**

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Income.

**Goods and services tax**

All items in the financial statements are stated exclusive of GST, except for receivables and payables. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

## Employee entitlements

### Short-term entitlements

Employee benefits that UPL expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

UPL recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that UPL anticipates it will be used by staff to cover those future absences.

UPL recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

## Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

### Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

## Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## Income tax

Income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

## Property intended for sale

Property previously held but now being sold as it is no longer required is classified as a property held for sale.

This classification is used where the carrying amount of the property will be recovered through sale, the property is available for immediate sale in its present condition and sale is highly probable.

Property held for sale is recorded at the lower of the carrying amount and fair value less costs to sell. From the time a property is classified as held for sale, depreciation is no longer charged on the improvements.

Where property is held for sale or for development for sale, in the ordinary course of business, it is classified as inventory. Such property is recorded at the lower of cost and net realisable value (selling price less costs to complete and sale costs). Any write-downs to net realisable value are expensed in the net surplus/(deficit) for the year.

## Leased assets

### Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease payment.

### Finance Leases

The Company has not entered into any material finance leases.

### Financial instruments

The Company is party to financial instrument arrangements as part of its normal operation. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Income.

All financial instruments are recognised in the Statement of Financial Position on the basis of the Company's accounting policies. All financial instruments disclosed on the Statement of Financial Position are recorded at fair value other than those specifically identified in the Notes to the financial statements.

## Appendix 2 – 10 year plan

For the Year Ended 30 June	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Forecast	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
<b>REVENUE</b>											
Total Revenue	3,739,187	42,083,816	35,025,172	53,895,036	14,860,733	31,662,091	23,111,049	37,392,939	28,367,329	36,800,788	14,598,324
<b>EXPENSES</b>											
Total Expenses	3,628,421	34,419,624	31,522,091	44,551,927	12,448,407	25,767,615	19,465,686	32,458,528	24,466,167	32,080,046	13,678,122
<b>OPERATING SURPLUS/(DEFICIT)</b>	110,765	7,664,192	3,503,081	9,343,110	2,412,326	5,894,476	3,645,363	4,934,411	3,901,162	4,720,742	920,202
Depreciation	700,121	746,427	783,647	1,011,638	1,011,930	1,012,236	1,012,236	1,012,236	1,012,236	1,012,236	1,012,236
Finance Expenses	2,084,595	2,745,478	2,787,900	2,805,687	2,824,216	2,816,500	2,816,500	2,816,500	2,824,216	2,816,500	2,816,500
<b>NET SURPLUS/(DEFICIT) before Tax</b>	(2,673,951)	4,172,287	(68,466)	5,525,785	(1,423,820)	2,065,740	(183,373)	1,105,674	64,709	892,005	(2,908,534)

As requested by councillors 10 year plan for the operation of UPL Group of which years 2025-2027 are reflected in the SOI.

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**Report no: HCC2024/3/158**

## **Representation Review Report and Initial Proposal**

### **Purpose of Report**

1. The purpose of this report is to receive the Independent Representation Review Panel's report and recommendations and to agree on an initial representation proposal for public consultation.

### **Recommendations**

It is recommended that Council:

- (1) notes that under the Local Electoral Act 2001 (the Act), Council is required to undertake a representation review ahead of the next triennial elections in 2025;
- (2) notes that on 30 May 2023 Council agreed to establish an Independent Representation Review Panel to undertake the representation review and provide recommendations to inform Council's initial representation proposal;
- (3) notes the Independent Panel's report and recommendations, attached as Appendix 1;
- (4) notes that officers have reviewed the Panel's recommendations and are comfortable that they meet the legislative requirements of the Act;
- (5) agrees to adopt the initial representation proposal attached at Appendix 2;
- (6) agrees that in accordance with the requirements of the Act, Council gives public notice of its initial representation proposal on 1 July 2024, with the last day for submissions on 1 August 2024;
- (7) notes the timeline for completing the representation review outlined in Table 1 of the report; and
- (8) notes that if Council decides to amend the initial representation proposal and consult on the proposed amendment, this could affect the timeframes required to meet the statutory steps for a representation review.



## Background

2. The Local Electoral Act 2001 (the Act) requires councils to undertake a review of its representation arrangements at least every six years. Council's last review was prior to the 2019 elections, so it is required to do another review in time for the 2025 elections.
3. A review of a Council's representation arrangements must include:
  - a) the number of councillors there are to be;
  - b) how those councillors are to be elected, i.e. at-large across the whole city, by two or more wards, or by a combination of both at-large and wards;
  - c) whether there are to be community boards in the city and, if so:
    - o the number of boards;
    - o the number of members per board; and
    - o how those members are to be elected, i.e. across the whole board area or by subdivisions of the board area; and
  - d) if there are to be wards, community boards or subdivisions of board areas, the names and boundaries of the areas concerned.
4. On 30 May 2023, Council resolved to appoint an Independent Representation Review Panel (the Panel) to undertake the review, and ensure a robust, independent, and comprehensive process was followed. The Panel was chaired by Paul Swain and included Tā (Sir) John Clarke, Meenakshi Sankar, Ana So'otaga and Matthew Richardson.
5. On 21 November 2023, Council resolved, in accordance with the Act, that at least one Māori ward is to be established for the 2025 elections. This decision is not appealable to the Local Government Commission. This means the current representation review needs to determine how many Māori wards there will be, the number of members for these wards, the ward boundaries, and the ward names.

## Discussion

### *Independent Panel Report*

6. The Panel's report is attached at Appendix 1. It includes an outline of the Panel's review process and recommendations for Council to consider.
7. Between October 2023 and March 2024, the Panel undertook public engagement to inform the development of its report. Priority groups were identified based on officer advice.
8. The Panel recognised the critical importance of engagement with Mana Whenua and Mātāwaka, who were included in the identified priority groups.

9. The Panel's engagement focused on determining:
  - a. the level of community awareness and understanding about Hutt City Council and its role and structures;
  - b. satisfaction with current representation structures and arrangements in terms of their relevance, inclusiveness, and effectiveness for the city's diverse communities; and
  - c. any changes and/or improvements needed to ensure fair and effective representation for the city's diverse communities.
10. Through the review process, the Panel sought to determine the community that people most closely identified with to support the analysis of the current balance of city-wide communities of interest and more local communities of interest in the city.
11. The Panel used a range of engagement methods, including:
  - a. an online survey (via Public Voice);
  - b. 20 face-to-face meetings;
  - c. a 'postcard drop' to 12,000 randomly selected addresses;
  - d. a social media campaign (conducted by Council officers);
  - e. information on Council's website; and
  - f. information on the 'Kōrero Mai' website.
12. The data gathered from the engagements were analysed by the Panel using a thematic analysis approach. Panel members looked for patterns to identify areas of convergence and divergence to ensure robust analysis.
13. This analysis formed the basis of the Panel's report and recommendations in Appendix 1.
14. Officers have reviewed the Panel's report and recommendations, and they consider that the report represents a comprehensive approach to engagement and includes a robust analysis of the feedback received. The Panel engaged with a wide range of communities, including Mana Whenua and Mātāwaka, and brought their experience and expertise to the process.
15. Officers note that the report meets Council's objectives in appointing an independent panel to undertake the representation review.
16. Officers also note additional recommendations in Chapter 10 of the report, *Building a better bridge to the community*, which outlines the Panel's suggestions for Council to deliver a more focused approach to community engagement. These suggestions do not form part of the Initial Representation Proposal. Officers will review the additional recommendations and consider the merits and possibility of progressing the suggestions.

### *Initial Representation Proposal*

17. The Initial Representation Proposal (the Initial Proposal) is attached as Appendix 2. In line with the recommendations of the Panel, the Initial Proposal recommends a number of changes to current representation arrangements, including that:
  - a. Council retains a mayor and 13 councillors;
  - b. Council retains a mixed system of representation, with:
    - A five councillors elected at-large across the city;
    - B seven councillors elected from five general wards; and
    - C one councillor elected from one Māori ward;
  - c. the number of general wards is reduced from six to five with changes to current ward boundaries (as outlined in the Initial Proposal at Appendix 2);
  - d. there is one Māori ward, covering the area of the city and called “Mana Kairangi ki Tai”; and
  - e. there be no community boards, and the three existing community boards be abolished.
18. Officers note that Section 8 of the Panel’s report includes a comprehensive discussion and analysis of options it considered in determining effective and fair representation for communities of interest in Te Awa Kairangi ki Tai Lower Hutt.
19. The Panel’s recommended option, Option 5, proposes to:
  - a. reunite parts of Woburn currently isolated in the Harbour Ward back into the boundary with Waiwhetu and Waterloo;
  - b. move Alicetown and Melling from Western Ward to the Central Ward to connect it more closely with central Lower Hutt;
  - c. expand the Central Ward to include Fairfield, all of Waterloo and all of Waiwhetu, and be represented by two ward councillors;
  - d. expand the Northern Ward to include Avalon and Naenae, and be represented by two ward councillors; and
  - e. disestablish the current Eastern Ward.
20. In making the recommended changes to ward boundaries, the Panel noted that residents of a wide central area of the city (ie Alicetown, Melling, Waterloo and Waiwhetu), identify more strongly with central Lower Hutt as a whole than with their local area. The Panel also acknowledged commonalities in demographics and socio-economic characteristics across a wider northern area of the City that is not reflected in the City’s current ward boundaries.

21. For the expanded ward boundaries (ie Central and Northern Wards), the Panel's recommendation to have two councillors in each allows them to work together as and when appropriate for the benefit of their wards, to share workloads, and to allow them to 'specialise' to some degree on issues if they wish.
22. Officers have reviewed the Panel's recommendations and are comfortable that they meet the legislative requirements of the Act.

### **Options**

23. Officers note that the Initial Proposal represents the result of a robust and comprehensive review process undertaken in accordance with the Act. As such, officers recommend the Initial Proposal is approved for public consultation unchanged, which will then inform final decisions on 10 September 2024.
24. Any changes to the Initial Proposal would create an increased risk of a successful challenge to the proposal as elected members have not been part of the independent review that created the original recommendations in the Panel's report.

### **Next Steps**

#### *Names for general wards*

25. The Panel discussed having dual English/Māori names for general wards with Mana Whenua and received an initial positive response. However, in the time available, it was not possible to engage further with Mana Whenua on the matter.
26. Officers support the Panel's recommendation to retain the existing ward names for the purposes of consulting on the Initial Proposal, and that Council use this time to engage further with Mana Whenua on considering dual English/Māori general ward names in its final representation proposal.
27. Under s19M of the Act, Council is required to give public notice of its initial representation proposal and call for submissions no later than 8 August 2024, with the deadline for submissions being not less than one month after the first public notice.
28. The Communications and Engagement Plan is attached as Appendix 3.

29. If Council agrees to consult on the Initial Proposal in Appendix 2, the consultation timeline will follow the steps outlined in Table 1.

**Table 1: Timeline for completing the representation review**

Action	Timing
Public notice of representation proposal	1 July 2024
Submissions close	1 August 2024
Council hearings (if required)	26 and 27 August 2024
Council considers adopting final representation proposal (NB this must be within eight weeks of the deadline for submissions)	10 September 2024
Public notice of Council's final representation proposal (given in accordance with s19N of the Act)	11 September 2024
Appeals and objections period	12 September to 12 October 2024

30. If Council decides to amend the Initial Proposal this could affect the timeframes for the required statutory steps for a representation review set out above.

### **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.

### **Consultation**

32. As required under the Act, the Panel has undertaken a comprehensive engagement process with communities in Te Awa Kairangi ki Tai Lower Hutt.

### **Legal Considerations**

33. Representation reviews are a statutory process prescribed in the Local Electoral Act 2001.
34. Council's legal team have reviewed the process outlined in this report to ensure that officers are acting within the requirements of the Act.
35. The Local Government Commission has confirmed that the recommendations are compliant with the legislation.

### Financial Considerations

36. The Remuneration Authority determines the total pool of money available for each council for elected member remuneration. It is up to councils to decide how to distribute that money among their councillors. Adding an extra councillor will not change the overall pool of money. This means Council will need to reallocate the existing funds to accommodate the additional councillor. The decision-making process ensures that each council tailors the remuneration to fit its unique structure and needs.
37. Removing Community Boards will result in savings for Council.

### Appendices

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Policy Advisor

**Reviewed By:** Richard Hardie  
Head of Strategy and Policy

**Reviewed By:** Jarred Griffiths  
Director Strategy and Engagement

**Approved By:** Jo Miller  
Chief Executive

**Report and recommendations of the  
Independent Representation Review Panel  
on Hutt City Council's Initial Representation  
Proposal**

**June 2024**

## Foreword

### *Waiho i te toipoto, kaua i te toiroa*

*(This whakatauki/proverb speaks to the importance of keeping connected, of maintaining relationships and dialogue so that we can keep moving forward together.)*

Hutt City Council, like all councils, is required to review its representation arrangements at least every six years. For this review, Hutt City Council decided, for the first time, to appoint an independent panel to recommend an initial representation proposal for the purpose of consultation with the community.

We believe our recommended proposal, set out in this report, meets the requirements of the Local Electoral Act for fair and effective representation for individuals and communities. This relates to the number of councillors there should be and how they should be to be elected (by wards, at-large or a mix of both). It also relates to the question whether there should continue to be community boards in the City.

In coming to our recommendations, we needed to take into account Hutt City Council's decision to establish at least one Māori ward in the City. We gave this issue careful attention and consulted both manawhenua and mātāwaka when forming our recommendations on this issue.

In line with the whakatauki above, the Panel wanted to establish good connections, dialogue and relationships with the community to ensure that we heard as many views as possible on the possible shape of Lower Hutt's representation arrangements into the future.

To achieve this, the Panel adopted a comprehensive engagement plan that involved, Panel members contacting over 150 individuals and groups, and facilitating approximately 30 face-to-face meetings, including with groups who rarely engage with Council on its plans or proposals. This was in addition to an online survey and social media campaign to promote engagement.

The Panel would like to thank the many individuals, community groups and organisations for sharing with us their thoughts and aspirations for the City. Everyone we spoke to felt that Lower Hutt is a great place to live in, and were keen to be involved in shaping its future. We hope we have done justice to their views in this report.

The Panel would also like to thank our advisor, Gavin Beattie, whose knowledge and experience of the representation review process was invaluable; our secretariat Olivia Miller; and Richard Hardie and other Council officers who spent considerable time sharing their knowledge of the City, its communities and Council processes.

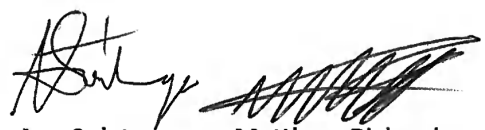
The Panel presents its recommendations in the knowledge that they are based on as thorough and robust a process as possible within the time and resources available to Panel members. We trust that the Council considers them favourably, so that the community has the chance to give their views on the representation arrangements to be put in place for the 2025 local authority elections.



