
ORDINARY MEETING

OF

ANNUAL PLAN/LONG-TERM PLAN COMMITTEE

MINUTES

Time: 9:30am
Date: Tuesday, 30 June 2020
Venue: Level 16, Tahiwī
113 The Terrace
Wellington

PRESENT

Mayor Foster (Deputy Chair)
Councillor Calvert
Councillor Condie (via audio-visual link)
Councillor Day
Councillor Fitzsimons
Councillor Foon
Councillor Free (Deputy Mayor) (Chair)
Councillor Matthews (via audio-visual link)
Councillor O'Neill
Councillor Pannett
Councillor Paul
Councillor Rush
Councillor Sparrow
Councillor Woolf
Councillor Young

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1. Meeting Conduct

1.1 Karakia

The Chairperson declared the meeting open at 9:30am and invited members to stand and read the following karakia to open the meeting.

**Whakataka te hau ki te uru,
Whakataka te hau ki te tonga.
Kia mākinakina ki uta,
Kia mātaratara ki tai.
E hī ake ana te atākura.
He tio, he huka, he hauhū.
Tihei Mauri Ora!**

Cease oh winds of the west
and of the south
Let the bracing breezes flow,
over the land and the sea.
Let the red-tipped dawn come
with a sharpened edge, a touch of frost,
a promise of a glorious day

1.2 Apologies

No apologies were received.

1.3 Conflict of Interest Declarations

No conflicts of interest were declared.

1.4 Confirmation of Minutes

Moved Deputy Mayor Free, seconded Councillor Day

Resolved

That the Annual Plan/Long-Term Plan Committee:

1. Approve the minutes of the Annual Plan/Long-Term Plan Committee Meeting held on 17 June 2020, having been circulated, that they be taken as read and confirmed as an accurate record of that meeting.

Carried

1.5 Items not on the Agenda

There were no items not on the agenda.

1.6 Public Participation

There were no requests for public participation.

2. General Business

2.1 2020/21 Annual Plan - recommend Adoption to Council

Moved Mayor Foster, seconded Deputy Mayor Free

Recommendation/s

That the Annual Plan/Long-Term Plan Committee:

1. Receive the information.
2. Note the consultation approach and submitter feedback on the 2020/21 Draft Annual Plan as outlined in Attachment 1.
3. Agree that officers prepare the 2020/21 Annual Plan based on the 2020/21 Annual Plan consultation document and reflect any changes agreed at this meeting of the Long-term Plan and Annual Plan Committee.
4. Agree the projects and programmes budgets (Attachments 2 and 3 of this report), noting that any changes arising as part of these deliberations will be incorporated into the final statements presented to Council.
5. Note the additional \$4.6m Capital budget in addition to the consultation budget per 51. below.
6. Agree to increase fees and charges to landfill and marina activities as outlined in Attachment 4 of this report.
7. Agree – as outlined in the draft 2020/21 Annual Plan in response to the COVID-19 impact – to:
 - a) maintain all fees and charges at 2019 levels for the 2020/21 year (other than those outlined in Attachment 4)
 - b) debt fund \$38m of forecast revenue shortfall
 - c) debt fund \$10m of multi-year benefit opex costs (to fund in future years).
8. Agree the following variations to the 2020/21 Annual Plan budget:
 - a) *Additional cost pressures* - inclusion of \$7.658m of rates funded cost pressures (inclusive of original \$3.2m savings target) as detailed in Table 1 of this report;
 - b) *Note that a) includes*
 - *Appearance Industry Bylaw* – funding to develop and implement the bylaw (\$230k)
 - *Karori Events Centre* – Council funded operating costs (\$98k)