Paul Swain  
Chair

Sir John Clarke  
Member

Meenakshi Sankar  
Member



Ana So'otaga  
Member

Matthew Richardson  
Member



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## 1. Independent Representation Review Panel's recommendations

### a) Initial representation proposal

The Independent Representation Review Panel recommends:

1. Hutt City Council adopts the following as its initial representation proposal under sections 19H and 19J of the Local Electoral Act 2001:
  - a. Hutt City Council comprise a mayor and 13 councillors
  - b. the councillors be elected under a mixed system of representation, with
    - i. 5 councillors elected at-large across the City
    - ii. 7 councillors elected from five general wards
    - iii. 1 councillor elected from one Māori ward
  - c. the five general wards be as follows:
    - i. Northern Ward covering Stokes Valley, Taita, Naenae and Avalon, electing two councillors
    - ii. Central Ward covering Boulcott, Epuni, Fairfield, Waterloo, Hutt Central, Alicetown, Melling, Woburn and Waiwhetu, electing two councillors
    - iii. Western Ward covering Manor Park, Belmont Park, Kelson, Belmont, Tirohanga, Normandale and Maungaraki, electing one councillor
    - iv. Harbour Ward covering Korokoro, Petone, Moera, Gracefield, Eastern Bays and Eastbourne, electing one councillor
    - v. Wainuiomata Ward electing one councillor
  - d. the Māori ward, covering the area of the City, be called Mana Kairangi ki tai
  - e. there be no community boards in the City and the three existing community boards be abolished.
2. Hutt City Council notes the recommended arrangements change current representation representations as follows:
  - a. the addition of one Māori ward electing one Māori ward councillor, bringing the total number of councillors to 13
  - b. five councillors elected at-large, compared to six councillors elected at-large currently
  - c. seven councillors elected from five general wards, compared to six councillors elected from six wards currently, as:
    - i. five general wards best meets the requirement for effective representation of communities of interest under section 19T of the Local Electoral Act 2001
    - ii. seven councillors elected from these five wards best meets the requirement for fair representation under section 19V of the Local Electoral Act 2001
  - d. Wainuiomata Ward does not meet the requirement for fair representation (the +/-10% rule) and this is necessary to avoid dividing this community of

- interest between wards, or uniting within one ward, communities of interest with few commonalities
- e. the current Northern Ward is expanded to also include:
    - i. all of Avalon northwards from Fairway Drive and Daysh Street
    - ii. all of Naenae northwards from that part of Naenae Road between Cambridge Terrace and Waddington Drive, also including the properties on Hamerton Street and between this street and Naenae Road
  - f. the current Central Ward is expanded to also include:
    - i. all of Alicetown and Melling, being all properties within the area between Wakefield Street, Western Hutt Road (SH 2), Melling Link and Te Awa Kairangi/Hutt River
    - ii. the area of Woburn south of Whites Line West, being properties on the southern side of this road and also on Richmond Grove, Fuller Grove, Saulbrey Grove and Trevethick Grove
    - iii. the area of Waiwhetu south of Whites Line East, being properties on the southern side of this road and on all roads off Whites Line East to the south, including those off Leighton Avenue, Bell Road and Wainui Road as far as and including Riverside Drive
  - g. the current Eastern Ward is disestablished as a result of the expansion of the Northern and Central wards, with this involving Fairfield and Waterloo also being part of the expanded Central Ward
  - h. the current Harbour Ward is reduced as a result of:
    - i. the area of Woburn south of Whites Line West being part of Central Ward, and
    - ii. the area of Waiwhetu south of Whites Line East being part of Central Ward
  - i. the current Western Ward is reduced by Alicetown and Melling being part of Central Ward.
3. Hutt City Council notes the proposal for there to be no community boards in Lower Hutt and for three current boards to be abolished, reflects the view that formal structures like community boards positioned between the community and the Council is not likely to be effective in the 21<sup>st</sup> century, based on the changing nature of the community's interests, needs and aspirations, and also the obligation on the Council to inform, consult, represent and make decisions on behalf of those communities.

#### b) Hutt City Council's community engagement

The Independent Representation Review Panel further recommends:

Hutt City Council considers the recommendations set out in Section 10 of this report 'Building a better bridge to the community', with a view to improving its engagement with the community.

## 2. Background

All councils are required, under the Local Electoral Act 2001 (LEA), to review their arrangements for representing the people and communities in their city or district at least every six years. Hutt City Council last reviewed its representation arrangements prior to the 2019 local authority elections. So, under the LEA, it must do another review before the next triennial elections in 2025.

### a) 2019 representation review

In its last representation review in 2019, both the Council's initial and final proposals were for the retention of the existing six wards, with each ward electing two councillors. The proposals were also for the retention of the existing three community boards in Eastbourne, Petone and Wainuiomata.

There were two appeals to the Local Government Commission against the Council's final proposal, relating to how councillors were to be elected. In accordance with the LEA, the Commission made a determination on all the representation arrangements that would apply in Lower Hutt for at least the 2019 elections. This was for the introduction of a mixed system of representation, with six councillors elected at-large across the City and six councillors elected from the existing six wards. The three existing community boards were also to be retained.

These arrangements continued in place for the 2022 triennial elections.

### b) Appointment of independent panel for 2025 representation review

For its next representation review, the Council resolved, on 30 May 2023, to appoint an independent panel to recommend an initial representation proposal for Lower Hutt.

This decision reflected the Local Government Commission's recommended good practice for councils doing representation reviews, to consider appointing an independent panel to undertake the initial steps in the representation review process. The decision was also made in response to comments by the Commission in its 2019 determination about the Council's review process (the comments are summarised in the next section).

On 11 July 2023, the Council resolved to appoint five members to the Independent Representation Review Panel. The appointed members were seen as providing a good mix of backgrounds, experience and skills relevant for undertaking representation reviews, while also reflecting the diversity of Lower Hutt. Details of the Panel members and the Panel's terms of reference are set out in **Appendix 1**.

The Panel met for the first time on 29 August 2023.

### c) Other important Council decisions

Two further decisions by the Council, while not formally part of the representation review process, have important implications for the review process.

Firstly, the Council, in accordance with the LEA, resolved to conduct a poll in conjunction with the 2022 triennial elections, on the electoral system to be used for the following two elections in 2025 and 2028. The two options identified in the LEA are first-past-the post (FPP) and single transferable vote (STV). The outcome of the poll was that FPP will be used in Lower Hutt at least for the 2025 and 2028 elections.

Secondly, the Council resolved on 21 November 2023, again in accordance with the LEA, that at least one Māori ward be established for the 2025 triennial elections. This meant the current representation review needed to include a determination on how many Māori wards there will be for those elections, the number of members for these wards, and ward boundaries and names.

Since the Council's resolution, the Government announced it intended to amend the LEA to reinstate the previous provision that council decisions to establish Māori wards will be subject to any poll demanded by electors. It also announced there will be transitional provisions for those councils that have established Māori wards by way of resolution without a poll having been undertaken, as is the case with Hutt City Council.

The Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Bill has recently been introduced to Parliament confirming those announcements. The Bill includes transitional provisions for councils that established Māori wards by way of resolution, to either rescind their resolution or to conduct a poll on this issue in conjunction with the 2025 triennial elections. The outcome of such a poll in 2025 will then take effect at the 2028 triennial elections.

The latter option would mean for Lower Hutt, that a Māori ward(s) would still be established in time for the 2025 elections and then be subject to the outcome of the poll held at those elections, as to whether it continued after the 2028 elections.

At the time of preparing this report, Hutt City Council had not resolved that its decision on the establishment of a Māori ward(s) be rescinded. On this basis, the Panel continued with its work to recommend to the Council how many Māori wards it believes there should be in Lower Hutt, the number of members for these wards, and ward boundaries and names.

The Panel's recommendations on these, and all other representation matters, are set out in this report.

### 3. The recommended approach to representation reviews

Representation reviews are to be guided by the LEA principle of “fair and effective representation for individuals and communities”.

To give effect to this principle, the Local Government Commission recommends a three-step approach for representation reviews of:

1. identifying communities of interest
2. determining effective representation for those communities of interest, which includes the option of community boards
3. determining fair representation for individuals.

It was in relation to this recommended good practice approach that the Local Government Commission had criticisms of the approach taken by Hutt City Council in its last representation review in 2019.

The Commission noted information and data available to the Council showing communities of interest in Lower Hutt were both city-wide and local in nature. However, this was not fully considered by the Council when adopting its initial representation proposal, which was subsequently adopted as the Council’s final proposal, and which then attracted two appeals.

In particular, the Council’s proposal was simply for retention of the existing six-ward structure, reflecting local communities of interest, for the election of all 12 councillors.

After considering the two appeals before it, and other information provided by the Council, the Commission concluded that city-wide communities of interest and the relatively compact nature of Lower Hutt along with its geography, provided “a strong argument for a more city-wide approach to representation”. At the same time, the Commission also made it clear such a city-wide approach was not to be at the expense of representation for local communities of interest which was equally important and needed to be recognised.

The Commission subsequently determined that for the 2019 triennial elections, there would be a mixed system of representation, with six councillors elected at-large and six elected from the existing six wards. The three existing community boards would also be retained.

The Commission saw its determination as applying for the 2019 elections. The Council would then have the opportunity to address the appropriate balance between city-wide and local community representation, including appropriate ward arrangements, for future elections.

No further review was undertaken for the 2022 triennial elections.

In light of this background, the Panel sought to identify the nature of communities of interest currently existing in the City, and the extent to which these may be seen as city-wide or local in nature. We saw this as the most appropriate basis for making our recommendations on what we see as the arrangements that will best reflect the LEA’s guiding principle of “fair and effective representation for individuals and communities”.

In undertaking its work, the Panel adopted the Local Government Commission’s recommended three-step approach. This involved:

1. seeking community views on the City's current communities of interest, including the extent these are seen as city-wide or local in nature, while also undertaking an in-depth community of interest analysis
2. considering all options for effective representation of identified communities of interest, in terms of the total number of councillors there should be, how those councillors should be elected, and also the option of having community boards
3. considering fair representation for individuals in relation to the requirement for each councillor to represent approximately the same number of people.

Detailed discussion of each of these steps is set out in Sections 7, 8 and 9 of this report.

Before coming to conclusions on these matters, the Panel undertook a comprehensive community engagement programme and this is described, along with our findings from this programme, in Sections 5 and 6.

As described in more detail in Section 7, one dimension for defining communities of interest relates to the area residents most closely identify with or have a sense of belonging to. The best way to find this out is to ask residents directly. Accordingly, the Panel included this as a question in its community engagement activities described in Section 5.

Before describing the community engagement programme and the Panel's engagement findings, a brief history of Lower Hutt's representation arrangements is set out in Section 4, along with a comparison of the current arrangements in the national context.



## 4. Lower Hutt's current representation arrangements in context

### a) History of representation arrangements

A timeline of Lower Hutt's representation arrangements since the City's establishment in 1989, involving the amalgamation of the old Lower Hutt City with the boroughs of Eastbourne and Petone, and also Wainuiomata District, is as follows:

- 1989:
  - Establishment of new council comprising a mayor and 15 councillors
  - Councillors elected from five wards (Northern, Eastern and Western wards covering most of old Lower Hutt City; Harbour Ward covering former Eastbourne and Petone boroughs and also a small part of the old Lower Hutt City; and Wainuiomata Ward covering former Wainuiomata District)
  - Establishment of three community boards for areas joining the extended city (Eastbourne, Petone and Wainuiomata)
- 1995:
  - A sixth, Central Ward, established covering Lower Hutt central business district and some adjoining areas
  - Total number of councillors reduced to 13
  - Three existing community boards retained
- 1998-2016:
  - Six wards retained (with minor boundary alterations to some wards)
  - Total number of councillors set at 11 or 12
  - Three existing community boards retained
- 2019-2022:
  - Mixed system of representation, with at-large component and six existing wards
  - Total number of councillors retained at 12
  - Three existing community boards retained

### b) National comparisons

Comparisons of Lower Hutt's current representation arrangements with those for the ten largest territorial authorities by population in the country, excluding Auckland, are set out in **Appendix 2**.<sup>1</sup>

It can be seen from the national comparisons, there are variations in council representation arrangements around the country. These relate to factors such as the geographical size and nature of the city or district concerned, its population, its history dating back to the 1989 local government reforms, and the relative scale of council operations and responsibilities.

In summary, the representation arrangements for each council are a particular set of arrangements seen as most appropriate for that city or district, in light of its particular circumstances.

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<sup>1</sup> Auckland is excluded for comparison purposes as: it has a population far in excess of the next largest city (Christchurch); currently the number of Auckland councillors is statutorily limited to 20 by Auckland-specific legislation; and it is the only council in the country with local boards as distinct from community boards.

### c) Residents' satisfaction

To get an indication of the current level of residents' satisfaction with Hutt City Council and, in particular, some of its governance processes, the Panel noted findings from two recent surveys: the Residents' Satisfaction Survey 2023 and the Quality of Life Survey 2022.

Key findings from these surveys are set out in **Appendix 3**. These include:

- a reasonable level of satisfaction that the Council takes community feedback into account when making decisions, but with groups least satisfied on this being: Northern Ward residents, Māori, older residents, and residents with disabilities
- a large majority (70%) agreeing it is important to them that they feel a sense of community with people in their neighbourhood, with a smaller majority (51%) saying they *did* feel such a sense of community.

## 5. The Panel's approach to community engagement

### a) Community engagement plan

The Panel agreed at the beginning of its work that good engagement with the community on the range of representation issues and options was very important in developing its recommended representation proposal for Lower Hutt. Accordingly, we first prepared a detailed engagement plan to guide our engagement activities.

#### i. Communication and engagement principles

The Panel's engagement plan included the following communication and engagement principles:

- educate the community on local government by providing clear, consistent and reliable information
- engage with Mana Whenua and Mātāwaka throughout the review
- connect with a wide range of communities of interest and a diverse cross section of residents
- enhance relationships with, and understanding of, communities of interest
- be open and transparent about what the community can and cannot influence and how decisions will be made
- use a variety of methods to communicate and engage
- ensure the community feels their feedback was heard and that they played a part in the democratic process
- take a 'best endeavours' approach to engagement.

Given the time and resources available to it, the Panel needed to apply the 'best endeavours' principle in its community engagement programme.

While bearing this in mind, the Panel still connected with a wide range of communities, groups and interests across the City. It engaged with Mana Whenua and Mātāwaka, with representatives of particular priority groups (identified below), as well as with representatives of recognised bodies, including the business community and the three community boards.

The Panel sought to meet with as many groups as it could face-to-face, but did use other engagement methods as well.

The 'education' principle was important as the Panel found low levels of awareness and understanding about representation issues and about the Council more generally. These particular issues are addressed in some detail below.

#### ii. 'Equity of voice' in community engagement

The Panel was particularly keen to ensure there was 'equity of voice' in its engagement with communities across the City. As a result, we developed and used a tailored approach to our engagement, including a concerted effort to reach out to communities and groups less engaged, or perhaps in some cases not engaged at all, with the Council and its activities.

The tailored engagement approach was developed using Panel members' own knowledge and insights about the community, analysis of data and other information available to the Panel, and also advice from Council officers. The particular communities and groups identified were: Northern Ward communities, young people (16 to 34 years), Pacific people, ethnic and migrant communities, disabled people and the rainbow community.

In relation to these communities and groups, the Panel noted, for example, that demographic analysis from the 2023 residents' satisfaction survey indicated residents in Northern Ward commonly expressed the lowest levels of satisfaction with Council decision-making, facilities and services, as well as having the lowest levels of direct engagement with the Council. Northern Ward residents, along with Māori, older residents, and residents with disabilities, were also identified in the survey as being the least satisfied that Council takes community feedback into account when making decisions.

### iii. Key evaluation questions

The Panel conducted its community engagement between October 2023 and April 2024. Its focus in the engagement was on three key evaluation questions, identified in the engagement plan, relating to:

1. the level of community **awareness** and **understanding** about Hutt City Council, its role and its representation structures
2. **satisfaction** with current representation structures and arrangements in terms of their relevance, inclusiveness and effectiveness for the City's diverse communities
3. **changes and/or improvements** seen to be needed to these representation structures and arrangements, to ensure fair and effective representation for the City's diverse communities.

As previously noted, the Panel also asked another important question in the engagement, about the community that people most closely identify with. This was designed to help us assess the current balance of city-wide communities of interest and local communities of interest in the City.

### b) Community engagement activities

The Panel undertook a range of community engagement activities to encourage participation in the review, as well as to gather information necessary for the Panel to respond to the key evaluation questions. This involved using a mix of qualitative and quantitative methods and also social media, to support the engagement programme.

#### i. Encouraging community participation

At the Panel's request, a social media campaign was initiated by Council officers from September to November 2023. This included:

- a page on the Council's website introducing the Panel members and providing information on their background, experience and role in the representation review process
- a page on the 'Kōrero Mai' platform on the website, sharing more detail on the review process and how the community could engage
- promotion of the online community engagement survey (see below) through a link on the 'Kōrero Mai' platform, as well as additional engagement tools for the community to share their feedback and ask questions about the review. This was regularly monitored by Council officers and reported to the Panel
- social media posts to share different ways the community could participate in the survey or in other engagement activities.

Other activities included Council officers arranging for 12,000 postcards to be delivered to addresses in selected areas of the City, encouraging people to have their say in the review process.

In addition, contact was made with the Eastern Bays and Western Hills residents associations inviting their participation in the Panel's community engagement programme.

## ii. Online community engagement survey

An online community engagement survey was conducted by Public Voice in November/December 2023. This was distributed via the 'Hutt City Views' research panel and also via the Council's social media team, with a total of 922 responses received. Information about the survey and the detailed findings are set out in **Appendix 4**, with key findings summarised in Section 6.