- c) *Savings* – inclusion of savings (budget reductions) of \$7.385m to manage the cost pressures and the original savings target in a) above.
 - d) *Council controlled Organisations* – increase the provision for Council Controlled Organisations with a 'letter of comfort' as a backstop and increase the provision for additional grant funding from \$2.4m identified in the Consultation Document to \$5m, noting that this will only be distributed based on a proportion of actual net reduction in revenues directly as a result of COVID-19. Consistent with the Council's broader approach for this Annual Plan this will be debt funded.
 - e) **Wellington Regional Stadium Trust – provision of loan funding up to \$2.1m to be drawn only if required, no interest payable for two years, repayable over 10 years; noting that equivalent loan funding on the same terms has been agreed by Greater Wellington Regional Council.**
9. Note that a number of funding requests were made by submitters during the consultation process (see Attachment 1).
 10. Decline the additional community funding requests made by submitters for the 2020/21 year noting that these are most appropriately considered as part of the 2021 Long-term Plan process.
 11. Note that the Annual Plan includes \$421m of insurance cover as part of a total \$775m of transferred insurable risk on Council's main insurance programme; and further notes that this requires Council to assume a level of risk exposure (to be covered by borrowing) in the event of a significant seismic event.
 12. Note that the Annual Plan budget, as outlined in this paper, results in an overall net average rates increase of 5.2 percent from 2019/20, subject to confirmation from this meeting and finalisation of growth in the ratepayer base.
 13. Note that the draft budget prepared for 2020/21 proposes using debt to offset forecast lost revenue, and that this is inconsistent with Council's Revenue and Financing Policy.
 14. Note that under Section 80 of the Local Government Act 2002, the Council can make decisions inconsistent with Council policy provided the inconsistency is identified, the reason for the inconsistency is explained, and how the Council will accommodate the inconsistency or modify the policy in future is outlined.
 15. Note the nature of the inconsistency, the reason for the inconsistency, and how Council will accommodate the inconsistency as outlined in this report.
 16. Agree that it is prudent to propose not to have a balanced budget for the 2020/21 Annual Plan, as operating revenues are not sufficient to meet operating expenses; noting that this balances the response to the forecast impacts on Council's finances of the COVID-19 pandemic, with the need to support local economic activity. It recognises the current financial stress and uncertainty that ratepayers are facing while also

appreciating the need to invest in the essential infrastructure and services needed for health, safety and wellbeing of the city.

17. Note that the Pandemic Response Plan adopted on 9 April 2020 proposed an amendment to the Rates Postponement policy and that this amendment was consulted on as part of the 2020/21 Draft Annual Plan.
18. Agree to amend the Rates Postponement Policy as outlined in this report.
19. Agree to extend the rates remission policy COVID-19 response to include the Q1 rates instalment for 2020/21.
20. Note that officers will monitor the need for further extensions to the rates remission policy COVID-19 response during 2020/21 and bring any recommendations back to Council.
21. Recommend to Council to adopt the final 2020/21 Annual Plan based on the Option A of the Annual Plan Consultation Document, and any changes agreed at this meeting of the Annual Plan/Long-Term Plan Committee.
22. Delegate to the Chief Executive Officer the authority to develop the 2020/21 Annual Plan for Council adoption.
23. Note that the Council will adopt the Annual Plan and set rates for 2020/21 at its meeting on 21 July 2020.

Secretarial note: Mayor Foster moved the original motion with amendments (supported by officers): clause 8.e) was added to the original motion.

Moved Councillor Condie, seconded Councillor Young, the following amendment

Resolved

That the Annual Plan/Long-Term Plan Committee:

- 3.A. Note that to deliver a 5.1% rates increase Council would need to reduce proposed spending by \$290,000.
- 3.B. Agree to remove the following items from the Annual Plan:
 - (a) Appearance Bylaw (\$230k)
 - (b) Increase to Built Heritage Investment Fund (\$100k).

Carried

Secretarial note: The amendment moved by Councillor Condie and seconded by Councillor Young was taken in parts, the divisions for which are as follows:

Clause 3.A. Note that to deliver a 5.1% rates increase Council would need to reduce proposed spending by \$290,000.

A division was required under standing order 27.6, voting on which was as follows:

For:

Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Deputy Mayor Free, Councillor O'Neill, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:

Councillor Foon, Councillor Matthews, Councillor Pannett

Majority Vote: 12:3

Carried

Clause 3.B. Agree to remove the following items from the Annual Plan:

- (a) Appearance Bylaw (\$230k)

A division was required under standing order 27.6, voting on which was as follows:

For:

Mayor Foster, Councillor Calvert, Councillor Condie, Deputy Mayor Free, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:

Councillor Day, Councillor Fitzsimons, Councillor Foon, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul

Majority Vote: 8:7

Carried

Clause 3.B. Agree to remove the following items from the Annual Plan:

- (b) Increase to Built Heritage Investment Fund (\$100k).

A division was required under standing order 27.6, voting on which was as follows:

For:

Mayor Foster, Councillor Calvert, Councillor Condie, Deputy Mayor Free, Councillor Rush, Councillor Sparrow, Councillor Woolf, Councillor Young

Against:

Councillor Day, Councillor Fitzsimons, Councillor Foon, Councillor Matthews, Councillor O'Neill, Councillor Pannett, Councillor Paul

Majority Vote: 8:7

Carried

Secretarial note: The meeting adjourned at 10:44am and reconvened at 11:01am with all the members present.

Moved Councillor Day, seconded Councillor Calvert, the following amendment

Resolved

That the Annual Plan/Long-Term Plan Committee:

- 3.C. Note that the \$2.1m budget allocated to the playground development in 2019/20 will be carried over to 2020/21 financial year.
- 3.D. Note that Council will seek additional tenders for the upgrade of the Playground consistent with the existing resource consent and broadly consistent with the existing design and that if additional budget is required to undertake the development in the 2020/21 financial year, it will be managed through a capital expenditure reprioritisation process.

Carried

Secretarial note: The amendment moved by Councillor Day and seconded by Councillor Calvert was taken in parts.

(Councillor Paul left the meeting at 11:41am and returned at 11:43am.)

(Councillor Fitzsimons left the meeting at 11:52am and returned at 11:53am.)

(Councillor Fitzsimons left the meeting at 11:55am and returned at 11:56am.)

Moved Councillor Foon, seconded Councillor O'Neill, the following amendment

Resolved

That the Annual Plan/Long-Term Plan Committee:

- 3.E. Direct officers to allocate operating surpluses generated through 2020/21 landfill fee increases against activity 2.2.1, for the specific purpose of funding waste minimisation including recycling activities, projects or grants with appropriate and timely reporting.
- ~~3.F. Note that operating surpluses from 3.E. will be allocated as soon as possible, and no later than the end of the financial year 2020/21 and reported back to the portfolio lead on what the surplus was allocated to.~~
- 3.F. Ask that officers report back to Council in mid-September with a report on progressing waste minimisation projects as a matter of priority.

Carried

Secretarial note: With the leave of the meeting, clause 3.F of the original amendment was withdrawn as marked struck-through and replaced with a new clause 3.F as marked in red.

Secretarial note: The meeting adjourned at 12:10pm and reconvened at 12:19pm with all the members present.

Secretarial note: The meeting adjourned at 12:27pm and reconvened at 1:02pm with the following members present: Mayor Foster, Councillor Calvert, Councillor Condie, Councillor Day, Councillor Fitzsimons, Councillor Foon, Deputy Mayor Free (Chair), Councillor O'Neill,

Councillor Pannett, Councillor Paul, Councillor Rush, Councillor Sparrow, Councillor Woolf and Councillor Young.

Moved Mayor Foster, seconded Deputy Mayor Free, the following substantive motion

Resolved

That the Annual Plan/Long-Term Plan Committee:

1. Receive the information.
2. Note the consultation approach and submitter feedback on the 2020/21 Draft Annual Plan as outlined in Attachment 1.
3. Agree that officers prepare the 2020/21 Annual Plan based on the 2020/21 Annual Plan consultation document **with the following** changes:
 - A. Note that to deliver a 5.1% rates increase Council would need to reduce proposed spending by \$290,000.
 - B. Agree to remove the following items from the Annual Plan:
 - (a) Appearance Bylaw (\$230k)
 - (b) Increase to built heritage investment fund (\$100k).
 - C. Note that the \$2.1m budget allocated to the playground development in 2019/20 will be carried over to 2020/21 financial year.
 - D. Note that Council will seek additional tenders for the upgrade of the Playground consistent with the existing resource consent and broadly consistent with the existing design and that if additional budget is required to undertake the development in the 2020/21 financial year, it will be managed through a capital expenditure reprioritisation process.
 - E. Direct officers to allocate operating surpluses generated through 2020/21 landfill fee increases against activity 2.2.1, for the specific purpose of funding waste minimisation including recycling activities, projects or grants.
 - F. Ask that officers report back to Council in mid-September with a report on progressing waste minimisation projects as a matter of priority.
4. Agree the projects and programmes budgets (Attachments 2 and 3 of this report), noting that any changes arising as part of these deliberations will be incorporated into the final statements presented to Council.
5. Note the additional \$4.6m Capital budget in addition to the consultation budget per 51. below.
6. Agree to increase fees and charges to landfill and marina activities as outlined in Attachment 4 of this report.