In relation to the survey, the Panel notes it was targeted, in the first instance, at the already established residents' research panel, which comprises self-selected participants not statistically representative of the City as a whole. Accordingly, we sought to balance the survey responses with feedback from our tailored engagement approach including face-to-face meetings.

## iii. Engagements and face-to-face meetings

In line with its 'equity of voice' and tailored engagement approach, the Panel sent emails or made calls to over 150 organisations, groups or individuals. This was to advise them of the review and the opportunity to participate, as well as of the Panel's desire to hold focus groups/hui/wananga/talanoa for communities and groups.

In total, Panel members had nearly 30 face-to-face meetings, or participated in particular events, as part of its engagement programme. Details of the Panel's engagements and the face-to-face meetings are set out in **Appendix 5**.

## 6. The Panel's community engagement findings

This section summarises the findings and insights gathered by the Panel from its engagements and face-to-face meetings, together with those from the online engagement survey. This is arranged under the key evaluation questions identified above, including the question relating to residents' identification with communities.

### a) Awareness and understanding of the Council, its role and its representation structures

In order to get community views about current representation arrangements in Lower Hutt, the Panel first needed to know the level of community awareness about these arrangements and how they operate. This was the basis of our first evaluation question, which also covered awareness and understanding about the Council and its role generally.

While there were exceptions, the meetings with community organisations and groups revealed that the level of awareness and understanding about the Council, its role and its representation structures was extremely low.

In relation to representation arrangements and structures in particular, very few knew the exact number of councillors there currently are, that some councillors are elected at-large across the City and that some are elected by wards. Many were not able to name the ward they resided in.

It was apparent in some of the face-to-face meetings that the language used relating to local government and the representation review in particular, was often not understood and/or was confusing. This included terms such as "wards" and "at-large".

Generally there was low awareness and understanding of community boards. This was well illustrated in a particular meeting where, when asked about community boards, some wondered if they related to the community *information* boards located around the City such as at the entrance to Kelson.

Not surprisingly, the online engagement survey findings painted a rather different picture. The survey respondents were mainly from the residents' research panel. The panel members are self-selected and are frequently approached for their opinions about a range of council-related issues. As a result, they tend to be more motivated and more aware of the Council and its work.

Given this level of awareness and understanding, the online survey did not ask specific questions relating to awareness about the Council and its role more generally. In relation to awareness about current representation arrangements, key findings from the online survey were:

- 50% of respondents knew there were 12 councillors on Hutt City Council, while 17% thought there were 13 or more councillors, and 33% thought there were 11 or fewer councillors
- 76% of respondents said they knew how those councillors were elected, i.e. which voters could vote for which councillors, but with only 23% saying this was by a mix of at-large and ward councillors
- 17% of respondents said they were "very familiar" with the concept of community boards, with 51% saying they were "somewhat familiar", and 32% saying they were "not familiar at all".

More detailed analysis of the online survey responses can be found in Appendix 4. This shows that the highest level of "familiarity with community boards" was, not surprisingly, in Harbour Ward

(30%), which has two community boards, while the highest level of “unfamiliarity with community boards” was in Northern Ward (70%) which has no community boards.

Levels of community awareness and understanding about the Council generally, do not relate directly to the actual representation arrangements needing to be put in place for the 2025 elections. However, they did provide important context for the Panel when conducting its community engagement and in its subsequent deliberations.

Awareness and knowledge levels about the Council generally, relate to a wider and ongoing issue for the Council about its engagement with the community across the range of Council activities. Given the importance of this issue, it is addressed further in Section 10 of this report.

#### b) Residents’ identification with communities

The Panel was keen to find out the extent to which residents identify primarily with, and have a sense of belonging to, Lower Hutt as a whole, or to a local community such as Stokes Valley, Naenae or Moera. This was on the basis of the need for the Panel to identify specific communities of interest around which effective representation can be built.

In the Panel’s face-to-face meetings, there was a mix of views on the area people identify most closely with. For some groups, such as those representing particular ethnic communities, members are often spread across the City and tend, as a result, to identify with the City as a whole. On the other hand, local geographically-based groups tend to identify with the local area concerned. For particular groups, it is a combination of identifying at both city-wide *and* local levels.

There was a similar mix of views in the online survey. Over half the respondents (56%) said they identify most closely with Lower Hutt as a whole, as distinct from a local area or suburb. Further analysis showed this was strongest in the old Lower Hutt City area (Central Ward 78%) and weakest in the areas joining the City in 1989 (Harbour Ward 21% and Wainuiomata Ward 30%).

Some of the factors that led survey respondents to identify most closely with particular communities included: the people who live in the area, the town centre and its services, and its geography such as hills, rivers or coastlines. (See Appendix 4 for more detail.)

#### c) Satisfaction and need for change to representation arrangements

The final evaluation questions relate to resident satisfaction with current representation arrangements and any need for change to these arrangements.

While some individuals in the groups the Panel met face-to-face with were relatively more aware and knowledgeable about current representation arrangements, most were not. As a result, the findings from these questions have to be considered in the context of the generally low levels of awareness and understanding of the current representation arrangements.

Given the level of awareness and understanding, Panel members often needed to provide descriptions and explanations of the current representation arrangements in their meetings. This was necessary before inviting feedback on the adequacy, or otherwise, of those arrangements in meeting residents’ need for effective representation. This approach helped Panel members to elicit richer and more meaningful responses.

Putting aside the specific questions about the preferred number of councillors and how those councillors should be elected, the Panel heard strong views expressed at meetings about a desire for clear, accessible and well-promoted structures and arrangements for contacting the Council. This need arose from the collective experience of many of the groups the Panel engaged with, and was

strongly expressed as an inability to have meaningful contact with the Council and its elected members.

In short, there is a sense among many in the community that their voice is not heard by the City's decision-makers.

The Panel sees a strengthening of the connections between the Council and the community as fundamental to addressing the concerns raised. We believe this will also help improve awareness and understanding of the Council and of its current representation arrangements in particular. This will assist future representation reviews.

More details about the Panel's proposals and recommendations on these matters, are set out in Section 10.

From the online engagement survey and in relation to current representation arrangements particularly:

- a large majority of respondents (71%) said the number of councillors was "about right", while 8% said there should be more councillors, and 21% said there should be fewer councillors
- the most preferred method for electing councillors was: firstly the mixed at-large/wards system (1.39), followed by wards only (2.03) and then at-large only (2.21) (where '1' indicates the respondent's most preferred option, '2' their next preferred option, and so on)
- 67% of respondents thought having a community board in their area or suburb was a good idea, while 33% did not
- 48% of respondents said there should be community boards across the whole City, 25% said there should be no community boards, and 15% said community boards should be limited to the three current areas which have boards.

Again, more detailed analysis of survey responses can be found in Appendix 4. This includes analysis of variations relating to community boards. The Panel notes here, the variations in support for having a community board ranged from 82% "support for having a community board" in Harbour and Wainuiomata wards, the two wards which have community boards, to 57% "opposed to community boards" in Central Ward where there are no community boards.



## 7. Identifying Lower Hutt's communities of interest

The Local Government Commission's first step in its recommended 3-step approach to representation reviews, is identification of communities of interest.

In line with this, the Panel began its work by getting a good understanding of the nature of the communities of interest currently existing in Lower Hutt. In particular, we sought to identify the extent to which these can be seen as city-wide, or local, in nature. In doing so, we noted that in many cases local communities of interest generally equate to well-recognised suburbs and that a number of these are quite distinct geographically.

A supplementary report, prepared for the Panel, providing an in-depth analysis of the City's current communities of interest, accompanies this report. We used the report as a basis for a number of our recommendations.

The Panel's approach to identifying communities of interest reflects the Local Government Commission's recommended approach using the following three dimensions:

- *perceptual*: a sense of belonging to or identification with a particular area
- *functional*: the services (both council and non-council) available in the area
- *political*: the representation of particular interests in the area and their ability to resolve or influence issues in relation to these interests.

Given the subjective nature of 'perceived communities of interest', the Panel used its online engagement survey, and face-to-face meetings to gather information on residents' sense of belonging to or identification with an area. In particular, whether this is stronger in relation to the City as a whole, or to a local area or suburb such as Eastbourne, Petone or Taita.

Alongside these subjective perceptions, the Panel used a range of demographic and socio-economic data and other information, to help identify current communities of interest from the perspective of the functional and political dimensions.

The detailed analysis of the City's communities of interest is set out in the supplementary report, with key findings identified below.

### a) City-wide communities of interest

As already noted, the online engagement survey found a majority of residents (56%) identify with Lower Hutt City as a whole, rather than with a local area or suburb. This, however, varies across the City, with those living in the old Lower Hutt City area more likely to identify with the City as a whole, than those in the areas that joined the City in 1989 (Eastbourne, Petone and Wainuiomata). Of note also, there were variations within the old Lower Hutt City area, with residents in Northern Ward (52%) less likely to identify with the City as a whole than those in Central Ward (78%).

A range of data and other information further reflects the existence of a strong community or communities of interest at the city-wide level, under both the functional and political dimensions.

This evidence includes in relation to 'functional communities of interest':

- *place of work*: the large number of workers travelling from local areas to Hutt Central North and to Petone Central in particular<sup>2</sup>
- *place of shopping*: assumed large amounts of travel to Hutt Central North and Petone Central, based on similarities with the patterns for place of work
- *place of schooling*: the need for many college-age students to travel across the City for schooling
- *community, cultural and recreation services and facilities*: the range of services and facilities in Lower Hutt, such as the Lower Hutt Events Centre and Town Hall, Dowse Art Museum and Walter Nash Stadium, serving users on a city-wide basis (and in some cases wider areas).

The Māori community is an important part of the political dimension of communities of interest in Lower Hutt, from the perspective of Te Tiriti o Waitangi. This community is also likely to become relatively more important in future, given the higher birth rates of Māori compared to New Zealand Europeans, and also the younger age structure for Māori.

In Lower Hutt, Tangata Whenua, or iwi who exercise Mana Whenua (customary authority), have longstanding interests across Lower Hutt. Mana Whenua interests are represented across the City by five iwi organisations and two ancestral marae. The Council has developed Tā kai Here (memorandum of partnership) with these organisations and marae recognising these important interests and relationships for the City.

Mātāwaka, defined as “the confederation of all tribes”<sup>3</sup> also have five marae in different areas of the City, with interests, at least in some cases, beyond just the local area, such as in the case of Kōkiri marae in Seaview.

The Council has developed Tā kai Here (memorandum of partnership) with these organisations and marae recognising these important interests and relationships for the City.

A number of other ‘political communities and interests’ have structures in place to represent and advocate on their behalf. These structures include Hutt Multicultural Council and Pacific Health Services Hutt Valley relating to ethnic communities; Vibe and Youth Inspire relating to services for youth; CCS Disability Action relating to the interests of disabled people; and Hutt Valley Chamber of Commerce relating to the business community. These structures generally cover the whole City, or at least a large part of the City, further reinforcing the identity of the City as a whole.

#### b) Local communities of interest

While the Panel found clearly identifiable communities of interest at the city-wide level, it also found equally identifiable communities of interest at the local level. As noted, these often equate to well-recognised suburbs, such as the likes of Kelson, Woburn and Wainuiomata.

Again, the detailed analysis of these local communities of interest is in the supplementary report. The analysis started with the area of the old Lower Hutt City as it was prior to 1989. This was followed by analysis of the areas that joined the City in 1989, being the historically distinct communities of Petone and Eastbourne, and the most clearly distinct community geographically, namely Wainuiomata.

<sup>2</sup> ‘Hutt Central North’ and ‘Petone Central’ refer to statistical areas identified by Statistics NZ. These areas are aggregations of meshblocks for the purpose of statistical analysis. More information relating to this categorisation of data can be found in the supplementary report.

<sup>3</sup> Te Rūnanga o Ngā Maata Waka Inc.

Here the Panel sets out some key findings relating to these local communities of interest.

i. **Old Lower Hutt City communities**

The centre of the old Lower Hutt City is a long established area, with a history dating back to the constitution of Lower Hutt Borough in 1891. The borough was extended progressively to the north and west during the twentieth century, and declared a city in 1941.

From the perspective of 'perceived communities of interest', the Panel noted a large majority of current Central Ward respondents (78%) in the online engagement survey, identified with Lower Hutt City as a whole, as opposed to a more local community. Eastern Ward respondents had the second highest level of identification with Lower Hutt City as a whole, at 69%.

The Panel looked at the core of the central city area, the current central business district, from the perspective of 'functional communities of interest'. Clearly this is a key commercial/shopping hub for the City. There are also a number of important community facilities and services, serving a large central area of the City. These include the Memorial Library, which also serves as a neighbourhood hub for a wide area of the central City, Hutt Recreation Ground and Huia Pool.

Given the central area is a major destination for both work and shopping, the Panel was particularly interested in its connections to neighbouring and nearby suburbs. We then compared the nature and extent of these connections with the current Central Ward boundaries.

While a number of neighbouring and nearby suburbs are in the current Central Ward, a number are not, or at least only partly so. These include Epuni (with Fairfield, identified as Epuni East for statistical purposes, in the current Eastern Ward), Waterloo (also split between current Central and Eastern wards for statistical purposes) and Waiwhetu.

In the case of Alicetown and Melling, these are in the current Western Ward, split from Central Ward by Te Awa Kairangi/Hutt River. Unlike most of the rest of Western Ward, Alicetown and Melling are on the eastern side of SH2, on the valley floor, and have some different demographic and socio-economic characteristics.

The Panel was interested in the appropriateness, or otherwise, of the river being used as a ward boundary, separating Alicetown and Melling from the central area from the perspective of the functional dimension of communities of interest in particular.

This relates especially to the issue of community resilience and the risk of flooding, which will only become more important in future for the promotion of community wellbeing. This in turn highlights the need for arrangements that will help in, or at least not unnecessarily hinder, the promotion of community awareness of the nature of the risk and the need for collective responses to the risk.

One further area the Panel looked at was the small part of Woburn currently in Harbour Ward, being the area south of Whites Line West. The Panel considered this area needed to be reunited with the rest of Woburn from both perceptual and functional perspectives of community of interest.

The current Western Ward primarily comprises the Western Hills suburbs, with the exception of Korokoro, which is connected to and has long been part of the Petone community. From the perspective of 'functional communities of interest', most residents of the Western Hills suburbs travel out of the area for work and shopping purposes, and to use a range of community and recreational facilities not available locally.

However, with their hilly geography and, in the main, division from the rest of the City by SH2, these suburbs do have a common identity. They also have similar demographic and socio-economic characteristics. In addition, the Western Hills suburbs have a network of residents/community associations to represent the interests of local residents.

The current Northern Ward comprises Stokes Valley and Taita. Though physically separate, these suburbs have similar demographic and socio-economic characteristics. They also have similar functional connections to the rest of the City, particularly in relation to work, shopping and use of facilities and services.

The Panel noted that the neighbouring areas of Naenae and Avalon have a number of commonalities relating to all the dimensions of communities of interest, with the current Northern Ward. These include similar demographics and socio-economic characteristics, and a number of particular functional connections, including schools and recreational facilities such as Walter Nash Centre, Fraser Park and the Taita netball courts.

In the Panel's online engagement survey, Northern Ward respondents were the most evenly divided of all old Lower Hutt City respondents, between identifying with and having a sense of belonging to "a more local community" (48%), rather than to "Lower Hutt City as a whole" (52%). Demographic analysis from the 2023 residents' satisfaction survey also showed residents in Northern Ward commonly expressed the lowest levels of satisfaction with council decision-making, facilities and services, as well as the lowest levels of direct engagement with the Council.

#### ii. Harbour communities – Petone and Eastbourne

The current Harbour Ward comprises the communities of Petone and Eastbourne and also a small area of the old Lower Hutt City (Moera, Gracefield and the southern part of Waiwhetu).

Petone has a long and rich history, both prior to and since European settlement, including as its own unit of local government from 1888 to 1989. The present community is reasonably distinct, including Korokoro in the west and across the valley floor, south from a line along Wakefield Street, Whites Line West and Whites Line East.

Petone's history and distinctiveness is likely to be reflected in the number of Harbour Ward respondents (79%) in the online engagement survey, identifying with and having a sense of belonging to "a more local community" than to "Lower Hutt City as a whole". The Panel did note some variations in demographics and socio-economic characteristics in the wider Petone community, particularly between Korokoro and Moera.

From the perspective of both functional and political dimensions, Petone can be seen to be a distinct community of interest. This includes in relation to employment and shopping; the number of primary schools, with some also serving as emergency hubs; location of two neighbourhood hubs, community hall and summer swimming pool. Special interest groups include the Jackson Street Programme and Seaview Business Association.

Eastbourne, including the Eastern Bays south from Point Howard, is also a clearly distinct area geographically and historically, being a separate unit of local government prior to 1989. While Eastbourne respondents are not distinguishable from Petone respondents in the online engagement survey, again we believe the history and clear distinction of Eastbourne is likely to be reflected in the number of Harbour Ward survey respondents (79%) identifying with and having a sense of belonging to "a more local community" than to "Lower Hutt City as a whole".

Eastbourne and the Eastern Bays have very similar demographic and socio-economic characteristics, which also distinguishes them from other areas of the City. Again, there are a range of services and facilities in the area including primary schools, with two also being emergency hubs, neighbourhood hub, community hall and summer swimming pool. The area also has a network of residents associations, representing the interests of Eastern Bays residents.

iii. [Wainuiomata community](#)

The Wainuiomata Ward reflects the most clearly distinct local area of the City geographically, separated from the rest of the City by hills. The Panel's analysis shows it can be identified as a distinct community of interest in terms of all three dimensions of community of interest.

The community has similar demographic and socio-economic characteristics across the area. A large majority of Wainuiomata respondents (70%) in the online engagement survey identify with and have a sense of belonging to "a more local community" than to "Lower Hutt City as a whole".

While a large number of residents travel out of the area for work, the area still has a reasonable range of services and facilities for local residents including schools, emergency hubs, shops, community hub, and summer swimming pool.

## 8. Achieving effective and fair representation at the council level

The first step in the recommended good practice 3-step approach to representation reviews, addressed in Section 7, is to identify communities of interest in the City.

The second step is to determine *effective* representation for the identified communities of interest. This relates to the appropriate number of councillors and how those councillors are to be elected, taking into account factors such as the size and geography of the City, and the size and diversity of the population within the City.

In considering these issues, the Panel also needed to take into account the Council decision for there to be one or more Māori wards and, therefore, there needing to be at least one Māori ward councillor.

The third and final step is to determine *fair* representation arrangements for individuals, being arrangements that result in each councillor representing approximately the same number of people. This is defined in the LEA by a requirement for representation ratios in wards to be within +/-10% of the average representation ratio for the City as a whole. This is referred to as 'the +/-10% rule'.

While the Panel addressed the achievement of effective representation first, it also tested this against the +/-10% fair representation rule, as it considered various ward options in relation to how councillors should be elected.

In this section, the Panel sets out the options it identified for achieving both effective and fair representation at the council level, its assessment of these options and its conclusions and recommendations on these matters.

### a) The total number of councillors

Under the LEA, councils may comprise between 5 and 29 councillors. As shown in Appendix 2, Hutt City Council with its current 12 councillors, lies comfortably within the range of representation levels of the 10 largest territorial authorities in the country by population (setting aside Auckland which has its own bespoke representation arrangements).

This range reflects the circumstances of each of those councils in terms of their population, area and range of responsibilities. These circumstances also include whether there are community boards, and the coverage of any boards in the council area.

As noted previously, in the online survey the overwhelming majority of respondents (71%) thought the current 12 councillors was "about right". In our face-to-face meetings, while there were calls for change from some individuals, the Panel did not hear a consistently strong call for either more or fewer councillors than the current 12.

Before identifying its recommended number of councillors, the Panel noted it needed to consider the matter of how those councillors should be elected. This was because, if there are to be wards, the +/-10% rule may require consideration of slightly more or fewer councillors, if this rule is to be complied with. In addition, the Panel needed to consider the matter of how many Māori wards there should be, and therefore how many Māori wards councillors.

### b) How councillors are elected

In relation to how Lower Hutt councillors are to be elected in 2025, the Panel noted an important point needing to be observed. With the Council's resolution that there be at least one Māori ward, the previously available option of totally at-large representation, i.e. *all* councillors are elected at-large by *all* voters, was no longer available.

In short, if there is to be at least one Māori ward for electors on the Māori electoral roll, there has to be at least one general ward for electors on the general electoral roll. That is, there will be a minimum of two wards.

To the extent that city-wide communities of interest are identified, there still remains the option of *some* councillors being elected city-wide, with *some* councillors elected by wards, i.e. the mixed system of representation. Under these arrangements, electors on both the Māori electoral roll and those on the general electoral roll, would, in addition to their ward vote, be able to vote for candidates standing at-large across the City.

Even if there was to be no Māori ward, the Panel does not believe totally at-large representation arrangements would be appropriate for Lower Hutt. This is on the basis of its communities of interest analysis, which shows that there are identifiable communities of interest at the local level in the City which should be represented, i.e. representation by way of appropriate ward arrangements.

In addition, the "totally at-large" option was the least preferred option in the online engagement survey. There was also no consistently strong call for the totally at-large representation arrangements in our face-to-face meetings.

#### i. Mixed system of representation

The most preferred option in the online engagement survey was the current "mixed at-large and wards" option and this option also had a reasonable level of support in our face-to-face meetings, amongst those who had some knowledge of current representation arrangements.

Also in support of the mixed option, the Panel noted the Local Government Commission's finding in its 2019 determination, that there were identifiable communities of interest at both a city-wide level and at the local level in Lower Hutt, which "were equally important and needed to be recognised".

Based on the Panel's community engagement findings, the communities of interest analysis (summarised in Section 7), the Local Government Commission's conclusion and also Panel members' own knowledge of the City and their experience, **the Panel concluded that a mixed system of representation should be retained in Lower Hutt.**

#### ii. General wards

The Panel then proceeded to identify a range of options for grouping identified local communities of interest into wards, as part of its preferred mixed system of representation.

It first addressed general wards on the basis there was to be at least one Māori ward.

Two options the Panel identified and subsequently agreed not to pursue, were for either one or two general wards covering the whole City, while also having an at-large representation component.

The option of *one* general ward covering the whole City, is effectively fully at-large representation for general roll electors, which the Panel does not support. In addition, we believe having a single ward covering the same area as the at-large component of the recommended mixed system of representation, would be confusing for electors to understand.

The Panel also does not support having two general wards, alongside one Māori ward and an at-large component. This option would require a boundary to be drawn somewhere across the valley floor to divide the City in two. We believe identifying an appropriate boundary would be difficult and, in any event, would not appropriately reflect local communities of interest in the City.

As part of its consideration of remaining options, the Panel did consider a *three* general ward option, involving two wards in the old Lower Hutt City area, and a combined Harbour and Wainuiomata Ward. However during its consideration of further options, it subsequently agreed a Western Ward in the old Lower Hutt City area should be retained, alongside a minimum of two other wards in the old Lower Hutt City area. This meant a three-ward option, also including a combined Harbour and Wainuiomata ward, was no longer possible.

The remaining six options for different ward arrangements, involving six, five and four general wards, which the Panel considered carefully, are set out below.

*Option 1: 6 general wards with status quo representation arrangements*

The Panel does not support retention of the current 6-ward model with no change to existing representation arrangements. This is on the basis of modifications or more significant alterations to current arrangements, as identified in the options following, which the Panel believes need to be considered. In relation to the fair representation +/-10% rule, the Panel also noted the Northern and Harbour wards, under current arrangements, do not comply when there is a Māori ward (see the table below).

*Option 2: 6 general wards with a reunited Woburn*

This is a modification of the current 6-ward model, involving the area of Woburn south of Whites Line West being moved out of Harbour Ward and into Central Ward.<sup>4</sup>

This small area is clearly part of Woburn, with no direct vehicle access to Harbour Ward. Instead, all vehicles must leave this area through Woburn. Moving this area would mean removal of the current ward boundary down the middle of Whites Line West. Ward boundaries down the middle of a road are generally to be avoided, to assist residents' understanding of electoral arrangements and to remove potential barriers to their participation based on a lack of understanding of these arrangements.

The Panel considered this option had merits and agreed to consider it further.

*Option 3: 6 general wards with reunited Woburn and moving of Alicetown and Melling from Western Ward to Central Ward*

This option incorporates option 2 and, in addition, moves Alicetown and Melling from Western Ward to Central Ward.

The combined Alicetown and Melling area described here, is the area between the Western Hutt Road (SH2) in the west, Melling Link in the north, Te Awa Kairangi/Hutt River in the east and Wakefield Street in the south. Currently it is in Western Ward, but perceptually quite different from most of the rest of that ward, being a flat area on the valley floor and east of SH2.

As noted in Section 7, Alicetown and Melling have close functional connections to central Lower Hutt particularly, but also to a wider City area, in terms of the location of work and shopping, and also residents' use of community and recreational facilities and services. In addition, these areas have a particular connection to central Lower Hutt in relation to Te Awa Kairangi/Hutt River, with both sides

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<sup>4</sup> In addition to houses on the south side of Whites Line West, the area includes Richmond Grove, Fuller Grove, part of Saubrey Grove, and Trevethick Grove.



of the river having a common interest in building community resilience against the risk of flooding, rather than the river being used as a ward boundary between these areas.

The Panel considered this option had merits and agreed to consider it further as part of a wider option (see option 5 below).

*Option 4: 5 general wards with a combined Western and Central ward*

This option arose as a consequence of option 3, which resulted in neither Western Ward nor Central Ward complying with the +/-10% rule, following the moving of Alicetown and Melling.

While the current Western Ward does have functional connections with Central Ward, in terms of location of work, shopping, secondary schools and the use of facilities and services, the Panel considered the Western Hills suburbs have a common identity, common features and inter-connections which warrants this area being recognised as a separate ward.

Accordingly, the Panel did not pursue this option further.

*Option 5: 5 general wards with extended Central and Northern wards*

This option involves (see map):

- reuniting of Woburn (option 2)
- moving of Alicetown and Melling from Western Ward to Central Ward (option 3)
- expansion of Central Ward to include Fairfield, all of Waterloo and all of Waiwhetu
- expansion of Northern Ward to include Avalon and Naenae
- the consequential disestablishment of the current Eastern Ward

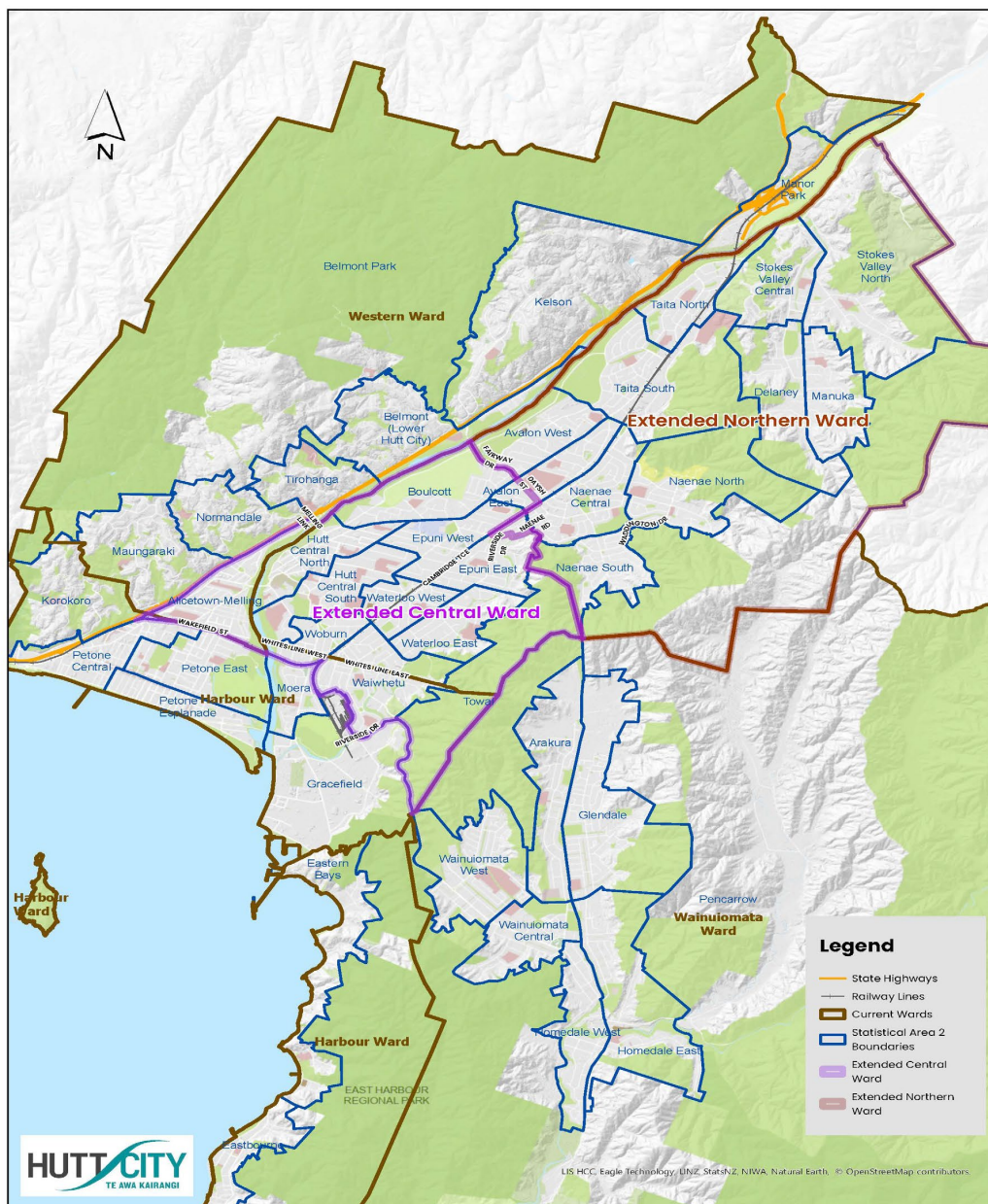
Under this option, both the expanded Central and Northern wards would elect two councillors, resulting in compliance with the +/-10% rule.

In addition to the features of options 2 and 3 identified above, option 5 has features relating to the perspectives of perceived, functional and political communities of interest as follows:

- an expanded Central Ward:
  - recognises residents of a wide central area of the City have a stronger identification with Lower Hutt as a whole, than with a local area
  - ensures Waiwhetu is not split between wards
  - reflects the connections of a wider area with the central business district, in terms of location of work, shopping, secondary schools, recreational and sporting facilities, and also the central library as a community hub (there are no other hubs in this wider central area)
  - ensures both Mana Whenua marae are in the same ward
- an expanded Northern Ward:
  - recognises commonalities in demographics and socio-economic characteristics across a wider northern area of the City
  - recognises interconnections across a wider northern area of the City, including Naenae College and Naenae Intermediate located in Avalon suburb, and residents use of recreation and sports facilities such as Walter Nash Centre, Fraser Park, Taita netball courts and the redeveloped Naenae swimming pool
  - with two councillors, acknowledges and responds to issues in the northern area of the City, identified in various surveys, in terms of lower levels of resident engagement and satisfaction with services provided by the Council
  - provides opportunity for two councillors to build connections with and between the three neighbourhood hubs (Stokes Valley, Taita, Naenae) in the expanded ward

- subject to minor variations in order for ward boundaries to follow meshblocks in accordance with the LEA, this option results in all suburbs being incorporated within one particular ward and not split between wards, as is the case in some instances currently
- two councillors in each of the extended wards allows them to work together, as and when appropriate, for the benefit of their wards, to cover each other in their work and share workloads, and to allow them to 'specialise' to some degree on particular issues, if they wish
- the expanded Central and Northern wards in this option result in a more distinctive ward boundary at Fairway Drive compared to the current ward boundary down the middle of Percy Cameron Street (Fairway Drive also coincides with a Parliamentary boundary).

*Recommended Option 5 Map*



*Option 6: 4 general wards with expanded Central and Northern wards and a combined Wainuiomata/Harbour ward*

This option incorporates option 5 and also involves the combining of the current Wainuiomata and Harbour wards.

In addition to the features of option 5, this option recognises some commonalities in demographics and socio-economic characteristics of Wainuiomata with some parts of the Petone community.

Given its location, this option recognises the fact Wainuiomata residents must leave the area either through Petone or central Lower Hutt, for any destination. There are some other functional connections between Wainuiomata and Petone relating to the location of work, shopping and access to particular facilities and services.