7. Agree – as outlined in the draft 2020/21 Annual Plan in response to the COVID-19 impact – to:
 - a) maintain all fees and charges at 2019 levels for the 2020/21 year (other than those outlined in Attachment 4)
 - b) debt fund \$38m of forecast revenue shortfall
 - c) debt fund \$10m of multi-year benefit opex costs (to fund in future years).
8. Agree the following variations to the 2020/21 Annual Plan budget:
 - a) *Additional cost pressures* - inclusion of \$7.328m of rates funded cost pressures (inclusive of original \$3.2m savings target) as detailed in Table 1 of this report;
 - b) *Note that a) includes*
 - ~~Appearance Industry Bylaw – funding to develop and implement the bylaw (\$230k)~~
 - *Karori Events Centre* – Council funded operating costs (\$98k)
 - c) *Savings* – inclusion of savings (budget reductions) of \$7.385m to manage the cost pressures and the original savings target in a) above.
 - d) *Council Controlled Organisations* – increase the provision for Council Controlled Organisations with a 'letter of comfort' as a backstop and increase the provision for additional grant funding from \$2.4m identified in the Consultation Document to \$5m, noting that this will only be distributed based on a proportion of actual net reduction in revenues directly as a result of COVID-19. Consistent with the Council's broader approach for this Annual Plan this will be debt funded.
 - e) **Wellington Regional Stadium Trust – provision of loan funding up to \$2.1m to be drawn only if required, no interest payable for two years, repayable over 10 years; noting that equivalent loan funding on the same terms has been agreed by Greater Wellington Regional Council.**
9. Note that a number of funding requests were made by submitters during the consultation process (see Attachment 1).
10. Decline the additional community funding requests made by submitters for the 2020/21 year noting that these are most appropriately considered as part of the 2021 Long-term Plan process.
11. Note that the Annual Plan includes \$421m of insurance cover as part of a total \$775m of transferred insurable risk on Council's main insurance programme; and further notes that this requires Council to assume a level of risk exposure (to be covered by borrowing) in the event of a significant seismic event.
12. Note that the Annual Plan budget, as outlined in this paper, results in an overall net

average rates increase of 5.2 percent from 2019/20, subject to confirmation from this meeting and finalisation of growth in the ratepayer base.

13. Note that the draft budget prepared for 2020/21 proposes using debt to offset forecast lost revenue, and that this is inconsistent with Council's Revenue and Financing Policy.
14. Note that under Section 80 of the Local Government Act 2002, the Council can make decisions inconsistent with Council policy provided the inconsistency is identified, the reason for the inconsistency is explained, and how the Council will accommodate the inconsistency or modify the policy in future is outlined.
15. Note the nature of the inconsistency, the reason for the inconsistency, and how Council will accommodate the inconsistency as outlined in this report.
16. Agree that it is prudent to propose not to have a balanced budget for the 2020/21 Annual Plan, as operating revenues are not sufficient to meet operating expenses; noting that this balances the response to the forecast impacts on Council's finances of the COVID-19 pandemic, with the need to support local economic activity. It recognises the current financial stress and uncertainty that ratepayers are facing while also appreciating the need to invest in the essential infrastructure and services needed for health, safety and wellbeing of the city.
17. Note that the Pandemic Response Plan adopted on 9 April 2020 proposed an amendment to the Rates Postponement policy and that this amendment was consulted on as part of the 2020/21 Draft Annual Plan.
18. Agree to amend the Rates Postponement Policy as outlined in this report.
19. Agree to extend the rates remission policy COVID-19 response to include the Q1 rates instalment for 2020/21.
20. Note that officers will monitor the need for further extensions to the rates remission policy COVID-19 response during 2020/21 and bring any recommendations back to Council.
21. Recommend to Council to adopt the final 2020/21 Annual Plan based on the Option A of the Annual Plan Consultation Document, and any changes agreed at this meeting of the Annual Plan/Long-Term Plan Committee.
22. Delegate to the Chief Executive Officer the authority to develop the 2020/21 Annual Plan for Council adoption.
23. Note that the Council will adopt the Annual Plan and set rates for 2020/21 at its meeting on 21 July 2020.

Carried

Secretarial note: The substantive motion moved by Mayor Foster and seconded by Deputy Mayor Free, clause 8.a) was taken separately.

Secretarial note: To incorporate the amendments clauses 3. and 8.a) of the substantive motion were amended as marked in red.

The meeting concluded at 1:37pm with the reading of the following karakia:

Unuhia, unuhia, unuhia ki te uru tapu nui	Draw on, draw on
Kia wātea, kia māmā, te ngākau, te tinana, te wairua	Draw on the supreme sacredness To clear, to free the heart, the body and the spirit of mankind
I te ara takatū	
Koia rā e Rongo, whakairia ake ki runga	Oh Rongo, above (symbol of peace)
Kia wātea, kia wātea	Let this all be done in unity
Āe rā, kua wātea!	

Confirmed: _____

Chair