This option arose in part as a result of the current Wainuiomata Ward not complying with the +/- 10% rule in option 5 (see table below). However, in order to get reasonably close compliance with the rule for all wards, a further councillor, i.e. a total of 8 ward councillors, would be required.

The Panel did not pursue this option further partly for this reason, but primarily because it considers Wainuiomata is a clearly distinct community of interest, warranting its own designated ward representation.

*Conclusion*

The Panel agreed that option 2 had merit and noted it was also included in option 5. On this basis and for the reasons set out above, the Panel concluded that **option 5 providing for five general wards, best met the requirement for effective representation for all identified local communities of interest in the City.**

*c) The number of Māori wards and number of Māori ward councillors*

The Panel met with both Mana Whenua and Mātāwaka to discuss representation arrangements generally in the City, and also the Māori wards issue more specifically. As a result of this engagement, we found there is a preference for *one* Māori ward, rather than dividing the City into two or more Māori wards, reflecting the fact Māori in Lower Hutt are spread across the City.

Mana Whenua proposed that the one Māori ward be called Mana Kairangi ki tai. Given the views received, the Panel agreed **there should be one Māori ward called Mana Kairangi ki tai.**

In relation to the number of councillors that might be elected from one Māori ward, the Panel noted that in terms of the formula set out in Schedule 1A of the LEA, the total number of councillors would have to increase to 14 in order for there to be a second Māori ward councillor, and to 23 in order for there to be a third Māori ward councillor. The application of the LEA formula in Lower Hutt is set out in **Appendix 6.**

Based on the community feedback received and also comparative numbers of councillors elsewhere in the country, the Panel does not recommend increasing the number of councillors to 14 in order to allow for a second Māori ward councillor. This is supported by Mana Whenua.

This led to the Panel concluding that **the current number of councillors of 12 was “about right”, subject to this being tested against the +/-10% fair representation rule.**

*d) Fair representation for individuals*

As previously noted, fair representation for individuals is determined by applying the +/-10% fair representation rule.

The rule applies between multiple general wards and between multiple Māori wards. It does not apply between general wards and Māori wards taken together. Given the Panel's view there should be only one Māori ward, it only needed to apply the rule between proposed multiple general wards.

The level of compliance with the +/-10% rule, firstly in respect of current ward arrangements in Lower Hutt, is set out in the table below (using the most recent data on the general electoral population for the City provided by Statistics NZ).

The table shows the variance of each ward representation ratio from the average for the City as a whole. The Panel notes that the current Northern and Harbour wards do not comply when there is a Māori ward.

**Current ward arrangements**

Ward	General electoral population	Crs	Population per councillor	Difference from average	% difference from average
Northern	14,750	1	14,750	-2,133	-12.63%
Central	17,500	1	17,500	+617	+3.65%
Eastern	16,700	1	16,700	-183	-1.08%
Western	16,750	1	16,750	-133	-0.79%
Harbour	19,000	1	19,000	+2,117	+12.54%
Wainuiomata	16,600	1	16,600	-283	-1.68%
<b>TOTAL</b>	<b>101,300</b>	<b>6</b>	<b>16,883</b>		

The Panel then considered compliance with the +/-10% rule against both options 2 and 5 identified above, when allowing for there to be one Māori ward. This is set out in the following two tables.

The Panel notes that, with option 5 providing for two councillors each in expanded Northern and Central wards, the total number of ward councillors increases from the current six to seven. This addresses the non-compliance with the +/-10% rule of the current Northern Ward under current arrangements and also in option 2 taken alone. However, the Panel notes that under option 5, Wainuiomata Ward (+14.71%) does not comply.

**Option 2: 6 general wards and reunited Woburn**

Ward	General electoral population	Crs	Population per councillor	Difference from average	% difference from average
Northern	14,750	1	14,750	-2,133	-12.63%
Central	17,940	1	17,940	+1,057	+6.26%
Eastern	16,700	1	16,700	-183	-1.08%
Western	16,750	1	16,750	-133	-0.79%
Harbour	18,560	1	18,560	+1,677	+9.93%
Wainuiomata	16,600	1	16,600	-283	-1.68%
<b>TOTAL</b>	<b>101,300</b>	<b>6</b>	<b>16,883</b>		

**Option 5: 5 general wards with expanded Central and Northern wards**

Ward	General electoral population	Crs	Population per councillor	Difference from average	% difference from average
Northern	27,470	2	13,735	-736	-5.09%
Central	27,520	2	13,760	-711	-4.91%
Western	13,960	1	13,960	-511	-3.53%
Harbour	15,700	1	15,700	+1,229	+8.49%
Wainuiomata	16,600	1	16,600	+2,129	+14.71%
<b>TOTAL</b>	<b>101,300</b>	<b>7</b>	<b>14,471</b>		

The Panel notes non-compliance with the +/-10% rule is permissible, subject to approval by the Local Government Commission. The relevant statutory criteria for non-compliance are based on the requirement for effective representation of communities of interest, with non-compliance permitted:

- in relation to isolated communities
- so as to avoid a need to divide communities of interest between wards
- so as to avoid a need to unite within a ward, communities of interest with few commonalities of interest.

The Panel is firmly of the view that Wainuiomata can be seen as a clearly distinct community of interest, perceptually, functionally and politically. While not likely to be seen by the Local Government Commission as an “isolated community”, the Panel believes a strong case for an exception to the +/-10% rule can be made. This is on the basis any attempt to alter Wainuiomata’s current ward boundaries would result either in dividing this community of interest, or uniting parts of this community with other areas with few commonalities.

#### e) Conclusion on achieving effective and fair representation for Lower Hutt

Achieving effective representation for the identified communities of interest of Lower Hutt relates to the appropriate number of councillors for the City and its communities of interest, and how those councillors are to be elected. Account also needs to be taken of the Council decision for there to be one or more Māori wards in the City.

At the same time, *effective* representation arrangements need to be considered in light of the requirement for *fair* representation for individuals, i.e. compliance with the +/-10% rule.

As described above, the Panel addressed these matters very carefully and considered a range of options relating to them.

The Panel concluded that the mixed system of representation should be retained for Lower Hutt and that there should be five general wards electing seven councillors, sitting alongside one Māori ward electing one Māori ward councillor.

The Panel raised the matter of having dual English/Māori names for general wards with Mana Whenua in its engagement, and received a positive response. However, in the time available after the Panel had agreed on its recommended five-ward option, it was not possible to consider this further and engage further with Mana Whenua.

As a result, the Panel concluded that the existing “Northern”, “Central”, “Western”, “Harbour” and “Wainuiomata” ward names should be retained for the purposes of the Council’s initial representation proposal. The Panel suggests that the Council engages further with Mana Whenua on this issue, with a view to it considering dual English/Māori general ward names in its final proposal.

This left the number of councillors to be elected at-large. The Panel considered the option of retaining the current six councillors to be elected at-large, in addition to the seven general ward councillors and one Māori ward councillor. This would give a total of 14 councillors.

Based on the points made above in relation to 12 councillors being “about right”, the Panel considered the options of either five or four councillors being elected at-large. The Panel concluded, on balance, that five at-large councillors was appropriate, noting that the one Māori ward councillor was also effectively an at-large councillor.

## f) Recommendations

The Panel recommends:

- a) Hutt City Council comprise a mayor and 13 councillors**
- b) councillors be elected under a mixed system of representation as follows:**
  - i. 5 councillors elected at-large**
  - ii. 7 councillors elected from five general wards**
  - iii. 1 councillor elected from one Māori ward, with this ward called Mana Kairangi ki tai**
- c) there be five general wards as follows:**
  - i. a new expanded “Northern Ward” covering Stokes Valley, Taita, Naenae and Avalon, electing two councillors**
  - ii. a new expanded “Central Ward” covering Boulcott, Epuni, Fairfield, Waterloo, Hutt Central, Alicetown, Melling, Woburn and Waiwhetu, electing two councillors**
  - iii. a slightly smaller “Western Ward” covering Manor Park, Belmont Park, Kelson, Belmont, Tirohanga, Normandale and Maungaraki, electing one councillor**
  - iv. a slightly smaller “Harbour Ward” covering Korokoro, Petone, Moera, Gracefield, Eastern Bays and Eastbourne, electing one councillor**
  - v. an unchanged “Wainuiomata Ward”, electing one councillor.**



## 9. Effective and fair representation and the community boards option

In addition to determining effective and fair representation at the council level, the Panel noted the requirement to also consider effective and fair representation in relation to the option of having community boards. This requirement applies whether or not community boards currently exist in the area.

Specifically, the LEA provides that consideration in relation to the community boards option, is required “in light of the principle” in the Act of fair and effective representation for individuals and communities.

*Fair* representation for individuals, addressed in terms of the +/-10% rule, applies only in respect of subdivisions of community board areas for electoral purposes. It does not apply *between* community boards. That is, community boards can be different sizes, with different numbers of members. In the case of Lower Hutt, Eastbourne Community Board currently has five elected members and the Petone and Wainuiomata boards both currently have six elected members.

*Effective* representation for communities is closely related to the representation of communities of interest considered at the council level. Reinforcing this connection between effective representation at the council and community levels, the Panel noted that the considerations relating to effective representation, set out in the LEA, include that ward boundaries and community boundaries coincide “as far as practicable”.

To address the community boards option for Lower Hutt, the Panel sets out in this section:

- current community board arrangements in Lower Hutt
- findings in relation to community awareness and understanding of these arrangements
- community board members’ views
- information and discussion relating to the community board role
- options to be considered
- conclusion and recommendation relating to community boards in Lower Hutt.

### a) Current community boards arrangements

As described earlier in this report, the Eastbourne, Petone and Wainuiomata community boards were established in 1989 for these three communities, when they were amalgamated with the old Lower Hutt City. Previously these communities had their own councils, and community boards were seen as some compensation for the loss of their independence.

Community boards were a new structure in 1989, to be elected three-yearly, at the same time as their parent council, with a role prescribed by legislation (see below).

As for the elected members of councils, community board members are paid at a level set by the Remuneration Authority, based on population. This cost, along with other community board expenses and any discretionary funding, is funded from budgets agreed by the parent council.

### b) Community awareness and views on community boards

As outlined in Section 6, the Panel found from its engagement process that there are widely varying levels of understanding about community boards and their role in the community. Responses to the online survey ranged from little or no understanding, to some level of understanding. Only 17% of

respondents said they were “very familiar” with the concept of community boards, a further 51% said they were “somewhat familiar”, and 32% said they were “not familiar at all”.

On further analysis, the highest level of “familiarity with community boards” was, not surprisingly, in Harbour Ward (30%), which has two community boards, while the highest level of “unfamiliarity with community boards” was in Northern Ward (70%) which has no community boards.

When the issue of community boards was raised in the Panel’s face-to-face meetings, the focus was often necessarily on explaining the role of community boards, their history and why there were community boards in some areas of the City and not in others. In line with the online survey findings, the level of understanding of community boards and their role varied according to whether people had any actual experience with community boards in their area.

Conceptually, people the Panel engaged with liked the idea of community boards, as it sounded like a mechanism that could enhance local democracy. However, when informed about the actual powers of community boards, as outlined in their “Functions and delegations 2022-2025” document, it became apparent that there was something of a mismatch between what community boards in Lower Hutt actually do, and what the community may think they do.

Equally importantly, the Panel’s engagement raised frequent questions about the equity of the current arrangements, namely there being two community boards in one ward (Petone and Eastbourne boards in Harbour Ward), one in another ward (Wainuiomata) and none in any of the other four wards.

#### c) Community board members’ views

Panel members met with the three community boards and received a range of responses from board members on various issues relating to current community board arrangements.

A number of board members considered that narrow delegations limited their work, and that the Council should consider this issue specifically. However, others argued that, if there were greater delegations, this would require a greater level of commitment and potentially increased workload for board members, and they believed this needed to be matched by higher levels of remuneration.

Some board members said, while they did not want greater delegations of formal decision-making responsibilities, they believed the Council should make greater use of the boards on other matters. These included, in particular, use of the boards in Council community engagement processes. They believed the Council could better facilitate community discussion, on both local and city-wide issues, by using the boards to engage with their local communities.

In summary, there was a range of views from board members as to whether the community boards should have greater responsibilities and, if so, in what areas. A number felt these responsibilities needed to be addressed and agreed between the Council and the boards. This would also help the community better understand what the community boards actually do in their community.

#### d) The respective roles of community boards and ward councillors

The Panel learnt from its engagement that there is also confusion between the roles of community boards and ward councillors. The latter are seen to have a clear mandate to represent the views and aspirations of their communities and residents, and to take part in the decision-making process at Council. While community boards do have a prescribed representation and advocacy role, they are seen as having less visibility, and with limited decision-making powers vis-à-vis councillors.



The Panel noted that the respective ward councillors are appointed as members of the three community boards. We were advised in relation to this, that there are varying levels of ward councillor attendance at community board meetings. This was probably a reflection of their range of commitments.

There were some different views among board members about the value of the boards having appointed members, and on the role appointed members should have on the board concerned. Some board members argued it was helpful to have a councillor present to provide updates on Council activities, while others argued that the presence of the ward councillor limited the discussion on particular local issues, given this might not reflect Council policy or even be at odds with it.

#### e) The community board role and how it is being performed

Section 52 of the Local Government Act 2002 sets out the role of community boards. This role can be divided into two distinct categories as follows:

- a) representing and advocating for their community; reporting to council on matters referred to them or on their own initiative; overseeing council services provided in their community; preparing an annual submission to council for expenditure in their community; communicating with organisations and special interest groups in their community
- b) undertaking other responsibilities delegated to them by council.

Community boards are able, under the Act, to carry out any of the activities in a) above, with or without direction or approval by their parent council. The responsibilities in b), however, are totally at the discretion of their parent council.

The Panel was advised that there is a widespread lack of understanding about this distinction across the country. This is at the heart of much of the confusion about the community board role and the debate about the value, or otherwise, community boards provide.

Promoting a good understanding of the community board role and encouraging and facilitating community boards in carrying out their role, sits largely with the council concerned. It is the acceptance, or otherwise, of this responsibility, that appears to be a big determinant of whether, across New Zealand, community boards are seen as effective or not.

With some notable exceptions, councils around the country appear to have made limited efforts to fully inform their community boards about their actual prescribed role, and to encourage and support them in carrying this out. Neither have many councils, again with some exceptions, resolved to delegate significant decision-making responsibilities to their community boards.

The Panel was advised that the extent of delegations of decision-making responsibilities made by Hutt City Council to its three community boards, is within the common range of quite limited delegations made by most councils across the country. These delegations include such things as the making of grants to community groups; naming rights in respect of local roads, parks and reserves; removal and planting of street trees; and the granting of leases, licences and rights-of-way relating to council property, land and reserves.

#### f) Options for community boards in Lower Hutt

In deciding on the appropriate options for consideration, the Panel identified both advantages and disadvantages of having community boards.

The Panel identified the following benefits of retaining community boards, while noting a number of these are *potential* benefits, subject to better understanding of the community board role and commitment by both the Council and the boards to giving full effect to that role:

- community boards can undertake delegated decision-making on particular matters closer to the people most affected
- decision-making close to the people affected, and undertaking other agreed responsibilities, may encourage greater community participation
- greater participation is also likely, given community boards generally conduct their business in a slightly less formal setting than councils
- election to a community board can provide a springboard for aspiring councillors
- a community board can provide support for the local ward councillor.

The Panel then noted that, in the absence of strong, ongoing support for community boards to give full effect to their role, community boards can be seen as:

- adding an unnecessary layer in decision-making processes, resulting in less efficient and less effective decision-making
- raising false community expectations about what the community board can do
- likely to cause confusion between the ward councillor role and the community board role
- in the case of Lower Hutt's three existing community boards, no longer necessary or justified 35 years after local government reform
- costly.

In light of the above, the Panel carefully considered the following options for community boards in Lower Hutt:

- retaining the existing three community boards in Eastbourne, Petone and Wainuiomata
- having community boards in more wards
- having community boards in all wards.

To assess these options, the Panel considered the responses it received in its community engagement programme, together with other information and advice it received about community boards, including experience with community boards around the country.

#### i. Option 1: Retaining the existing three community boards

The Panel first turned its attention to the three existing community boards in Lower Hutt.

While it needs to be acknowledged that the community boards have progressed important local issues over the years, the Panel believes that the historical reasons for establishing the current boards are much less valid today.

Lower Hutt has become a more cosmopolitan city with changing demographics. Residents now have greater mobility, which results in more movement of people across the previously more fixed urban boundaries, for work, housing, recreation and leisure activities.

The political imperative in 1989 for establishing community boards reflected a great upheaval in the local government sector which no longer exists today. In addition, the Panel questions whether a community board type structure, positioned between the community and its parent council, that may have been appropriate 35 years ago, is the best approach in the 21<sup>st</sup> century.

Today, communities seek a more focused, targeted, flexible and responsive approach to addressing their concerns and aspirations. One particular example of this is the Pacific community in Lower Hutt. In its community engagement, the Panel was advised that structures such as community boards or community panels, failed to respond adequately to the specific needs and aspirations of the Pacific community.

As set out above, it appears that community boards, in both Lower Hutt and more generally across the country, have not been as effective as they could have been. This is in large measure, a result of actions, or lack of action, by parent councils over the years. This has seen, for example, very limited delegations of decision-making responsibilities to community boards, and an absence of creative uses of boards in areas such as community engagement.

The Panel does not see the current limited approaches to community board responsibilities changing in the foreseeable future.

In the Panel's view it will be difficult to resolve the current confusion of roles and responsibilities between community board members and councillors. This is on the basis that councillors, and particularly ward councillors, are likely to continue to have a more accepted mandate to represent the people in their wards, to make decisions on their behalf, and to be held accountable for their actions every three years.

Finally, notwithstanding the reasons for establishing community boards in 1989, the Panel noted the feedback it received during its community engagement programme, that it is not equitable to retain two community boards in one ward, one board in another ward, and to have no community boards in the other four wards.

The Panel was advised that successive Councils have tried alternative structures in 'non-community board' wards to address this equity issue. These have included community committees (2010-2013), community panels (2017-2019) and community funding panels (2020-2023). Members were appointed to these structures by the Council. The Panel notes that appointment by Council is seen by some as a way to ensure more diverse representation, than that which results from the traditional voting process. While to others, it may be seen as unlikely to provide an independent voice to the Council from the community, when this is necessary.

The Panel understands these structures have had mixed reviews over the years, and that they no longer exist. This may be due to factors such as the appointment process, lack of clarity of roles and responsibilities, or questions about the Council's commitment to these structures.

#### ii. Option 2: Establishing community boards in more wards

The Panel considered the option of having community boards in more wards, beyond the current two wards, in part to address the equity issue.

In relation to the two wards currently having community boards under this option, the Panel also noted a further option of a combined community board for one of those wards, i.e. Harbour Ward, in part to address perceptions about equity relating to the location of community boards.

The Panel also noted further options of having community boards in the proposed expanded Central and Northern wards identified in this report.

While a community board could be considered for the proposed expanded Central Ward, the Panel noted that Central Ward respondents in the online engagement survey were the least supportive of having a community board for their local area. The Panel also noted advice it received that in some

areas around the country, community boards are established across the whole area *apart from* in the central city area. This reflects the close proximity of the council headquarters and its range of services for residents in the central area. In these cases a community board is seen as an unnecessary duplication.

Also in relation to its proposed five-ward model, the Panel noted the established network of residents' associations in the Western Hills suburbs. It considered this needed to be given particular consideration in relation to the option of having a community board for the proposed Western Ward.

The Panel did give some consideration to the option of a community board in its proposed expanded Northern Ward identified in this report. This was in light of the current low levels of engagement and satisfaction with council services in this area of the City. It noted there also was higher support for having a community board amongst Northern Ward respondents than in some other areas of the City, in the online engagement survey.

However, the Panel was not convinced that the case for a community board for the expanded Northern Ward in particular, or any of the other wards in its proposed five-ward model, was strong enough to outweigh the arguments, identified above under option 1, against having community boards.

### iii. Option 3: Establishing community boards in all wards

Similarly, the Panel was of the view that arguments for having community boards in all five wards under its five-ward model, were not strong enough to outweigh the arguments against having community boards set out in option 1.

### g) Conclusion in relation to community boards in Lower Hutt

At one level, there is a degree of support for community boards in the City. In relation to the three options identified for its community engagement, 48% of online survey respondents thought there should be community boards across the City, 25% thought there should be no community boards, and 16% thought community boards should be limited to the current three areas (Eastbourne, Petone and Wainuiomata).

These findings need to be considered, however, in the context of the generally poor understanding of both the formal role of community boards, and also what they currently do.

The Panel also reflected on a view that establishing formal structures like community boards positioned between the community and the Council is not likely to be effective in the 21<sup>st</sup> century. This is on the basis of the changing nature of the community's interests, needs and aspirations, and also the clear obligation on the Council to inform, consult, represent and make decisions on behalf of those communities.

The Panel carefully considered the arguments for and against retention of the current community boards, including the possible expansion of these boards, and their related advantages and disadvantages. It concluded, on balance, there should be no community boards in Lower Hutt.

### h) Recommendation

The Panel recommends that **there be no community boards in Lower Hutt and the three existing community boards be disestablished.**

## 10. 'Building a better bridge to the community'

### a) Reflections from the Panel's community engagement

The Panel used a range of community engagement strategies to ensure its analysis and recommendations were informed by the diversity of voices and experiences of Lower Hutt residents.

As noted in Section 5, the Panel first adopted a set of principles to guide its community engagement and it identified particular communities and groups in its tailored engagement programme. A Panel member, with personal experience of, or close association with, a particular community, was given primary responsibility for initiating contact with that community or group. Other Panel members supported and contributed to the planned engagement, by attending and actively participating in the discussions.

The Panel's engagements revealed that certain communities face significant challenges in having their voices heard by the City's decision-makers. Many do not know who their councillors are, and there is a lack of awareness of councillor roles and responsibilities. Also, many people advised that there does not appear to be a clear, visible pathway for communities to approach and engage with the Council on matters that are of interest or importance to them.

Unlike Members of Parliament who have offices in the community, councillors were described as being "less visible". The vast majority of members of the communities the Panel engaged with had no idea how to reach and connect with councillors, and were generally not aware of the issues the Council sought feedback on through its consultation.

The Panel heard suggestions that the ward councillor could have a base in the local neighbourhood hub. This reflected the strong community support the Panel heard for these hubs in its engagement. It was further suggested the hubs could be used to better promote the work of Council and the elected members more generally.

Given the changing demographics of Lower Hutt, the Panel sees it as very important to recognise the diversity of the City's communities and their aspirations for 'having a voice' on decisions that matter to those communities.

As a result of its engagements, the Panel considers there is an urgent need to build familiarity and understanding of the work of the Council and of the elected members within these communities. This can be achieved through a refreshing of the Council's community engagement approach. This will result in, among other things, greater awareness of the City's representation arrangements and more assurance for the Council that in future representation reviews, those arrangements are providing fair and effective representation.

The Panel acknowledges that the Council spends considerable resources on engaging with communities in order to get feedback on issues critical to the City. This engagement often takes the form of surveys, consultation documents, use of social media, invitations to consultation meetings and so on. The Panel heard that while such engagement channels may work for some, they do not necessarily suit all. Improved community engagement will become increasingly important in future, given the changing face of the Lower Hutt community, and will need to take into account those who find it difficult to engage using current traditional channels.

These issues often mean the Council is not able to fully access or tap into the potential and experience that exists in these communities to assist the Council meet its responsibilities. In turn,

this often results in misalignment between community needs and the Council's plans. Over time this can lead to disenchantment and disillusionment with the Council and local government more generally, and to a sense that 'we don't count'.

The Panel is of the view that a more targeted approach to engaging with communities that traditionally have not engaged with the Council, will lead to better understanding of the Council's roles, functions and duties, along with councillor responsibilities. It will also help to create two-way communication that will benefit both the Council and the communities it represents. In addition, it would make representation issues more meaningful for those communities which have had limited engagement on such issues in the past.

#### b) Recommendations for a focused approach to engagement

The Panel concludes that a more focused approach to community engagement by Hutt City Council is needed to take into account the changing face of Lower Hutt and the growing diversity, expectations and needs of its communities, many of which have traditionally been under-represented.

Drawing on its experiences in undertaking this review, the Panel has identified a set of principles that it believes will better connect the Council with local communities:

- **negotiating** access to communities through those with 'lived experience' of that community
- **engaging** at 'their place', resulting in an increased level of comfort and safety, and at a time that best suits the community
- **ensuring** discussions are facilitated jointly with a local community member, to allow for a wider range of community participation
- **communicating** information from the Council to communities in their own language, if appropriate, so as to improve reach and access. (Most of the ethnic and migrant communities have regular newsletters or social media contact with their communities, and they have offered to translate summaries of Council information into their own language when necessary.)

The advantage that such an approach offers is that it builds genuine engagement channels and trust between the Council and the community, and it identifies gaps or misalignments between Council aspirations and community needs.

From Panel members' experience, engagement is not always suited to a '9am to 5pm Monday-Friday' approach, and that 'information overload' through passive social media platforms, is not particularly effective. The Panel considers a more proactive approach is needed.

The Panel believes it would be timely for the Council to consider building a stronger, more fit-for-purpose 'bridge', as a way to better engage with communities whose voices are often not heard at Council. Engaging with these communities requires a different approach, and the Panel recommends the Council considers the following initiatives:

##### i. Identifying community agents

The Panel found that there are a number of community leaders who are willing to act as 'agents' of their community, to help facilitate dialogue and discussions with the Council as needed. These agents could also serve as 'knowledge hubs' to assist the Council with its work such as in its long-term plan discussions. They could also provide a two-way channel, taking information to the community and bringing information back to Council decision-makers.

## ii. Introducing portfolio responsibilities for councillors

In order to ensure that the new approach is effective, the Council could consider adopting a portfolio approach to engagement with identified communities. A councillor with a particular portfolio responsibility would lift the status of the engagement with that community, and would be seen as the contact person for the community concerned. The portfolio holder could oversee an engagement plan developed by Council officers, establish relationships with the community agents, meet with that community, say on a 6-monthly basis, and report to the Council on emerging issues.

Communities that could benefit from a councillor portfolio approach include ethnic and migrant communities, Pacific people, youth, disabled people and the rainbow community. A portfolio approach could also be considered for the business community.

## iii. Establishing a work programme

In order to implement this engagement approach, a number of pre-conditions would need to be met, including:

- identifying community agents from across different communities
- creating and maintaining a database of community agents, managed by a Council officer/s
- developing a work programme, overseen by the councillor with portfolio responsibility, and designed to actively engage and enable communication with community agents at key points in the year, which would include face-to-face meetings with the relevant councillor on a regular six-monthly basis
- establishing bases for councillors at the neighbourhood hubs and using these hubs more to promote the activities of Council and the role of elected members
- establishing a reporting arrangement with KPIs to ensure that feedback loops are in place to allow for information flows to the Council and back to the community.

## iv. Approach for disabled people

In addition to the approach above, the Panel's meeting with disabled people identified a number of other arrangements that would assist this growing demographic to engage with matters critical to them and their wellbeing.

These other arrangements could include the establishment of a disabled people's reference group to advise on access issues generally across the City, and to identify a Council officer who would be the contact point for disabled people to access Council information and resources.

## v. Funding

The Panel recognises that a new engagement approach, similar to that outlined, will require resourcing if it is to be successful. We also are acutely aware that all councils are facing increased cost pressures and are fiscally constrained at the present time. We therefore suggest that some of the funding that is currently allocated to community boards, be re-allocated to implement this engagement approach.

## vi. Conclusion

The approach outlined here is focused on engagement with communities who are not engaged with the Council. The approach has not been discussed with the wider population, though we believe the general principles will still apply. Low voter turnout, and low responses to Council surveys and consultation activities, demonstrate that civic participation is low amongst all groups. Given this, the Panel's more focused approach to community engagement is likely to better serve the needs of the Council and to enable it to harness the knowledge and wisdom that rests in the population.

## Appendix 1: Independent Panel members and terms of reference

### Paul Swain (Panel Chair)

Paul has extensive local and central government experience having served as a Councillor on the Greater Wellington Regional Council, as a Member of Parliament representing the Hutt Valley, and as a Cabinet Minister. He has chaired Government inquiries, reviews, boards and committees. As a former Chief Crown Negotiator for Treaty of Waitangi Settlements, Mr Swain is acutely aware of the importance of providing Mana Whenua with real opportunities to engage meaningfully in the decision-making process.

### Ana So’otaga

Ana has a background leading local and national public policy, strategy, systems change, and equity-centred programme design and delivery. She is of Tokelau heritage and along with her family and four children has been born and raised in the Hutt Valley. Ana is well-connected to the Hutt Valley health, sports and Pacific community. She has held leadership roles at the Ministry for Pacific Peoples and Te Awa Kairangi Primary Health Organisation and is now the Strategy and Performance lead with Sport New Zealand.

### Sir (Tā) John Clarke

Sir John, of Ngāti Porou and Ngapuhi descent, has over 40 years of management experience in a wide range of public sector environments including education, justice, health, housing, human rights, Crown Law, audit, social welfare, environment and heritage. He has a thorough understanding of Māori issues and wide networks within Māori communities. Sir John has played a major part in Māori-Crown relations and has been the principal cultural adviser to all Ministers of Treaty Settlements.

### Meenakshi Sankar

Meenakshi is a highly experienced research and evaluation practitioner, internationally respected for her leadership in analysis and strategic thinking. Over the last 35 years, she has delivered evaluation assignments for a range of government agencies in New Zealand and multilateral agencies including UNESCO HQ and the Organisation for Economic Cooperation and Development (OECD). Large-scale community engagement using participatory principles is central to her research and evaluation practice, and well demonstrated in her work for the Department of Labour, Ministry of Social Development, Ministry of Education, the Education Review Office and the Ministry of Foreign Affairs and Trade.

### Matt Richardson

Matt is an accomplished project manager with expertise in delivering large-scale landscape and ecological mitigation projects across New Zealand. He is passionate about Lower Hutt and brings experience in engaging with a diverse mixture of community groups, including iwi representatives, on a range of projects.



#### Panel adviser

Gavin Beattie was contracted as an adviser to the Panel. Gavin is a former senior adviser to the Local Government Commission and led the policy development for the Local Electoral Act 2001.

#### Panel's terms of reference: Tasks

- Identify and define communities of interest in the city
- Identify all reasonably practicable options for achieving fair and effective representation arrangements for the communities of interest in the city, including the number of councillors, the basis of election of councillors (at-large, by ward or a mix of both) and the need for community boards
- Conduct such research, enquiries or other work as considered necessary to complete this brief
- Seek preliminary community input as required
- Report to council on the representation options identified, the community feedback received, and the panel's recommended option including the reasons for this option
- Present and explain the panel's conclusions to the community as necessary
- In the event of appeals or objections against the council's final proposal, provide support to the council as appropriate
- Such other tasks as may be identified during the process

## Appendix 2: Comparative council representation arrangements

The following table sets out the representation arrangements for the ten largest territorial authorities in the country by population, with the exception of Auckland which has a population far in excess of the next largest council (Christchurch) and was established with its own bespoke representation arrangements in Auckland-specific legislation.

Council	Population (2023 estimates)	No. of councillors	Population per councillor	Area (km2)	Council size for remuneration purposes#	Basis of election	No. of community boards & area coverage
Christchurch	396,230	16	24,764	1,415	1	wards	6, city-wide
Wellington	216,230	15	14,415	290	2	wards*	2, partial
Hamilton	185,300	14	13,236	110	3	wards*	none
Tauranga	161,850	9	17,983	135	5	wards*	none
Dunedin	134,600	14	9,614	3,287	4	at-large	6, partial
Lower Hutt	113,950	12	9,496	376	6	mixed	3, partial
Whangarei	102,060	13	7,850	2,712	7	wards*	none
Palm. North	91,850	15	6,123	395	10	wards*	none
Hastings	91,850	15	6,123	5,226	9	wards*	1, partial
Waikato	90,270	13	6,944	4,405	13	wards*	6, partial

# For the purpose of determining the remuneration pool for the payment of councillors, the Remuneration Authority determines the relative size of each council and its associated responsibilities, in terms of: population, total council operating expenditure, total council assets and positioning on the social deprivation index.

\* Included one or more Māori wards at the 2022 elections

## Appendix 3: Resident surveys

### Residents' satisfaction survey 2023

The most recent annual Lower Hutt residents' satisfaction survey, conducted in 2023 with 1,719 responses, showed that 41% of respondents were either satisfied or very satisfied with "the ease with which you can have your say on council activities and proposals", with 21% either dissatisfied or very dissatisfied, and 38% neither satisfied nor dissatisfied.

A breakdown of survey respondents by ward, showed that Harbour Ward (47%), Eastern Ward (46%) and Western Ward (44%) respondents had the highest levels of satisfaction.

Forty percent of respondents agreed that "council takes community feedback into account when making decisions, with 37% disagreeing, and 24% neither agreeing nor disagreeing.

Among the groups least satisfied on this last issue, were residents from Northern Ward (32%), Māori (34%), residents aged 55-64 (28%) and residents with disabilities (38%).

### Quality of life survey 2022

Hutt City Council is one of nine councils that participates in the biennial Quality of Life survey conducted by NielsenIQ.<sup>5</sup> Some key findings for Lower Hutt from the last survey conducted in 2022, are set out here relating to the satisfaction of residents (18 years and over) with their quality of life, including perceptions about Hutt City Council and the role it plays for their community.

The vast majority of Lower Hutt respondents (88% of the total 580 respondents) felt positively about their quality of life generally, slightly above the average for all respondents in all council areas in the survey.

In line with all respondents in all council areas, 70% of Lower Hutt respondents either agreed or strongly agreed that it was important to them that they feel a sense of community with people in their neighbourhood. Along with this, 51% of Lower Hutt respondents said they *did* experience a sense of community with people in their neighbourhood.

Thirty-four percent of Lower Hutt respondents said they agreed or strongly agreed that their council makes decisions in the best interests of their city, with 26% disagreeing or strongly disagreeing that this was the case. This compares to 27% and 41% respectively, for all respondents in all council areas.

In relation to perceptions about the public's influence on council decision-making, 36% of Lower Hutt respondents saw the public as having large influence or some influence. This compares to 28% for all respondents in all council areas. On the other hand, 17% of Lower Hutt respondents saw the public as having no influence on council decision-making, compared to 27% for all respondents in all council areas.

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<sup>5</sup> The nine councils are: Auckland Council, Hamilton City Council, Tauranga City Council, Hutt City Council, Porirua City Council, Wellington City Council, Christchurch City Council, Dunedin City Council and Greater Wellington Regional Council.

## Appendix 4: Online community engagement survey

### Survey details

The online survey was conducted by Public Voice in November/December 2023. It was distributed via the 'Hutt City Views' research panel and via Hutt City Council's social media team. As a result, respondents can be seen as self-selected and therefore the survey is not statistically representative of Lower Hutt City. A total of 922 responses were received with 639 (69%) from Hutt City Views and with 281 (31%) non-panel responses.

Response rates by ward were:

- Northern Ward: 69 (10%)
- Central Ward: 133 (20%)
- Eastern Ward: 122 (18%)
- Western Ward: 129 (19%)
- Harbour Ward: 133 (20%)
- Wainuiomata Ward: 92 (14%)

Response rates by gender were:

- Female: 384 (53%)
- Male: 332 (46%)

Response rates by ethnicity were:

- NZ European/European: 599 (81%)
- Maori: 82 (11%)
- Pasifika: 21 (3%)
- Asian: 31 (4%)
- Other ethnicity: 37 (5%)

Response rates by age were:

- under 18: 3 (0%)
- 18-24 years: 5 (1%)
- 25-34 years: 64 (9%)
- 35-44 years: 128 (18%)
- 45-54 years: 138 (19%)
- 55-64 years: 155 (21%)
- 65-74 years: 142 (20%)
- 75 years & over: 93 (13%)

Response rates by income were:

- \$20,000 or less: 17 (3%)
- \$20,001-\$30,000: 40 (7%)
- \$30,001-\$50,000: 56 (10%)
- \$50,001-\$70,000: 57 (10%)
- \$70,001-\$100,000: 89 (15%)
- \$100,001-\$150,000: 117 (20%)
- More than \$150,000: 206 (35%)

## Survey responses

### Awareness and understanding of council and its role and structures

#### **Question 1: How many councillors are elected now to represent Lower Hutt?**

Responses:

- 0-5 councillors: 10%, n=69
- 6-11 councillors: 23%, n=161
- 12 councillors: 50%, n=345
- 13-15 councillors: 15%, n=104
- 16+ councillors: 2%, n=16

#### **Question 2: Do you know how those councillors are elected, that is, which voters can vote for which councillors?**

Responses:

- yes: 76%, n=569
- no: 24%, n=164

Responses broken down by age:

	18-24yrs n=8	25-34yrs n=64	35-44yrs n=128	45-54yrs n=138	55-64yrs n=155	65-74yrs n=139	>75yrs n=92
<b>Yes</b>	38%	56%	71%	77%	75%	88%	91%
<b>No</b>	63%	44%	29%	23%	25%	12%	9%

Responses broken down by ethnicity:

	NZ European n=596	Māori n=82	Asian n=31	Pasifika n=21	Other n=36
<b>Yes</b>	80%	68%	71%	67%	58%
<b>No</b>	20%	32%	29%	33%	42%

#### **Question 3: Please briefly describe your understanding of how councillors are elected.**

Responses:

The three most common descriptions provided were:

- elections/voting (non-specific): 223, 24%
- a mix of at-large and ward: 212, 23%
- ward only: 146, 16%

#### **Question 4: How familiar are you with the concept and role of community boards?**

Responses:

- very familiar: 17%, n=130
- somewhat familiar: 51%, n=386
- not familiar at all: 32%, n=243

Responses broken down by wards:

	<b>Northern n=68</b>	<b>Central n=132</b>	<b>Eastern n=122</b>	<b>Western n=129</b>	<b>Harbour n=68</b>	<b>Wainuiomata n=91</b>
<b>Very familiar</b>	9%	13%	16%	16%	30%	21%
<b>Somewhat familiar</b>	41%	57%	48%	50%	54%	52%
<b>Not familiar at all</b>	50%	30%	37%	34%	16%	27%

Responses broken down by age:

	<b>&lt;18-34yrs n=72</b>	<b>35-44yrs n=127</b>	<b>45-54yrs n=138</b>	<b>55-64yrs n=154</b>	<b>65-74yrs n=141</b>	<b>&gt;75yrs n=93</b>
<b>Very familiar</b>	14%	16%	14%	19%	20%	22%
<b>Somewhat familiar</b>	31%	48%	59%	46%	61%	52%
<b>Not familiar at all</b>	56%	35%	27%	34%	19%	27%

Responses broken down by gender:

	<b>Male n=330</b>	<b>Female n=383</b>
<b>Very familiar</b>	25%	11%
<b>Somewhat familiar</b>	49%	52%
<b>Not familiar at all</b>	26%	37%

### **Residents' identification with communities**

#### ***Question 5: What community do you most closely identify with?***

Responses:

- 56% (n=509) of respondents said Lower Hutt as a whole
- 44% (n=406) of respondents said a more local community

Responses broken down by wards:

	<b>Northern Ward n=69</b>	<b>Central Ward n=133</b>	<b>Eastern Ward n=122</b>	<b>Western Ward n=129</b>	<b>Harbour Ward n=131</b>	<b>Wainuiomata Ward n=91</b>
<b>Lower Hutt as a whole</b>	52%	78%	69%	63%	21%	30%
<b>A more local community</b>	48%	22%	31%	37%	79%	70%

The areas most likely to identify with their local community were:

- Wainuiomata: 20%, n=79
- Petone: 14%, n=55
- Eastbourne: 12%, n=50
- Stokes Valley: 8%, n=34
- Naenae: 5%, n=21

Key themes associated with why respondents identified with particular communities were:

**Social Aspects:**

- The people who live in the area: 32%, n=299
- Experience with community: 23%, n=216
- Perception of residence as identity: 17%, n=153

**Infrastructure and Services:**

- The town centre and its services: 24%, n=224
- Access to services/facilities: 22%, n=200
- Access to public transport e.g. rail, bus: 14%, n=130

**Geography/Environment:**

- Its geography, such as hills, rivers, coastlines: 51%, n=466
- The community and recreational facilities: 18%, n=166
- Access to parks/reserves: 5%, n=48

### **Need for change to current representation arrangements**

***Question 6: The number of councillors:***

**Responses:**

- is about right: 71%, n=488
- there should be more councillors: 8%, n=58
- there should be fewer councillors: 21%, n=144

**Responses broken down by ethnicity:**

	<b>NZ European n=520</b>	<b>Māori n=70</b>	<b>Asian n=28</b>	<b>Pasifika n=18</b>	<b>Other n=31</b>
Number is about right	74%	54%	79%	61%	61%
There should be more	6%	26%	18%	22%	3%
There should be fewer	20%	20%	4%	17%	35%

**Responses broken down by age:**

	<b>&lt;18-34yrs n=72</b>	<b>35-44yrs n=127</b>	<b>45-54yrs n=138</b>	<b>55-64yrs n=154</b>	<b>65-74yrs n=141</b>	<b>&gt;75yrs n=93</b>
Number is about right	67%	69%	68%	66%	75%	86%
There should be more	20%	10%	11%	7%	5%	1%
There should be fewer	13%	22%	21%	27%	19%	13%

For those who thought there should be more councillors, the main reasons are summarised as follows:

- better representation: 4%, n=39
- diversity and inclusion: 3%, n=25
- increase population/councillor ratio: 1%, n=11

For those who thought there should be fewer councillors, the main reasons are summarised as:

- more efficient: 5%, n=50
- reduce costs: 4%, n=37
- decrease population/councillor ratio: 2%, n=22

#### **Question 7: How councillors are elected:**

Responses:

Preferred method (ranked 1 – 3):

- mixed at-large/wards: 1.39
- wards only: 2.03
- at-large only: 2.21

Responses broken down by wards:

	Northern Ward n=40	Central Ward n=67	Eastern Ward n=89	Western Ward n=91	Harbour Ward n=83	Wainuiomata Ward n=63
<b>Mixed</b>	1.37	1.43	1.46	1.31	1.31	1.43
<b>Wards</b>	1.94	2.00	2.21	2.13	1.94	1.81
<b>At-large</b>	2.24	1.91	2.12	2.28	2.41	2.49

Reasons for preference for mixed system:

- balanced/mixed representation: 31%, n=161
- familiarity and satisfaction with current system: 4%, n=19
- accountability and accessibility: 2%, n=8

“Respondents generally appreciate the mixed representation system as it balances local interests and the needs of the city. They believe local representation is important as it allows for a better understanding of specific areas, while city-wide representation ensures decision-making considers the bigger picture. The mix of ward and at-large councillors also prevents domination by certain wards or interest groups and provides voters with more choices.”

Reasons for preference for at-large system:

- councillors should represent all residents: 3%, n=31
- fairness and equity: 3%, n=31
- principles of meritocracy: 2%, n=18



“Respondents believe the at-large system is fairer and allows for a more unified decision-making process. They argue that having councillors represent the entire city ensures that the best and most qualified individuals are elected, eliminates favouritism, and prevents the waste of resources on ward councillors. They also mention that the ward system can lead to a lack of representation and that the community should have a say in the council’s make-up. Overall, respondents believe that the at-large system promotes fairness and equality, along with democratic principles.”

“The respondents believe that having councillors represent all residents without special treatment or preference for certain areas is a fairer and more unified approach. They argue that this allows for a more diverse representation and ensures that councillors’ decisions are in the city’s best interests. The at-large system is seen as simpler, more democratic, and provides equal opportunities to have a voice in their representation.”

“Respondents say that the principle of meritocracy in local council elections should be achieved through a fairer system that represents the whole city, rather than dividing it into wards. They believe this would lead to more unified decision-making, enable the election of the best and most qualified candidates, and ensure that all citizens have a say in the council’s makeup.”

Reasons for preference for ward system

- enhanced local representation: 8%, n=69
- accountability and accessibility: 3%, n=26
- local knowledge and engagement: 2%, n= 23

“Respondents preferred ward-only representation, citing reasons such as better local knowledge, accountability, targeting of specific areas, fairer representation, and the need for councillors to live in and understand the community they represent. They argue that this system allows for better communication, representation of local issues, and a closer connection between councillors and their constituents. Respondents also criticise the at-large system for its lack of accountability, potential for unfair representation, and detachment from local communities.”

“Respondents express the importance of accountability and accessibility in local representation. They believe that councillors should be elected specifically for their local ward, as they would better understand the community’s needs and be more accountable to their constituents. They also highlight the need for fair representation across all wards and believe this system would lead to better communication and effectively address local issues.”

“Respondents believe that having local representatives in specific wards allows for better knowledge and understanding of the community’s core issues. They feel that ward-only representation is more accountable, fairer and ensures all suburbs have a choice in decision-making. This system enables councillors to be more accessible and responsive to the needs of their respective areas.”

***Question 8: Do you think having a community board in your area or suburb is a good idea?***

Responses:

- yes: 67%, n=403
- no: 33%, n=195

Responses broken down by ward:

	<b>Northern Ward n=53</b>	<b>Central Ward n=98</b>	<b>Eastern Ward n=95</b>	<b>Western Ward n=93</b>	<b>Harbour Ward n=120</b>	<b>Wainuiomata Ward n=79</b>
<b>Yes</b>	75%	43%	62%	62%	82%	82%
<b>No</b>	25%	57%	38%	38%	18%	18%

**Question 9: What about having community boards in the city generally?**

Responses:

- yes, across the entire city: 48%, n=307
- no community boards in the city: 25%, n=160
- limited to Eastbourne, Petone, Wainuiomata: 15%, n=99
- other: 12%, n=76

Responses broken down by gender:

	<b>Male n=293</b>	<b>Female n=320</b>
<b>Across the entire city</b>	37%	58%
<b>No community boards</b>	32%	18%
<b>Limited to current 3 locations</b>	19%	12%
<b>Other</b>	12%	12%

Responses broken down by ward:

	<b>Northern Ward n=59</b>	<b>Central Ward n=117</b>	<b>Eastern Ward n=105</b>	<b>Western Ward n=110</b>	<b>Harbour Ward n=114</b>	<b>Wainuiomata Ward n=80</b>
<b>Across the entire city</b>	61%	37%	52%	46%	46%	51%
<b>No community boards</b>	22%	41%	23%	26%	17%	16%
<b>Limited to current 3 locations</b>	3%	13%	14%	15%	23%	23%
<b>Other</b>	14%	9%	10%	13%	14%	10%

**Reasons for community boards across the entire city**

- enhanced local representation: 14%, n=128
- fairness and equitable representation: 9%, n=87
- addressing unique community needs: 2%, n=20

*Enhanced local representation:* "Respondents generally support the idea of community boards across the city for enhanced local representation. They believe it would ensure fairness and equality of representation, address the specific needs of each area, provide better local knowledge and connection, and allow for more local decision-making. Some respondents also highlighted the importance of grassroots involvement, better communication with council, and equitable representation for all residents. Overall, there is a desire for community boards to be accessible to all areas and cover a diverse range of issues."

*Fairness and equitable representation:* “Respondents express the importance of fairness and equitable representation in community boards across the city. They believe that community boards allow local communities to be involved in decision-making and ensure that all areas are represented. Many respondents highlight the need for equal access to community boards and advocate for boards in all areas of the city.”

*Addressing unique community needs:* “Respondents highlight the importance of community boards in addressing unique community needs and ensuring representation. They emphasise that community boards allow locals to be more engaged with local democracy, make local decisions, and hold ward councillors accountable. Many respondents also express the need for fairness and equality in representation across the city, stating that all areas should have community boards.”

#### **Reasons for no community boards in the city**

- concerns regarding costs: 6%, n=56
- questioning effectiveness and utility: 3%, n=31
- redundancy and duplication of efforts: 3%, n=25

*Concerns regarding costs:* “Respondents expressed concerns about the cost associated with community boards. They view community boards as a waste of money, unnecessary, and a duplication of elected councillors' roles. Some respondents also highlight the inequality in representation, with specific areas having community boards while others do not. Overall, the sentiment is negative towards community boards and their perceived lack of effectiveness and value.”

*Questioning effectiveness and utility:* “Respondents questioned the effectiveness and utility of community boards, with concerns about limited powers, limited influence, duplication of work, and unequal representation. Some argue that elected councillors should adequately represent their communities without the need for additional boards. Others highlight the need for simplicity, reduced bureaucracy, and financial savings. Overall, there is a sentiment of scepticism and a call to re-evaluate the necessity of community boards.”

*Redundancy and duplication of efforts:* “Many feel that community boards duplicate the work of elected councillors and do not offer sufficient benefits to justify their existence. Overall, respondents believe that community boards are unnecessary and should be eliminated.”

#### **Reasons for community boards being limited to current 3 locations**

- historical context of local governance: 2%, n=22
- satisfied with status quo: 2%, n=22
- recognition of unique needs: 2%, n=20
- size and isolation of suburbs: 2%, n=18

*Historical context of local government:* “Respondents state that the three suburbs of Wainuiomata, Eastbourne, and Petone should have their community boards due to their distinct identities, special needs, and historical separation from the rest of Lower Hutt. They believe these boards provide fair representation and ensure that local issues are addressed effectively. Additionally, they believe that the current system is working well, and there is no need for additional boards beyond these three areas.”

*Satisfied with status quo:* “Respondents are satisfied with the status quo of having community boards in the three specific areas of Wainuiomata, Eastbourne, and Petone. These areas are seen as outliers and have unique needs and challenges that require separate representation. The boards are seen as working well and ensuring that the local flavour of each area is upheld.”

*Size and isolation of suburbs:* “Respondents state that these 3 areas (Wainuiomata, Eastbourne, and Petone) are outliers and have unique needs and characteristics. They believe having separate community boards for these areas is necessary to ensure their voices are heard and their local issues are addressed. The respondents also mention that these areas were previously independent and have historical and geographical separation from the rest of the city, which justifies their separate representation.”

## Appendix 5: Community organisations and groups the Panel met

Panel members met with representatives of the following community organisations and groups:

Hutt Valley Chamber of Commerce (4 October 2023)

Eastbourne Community Board (16 October 2023)

Jackson Street Programme (16 October 2023)

Seaview Business Association (17 October 2023)

Wainuiomata Community Board (26 October 2023)

Petone Community Board (6 November 2023)

Hutt Multicultural Council (15 November 2023)

Vibe (youth health & social services) (17 November 2023)

(Participation in) Refugee and Migrant Youth Forum (30 November 2023)

Sikh community (10 December)

Pacific Services leaders talanoa, Hutt Fest Trust, Pasifika Heartbeat Trust, Pacific Heath Service, Pasifika annual family touch and community festival (26 January)

Te Rūnanganui o Te Āti Awa Waiwhetu – manawhenua hui (8 February 2024)

Nepalise community (8 February 2024)

Te Kakakanoa Church marae, Moera – mātāwaka hui (12 February 2024)

Chinese community (25 February 2024)

Tamil community (10 March 2024)

Youth and Changemakers representatives (11 March 2024)

Youth workshop (19 March 2024)

Naenae College Polynesian leadership (22 March)

Sacred Heart College – Big Sister Pasifika programme (22 March)

Taita community (22 March 2024)

Pacific Health Service Hutt Valley – all staff talanoa (25 March)

Stokes Valley community (25 March 2024)

Wainuiomata community (27 March 2024)

Disabled peoples' community (28 March 2024)

Pacific multi-ethnic focus group (10 April)

Te Ngakau Kahukura o Te Awakairangi – Rainbow leaders (29 April)

## Appendix 6: Determining the number of Māori ward councillors

Clause 2 of Schedule 1A of the Local Electoral Act 2001 sets out a formula for determining the number of Māori ward councillors. This is determined as follows:

$$\frac{\text{Māori electoral population}}{\text{Māori electoral population} + \text{general electoral population}} \times \text{total no. of councillors}$$

The Māori electoral population (MEP) and the general electoral population (GEP) are defined in the Electoral Act 1993 for the purposes of establishing the Māori electorates for parliamentary elections. They have then been applied by the LEA for establishing Māori wards for council elections.

MEP is a calculation based on both the number of people registered on the Māori electoral roll and the number not registered, together with the proportion of Māori people under the age of 18 years.

GEP is defined as the ordinarily resident population minus the MEP.

The required calculations are done by Statistics NZ and then provided to councils.

The latest calculations for Lower Hutt show:

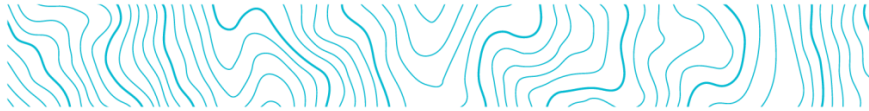
- MEP of 12,700
- GEP of 101,300
- Total electoral population of 114,000

Using these figures in the above formula gives:

$$\frac{12,700}{114,000} = 0.11$$

This table applies this figure to the full range in the possible number of Lower Hutt councillors.

Total no. of Crs	No. of Māori ward Crs (total no. of Crs multiplied by 0.11)	No. of Māori ward Crs rounded down or up (in accordance with clause 3 of Schedule 1A, LEA)
5	0.55	1
6	0.66	1
7	0.77	1
8	0.88	1
9	0.99	1
10	1.10	1
11	1.21	1
12	1.32	1
13	1.43	1
14	1.54	2
15	1.65	2
16	1.76	2
17	1.87	2
18	1.98	2
19	2.09	2
20	2.22	2
21	2.31	2
22	2.42	2
23	2.53	3
24	2.64	3
25	2.75	3
26	2.86	3
27	2.97	3
28	3.08	3
29	3.19	3



# Initial Representation Proposal

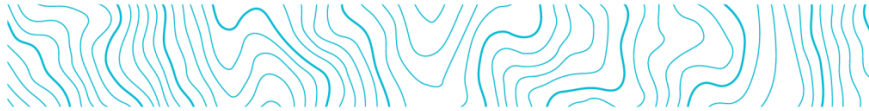
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1. Hutt City Council adopts the following as its initial representation proposal under sections 19H and 19J of the Local Electoral Act 2001:
  - a) Hutt City Council comprise a mayor and 13 councillors;
  - b) the councillors be elected under a mixed system of representation, with:
    - i. five councillors elected at-large across the City;
    - ii. seven councillors elected from five general wards; and
    - iii. one councillor elected from one Māori ward;
  - c) the five general wards be as follows:
    - i. Northern General Ward covering Stokes Valley, Taita, Naenae and Avalon, electing two councillors;
    - ii. Central General Ward covering Boulcott, Epuni, Fairfield, Waterloo, Hutt Central, Alicetown, Melling, Woburn and Waiwhetu, electing two Councillors;
    - iii. Western General Ward covering Manor Park, Belmont Park, Kelson, Belmont, Tirohanga, Normandale and Maungaraki, electing one councillor;
    - iv. Harbour General Ward covering Korokoro, Petone, Moera, Gracefield, Eastern Bays and Eastbourne, electing one councillor; and
    - v. Wainuiomata General Ward electing one councillor;
  - d) the Māori ward, covering the area of the City, be called Mana Kairangi ki Tai Māori Ward; and
  - e) there be no community boards in the City and the three existing community boards be abolished.
2. Hutt City Council notes the recommended arrangements change current representation arrangements as follows:
  - a) the total number of councillors is increased to 13, compared to the current total of 12 councillors;

- b) the addition of one Māori ward electing one Māori ward councillor;
- c) five councillors elected at-large, compared to six councillors elected at-large currently;
- d) seven councillors elected from five general wards, compared to six councillors elected from six wards currently, as:
  - i. five general wards best meets the requirement for effective representation of communities of interest under section 19T of the Local Electoral Act 2001; and
  - ii. seven councillors elected from these five wards best meets the requirement for fair representation under section 19V of the Local Electoral Act 2001;
- e) Wainuiomata Ward does not meet the requirement for fair representation (the +/-10% rule) and this is necessary to avoid dividing this community of interest between wards, or uniting within one ward, communities of interest with few commonalities;
- f) the current Northern Ward is expanded to also include:
  - i. all of Avalon northwards from Fairway Drive and Daysh Street;
  - ii. all of Naenae northwards from that part of Naenae Road between Cambridge Terrace and Waddington Drive, also including the properties on Hamerton Street and between this street and Naenae Road;
- g) the current Central Ward is expanded to also include:
  - i. all of Alicetown and Melling, being all properties within the area between Wakefield Street, Western Hutt Road (SH 2), Melling Link and Te Awa Kairangi/Hutt River;
  - ii. the area of Woburn south of Whites Line West, being properties on the southern side of this road and also on Richmond Grove, Fuller Grove, Saulbrey Grove and Trevethick Grove;
  - iii. the area of Waiwhetu south of Whites Line East, being properties on the southern side of this road and on all roads off Whites Line East to the south, including those off Leighton Avenue, Bell Road and Wainui Road as far as and including Riverside Drive;
- h) the current Eastern Ward is disestablished as a result of the expansion of the Northern and Central wards, with this involving Fairfield and Waterloo also being part of the expanded Central Ward;
- i) the current Harbour Ward is reduced as a result of:



- i. the area of Woburn south of Whites Line West being part of the Central Ward;
    - ii. the area of Waiwhetu south of Whites Line East being part of the Central Ward; and
  - j) the current Western Ward is reduced by Alicetown and Melling being part of Central Ward.
3. Hutt City Council notes the proposal for there to be no community boards in Lower Hutt and for the three current boards to be abolished, reflects the view that formal structures like community boards positioned between the community and the Council is not likely to be effective in the 21st century, based on the changing nature of the community's interests, needs and aspirations, and also the obligation on the Council to inform, consult, represent and make decisions on behalf of those communities.



# Communications and Engagement Plan

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## Representation Review

### Summary

In order to achieve fair and effective representation that recognises the diversity of New Zealand communities, the Local Electoral Act (2001) requires local authorities to review their representation arrangements at least once every six years. Council's last representation review was in 2018. We need to undertake another ahead of the next triennial elections in 2025. In July 2023, Council appointed an independent panel to undertake engagement on representation and to deliver an initial representation proposal for Council to consider.

The purpose of this plan is to outline how Hutt City Council (HCC) will engage with the community to follow a special consultative procedure to share the proposal prepared by the independent Panel. This plan aims to establish proactive and clear communication and community engagement methodology and processes to be overseen by the project team.

### Project overview

A representation review is a process to consider:

- The total number of councillors there should be for the city;

- Whether councillors are elected from wards, at-large across the whole city, or by a mix of both wards and at-large;
- The boundaries of any wards, their names, and number of councillors within;
- The boundaries of any Māori wards, their names, and the number of councillors; and,
- Whether there should be community boards in the City and, if so, the number of boards, their names and boundaries, the number of members for each board including any appointed members.

The independent panel has conducted substantive engagement with a focus on key communities of interest alongside a city-wide survey to inform their recommendation. In June 2024, the panel will provide a report to Council on the results of the engagement and their initial proposal for Hutt City Council representation in the 2025 local election.

## Principles

- Provide a clear, consistent, reliable source of information on the Representation Review recommendation and communicate how this will impact the community;
- Be open and transparent about what the community can and cannot influence, and how Council will make their decision; and
- Community feels their feedback was heard during panel

## Objectives

- Communicate and engage comprehensively and innovatively
- Ensure we comply with legislative requirements
- Use plain, inclusive language to reach all parts of our community
- Show that the independent panel listened and responded to what they heard (transparency of engagement reach by panel, and their results)
- Demonstrate that Hutt City Council is listening intently and is responsive (closing the loop)
- Ensure residents, businesses and communities are well-informed about what the Representation Review recommendation means for them and the city
- Give multiple means for people to provide feedback in the way that is comfortable and convenient for them

## Comms & Engagement approach

- Consultation on the Representation Review initial proposal is required under legislation. We're looking for input from a wide range of people within our communities to inform the final decision.
- Groups and individuals who have been part of the panels' engagement (communities of interest) will be informed of progress, shown the results of their contribution and invited to participate in this next step.
- Panel Chair, Paul Swain, will support engagement activities.
- We recognise that, for many people, this can be a complex subject to understand. We will present the key issues/information in a way that suits our communities.
- Elected Members will provide additional direction on the approach for this engagement.

## Audiences

- Elected Members
- Community Boards
- Mana Whenua
- HCC staff – particularly Neighbourhood Hubs & Connected Communities teams
- Healthy Families
- Participants from phase I of Representation Review engagement (refer to Panel's stakeholder list)
- Wider communities of Te Awa Kairangi ki Tai Lower Hutt

## Key messages

Primary message:

*Have your say on the proposal for how people and communities are represented at Council.*

*The purpose of a representation review is to make sure that the communities in our city are fairly and effectively represented at Council. The representation*

*review looks at the structures we have in place, not the people who are currently elected.*

*We're upholding our decision to create a Māori Ward.*

*An independent panel was appointed to engage with communities and make a proposal to Council based on what communities told them.*

*Any changes resulting from the representation review will be effective in the 2025 and 2028 local elections.*

## Risks and mitigations

Risk	Likelihood	Impact	Mitigation / Comment
Engagement fatigue	Low	Low	Working with other teams across Council for awareness on what engagement is happening
Low levels of engagement with community	Medium	Low	Regular review of engagement levels as we progress, to look for opportunities to engage in different ways if needed
Misinformation shared	Medium	High	Ensure staff and Elected Members are provided the right information to share. Use plain English when speaking to the community.
High degree of public interest/ Contentious issues	Medium	Medium	Be open and honest in our communications, clear on the decision-making process and options.

## Methods

What	Who
HCC Website & HYS page update	Melissa/Shelley
<p>Public Notice that consultation is open (LGA requirement)</p> <ul style="list-style-type: none"> <li>- include a statement about how persons interested in the proposals may inspect the full proposals</li> <li>- specify the communities of interest considered by the territorial authority or regional council as required by section 19T and section 19V or, as the case may require, section 19U and section 19V; and</li> <li>- specify the ratio of population to proposed members for each proposed ward (if any) or constituency or subdivision (if any), and the reasons for those proposals in terms of section 19V(2) and, if applicable, section 19V(3); and</li> <li>- specify a period of not less than 1 month from the date of the first or only publication of the notice within which persons interested in the resolution may make submissions on the resolution to the territorial authority or regional council.</li> </ul>	Melissa/Shelley
Survey/Feedback form	Shelley
FAQs	Melissa/Shelley
Posters/Info sheet/brochures (email and hard copy to share with community groups)	Melissa/Comms
Social media	Melissa/Elisheva
Media release	Melissa/Dave
Newspapers	Melissa/Comms

Internal <ul style="list-style-type: none"> <li>- Te Pātaka page</li> <li>- Pānui and Kōrero</li> <li>- Summary for front line staff – Customer Services and Hubs</li> </ul>	Melissa/Shelley
Rates insert (July–TBC)	Shelley
In person engagement/s (at least one reqd)	Shelley
NZSL engagement	Shelley
Public Notice of Council’s decision (LGA requirement) <ul style="list-style-type: none"> <li>- incorporate any amendments resolved under subsection (1)(a); and</li> <li>- state both the reasons for the amendments and the reasons for any rejection of submissions; and</li> <li>- specify the communities of interest considered by the territorial authority (as required by <a href="#">sections 19T and 19V</a>) or regional council (as required by <a href="#">sections 19U and 19V</a>); and</li> <li>- specify the ratio of population to proposed members for each proposed ward, constituency, or subdivision, and the reasons for those proposals in terms of <a href="#">section 19V(2)</a> and, if applicable, section 19V(3); and</li> <li>- specify the right of appeal conferred by <a href="#">section 19O</a>, including the place and closing date for the receipt of appeals; and</li> <li>- if the territorial authority or regional council has amended its proposals under subsection (1)(a), specify the right of objection conferred by <a href="#">section 19P</a> including the place and closing date for the receipt of objections.</li> </ul>	

## Timeline

When	What
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?? June	CLT
12 June	Council Briefing TBC
W/C 17 June	Email notification to Panel community contacts to advise of council meeting details when initial proposal is being presented
27 June	Panel present initial proposal to Council
1 July	Consultation Live – <i>Public Notice</i>
	HYS page (survey)
	Media release
	Social media
	Internal comms
TBC	Stokes Valley Hub (Northern site) drop-in
TBC	Petone Hub (Southern site) drop-in
TBC	WML (central) drop-in with NZSL interpreter
1 August	Consultation closes (midnight)
26 – 27 August	Hearings
10 Sept	Additional Council to consider final decision
11 Sept	<i>Public Notice</i> of Council's decision
12 Sept – 12 Oct	Appeals period