

**Absolutely Positively
Wellington City Council**

Me Heke Ki Pōneke

Ordinary Meeting of Te Kaunihera o Pōneke | Council

Ngā Meneti | Minutes

9:30 am Rāpare, 29 Huitanguru 2024

9:30 am Thursday, 29 February 2024

Ngake (16.09), Level 16, Tahiwī

113 The Terrace

Pōneke | Wellington



PRESENT

Mayor Whanau (Chair)
Deputy Mayor Foon (Deputy Chair)
Councillor Abdurahman
Councillor Apanowicz
Councillor Brown
Councillor Calvert
Councillor Chung
Councillor Free
Councillor Matthews
Councillor McNulty
Councillor O'Neill
Councillor Pannett
Councillor Randle
Councillor Rogers
Councillor Wi Neera
Councillor Young

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1 Meeting Conduct

1.1 Karakia

The Chairperson opened the meeting at 9:30am with the following karakia.

Whakataka te hau ki te uru,	Cease oh winds of the west
Whakataka te hau ki te tonga.	and of the south
Kia mākinakina ki uta,	Let the bracing breezes flow,
Kia mātaratara ki tai.	over the land and the sea.
E hī ake ana te atākura.	Let the red-tipped dawn come
He tio, he huka, he hauhū.	with a sharpened edge, a touch of frost,
Tihei Mauri Ora!	a promise of a glorious day

1.2 Declaration of Councillor-elect

Councillor-elect Rogers made his declaration and was sworn-in as a Wellington City Councillor.

The meeting adjourned at 9:36am and returned at 9:41am with the following members present: Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Chung, Deputy Mayor Foon, Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Mayor Whanau, Councillor Wi Neera and Councillor Young.

1.3 Apologies

Moved Mayor Whanau, seconded Councillor McNulty

Resolved

That the Te Kaunihera o Pōneke | Council:

1. Accept the apologies received from Councillor Calvert for partial absence.

Carried

A division was required under Standing Order 27.6(d), voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Chung, Deputy Mayor Foon, Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young

Against:

Absent:

Councillor Calvert

Majority Vote: 15:0

Carried

1. 4 Announcements by the Mayor

Mayor Whanau invited Councillor Brown to speak regarding the closure of Capital Magazine. Councillor Brown shared the following:

“Thank you, I just thought I’d make an announcement about something which I think we all regret happening which is the closure of Capital Magazine that Alison Franks and John Bristead have run. Capital Times and then Capital Magazine for the last, it’s basically as long as I can remember, and I think they’ve actually been all those. Both those pieces of media have been really important for Wellington I think it’s such a shame that Wellington now won’t have a capital magazine, both with Capital the uppercase and lowercase and so I just thought it would be worth mentioning that it’s something to be regretted. Obviously we’ve had a big media announcement at national level yesterday but the closure of Capital Magazine is quite an important loss for the city and something which I think we should be regretting.”

The Mayor thanked Councillor Brown and added:

“You’ve already mentioned the news about Newshub so just sending them some love and support. We have William here today and we are sorry that you are going through a tough time.”

1. 5 Conflict of Interest Declarations

No conflicts of interest were declared.

1. 6 Confirmation of Minutes

Moved Mayor Whanau, seconded Deputy Mayor Foon

Resolved

That the Te Kaunihera o Pōneke | Council:

1. Approves the minutes of the Ordinary Te Kaunihera o Pōneke | Council Meeting held on 14 December 2023, having been circulated, that they be taken as read and confirmed as an accurate record of that meeting.

Carried

A division was required under Standing Order 27.6(d), voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Chung, Deputy Mayor Foon, Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O’Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young

Against:

Absent:

Councillor Calvert

Majority Vote: 15:0

Carried

1.7 Items not on the Agenda

There were no items not on the agenda.

1.8 Public Participation

1.8.1 Neil Plimmer

Addressed the Council regarding item 2.2.

1.8.2 Richard Burrell

Addressed the Council regarding water.

Attachments

1 Richard Burrell Handout

1.8.3 Tyrone Barugh

Addressed the Council regarding water.

1.8.4 Libby Dearnley

Addressed the Council regarding item 3.1.

1.8.5 Justin McKenzie

Addressed the Council regarding item 3.1.

1.8.6 Craig Stewart

Addressed the Council regarding item 3.1.

1.8.7 Marcail Parkinson

Addressed the Council regarding item 3.1.

1.8.8 Bryan Block and David Grant

Addressed the Council regarding item 3.1.

1.8.9 Sir Mark Dunajtschik and Nick Wareham

Addressed the Council regarding item 3.1.

(Councillor Brown left the meeting at 9:52am)
(Councillor Brown rejoined the meeting at 9:53am)
(Councillor Brown left the meeting at 10:03am)
(Councillor Brown rejoined the meeting at 10:04am)
(Councillor Calvert joined the meeting at 10:07am)
(Councillor Wi Neera left the meeting at 10:24am)
(Councillor Wi Neera rejoined the meeting at 10:27am)

The meeting adjourned at 10:43am and returned at 11:01am with the following members present: Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Chung, Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Mayor Whanau, Councillor Wi Neera and Councillor Young.

(Deputy Mayor Foon rejoined the meeting at 11:02am)
(Councillor Calvert rejoined the meeting at 11:10am)

2. General Business

2.1 Maiden speech

Moved Mayor Whanau, seconded Councillor Matthews

Resolved

That the Te Kaunihera o Pōneke | Council:

1. Receive the information.
2. Thank Councillor Rogers for their maiden speech.

Carried

A division was required under Standing Order 27.6(d), voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Calvert, Councillor Chung, Deputy Mayor Foon, Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young

Against:

Majority Vote: 16:0

Carried

Secretarial note: In accordance with standing order 19.1, the chairperson accorded precedence to some items of business and announced that the agenda would be considered in the following order:

- Item 3.1** Notice of Motion of Revocation: City Activation
- Item 2.2** Charles Plimmer Bequest Forward Programme
- Item 2.3** Water Services Bylaw Review 2024
- Item 2.4** Update to Elected Member Appointments for the 2022-2025 Triennium
- Item 2.5** Actions Tracking and Forward Programme

(Councillor Wi Neera left the meeting at 11:29am)

(Councillor Wi Neera rejoined the meeting at 11:31am)

(Councillor McNulty left the meeting at 11:34am)

(Councillor McNulty rejoined the meeting at 11:34am)

The meeting adjourned at 11:55am and returned at 12:35pm with all members present.

3.1 Notice of Motion of Revocation: City Activation

Moved Councillor Pannett, seconded Councillor Young

That the Te Kaunihera o Pōneke | Council:

- 1) Agrees to revoke all the recommendations agreed to by Council on the 4th October 2023 in relation to land owned by Reading Courtenay Central.

Lost

A division was required under Standing Order 27.6(d), voting on which was as follows:

For:

Councillor Abdurahman, Councillor Calvert, Councillor Chung, Councillor Free, Councillor Pannett, Councillor Randle, Councillor Young

Against:

Mayor Whanau, Councillor Apanowicz, Councillor Brown, Deputy Mayor Foon, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Rogers, Councillor Wi Neera

Majority Vote: 7:9

Lost

Secretarial note: In accordance with Standing Order 16.7, Councillor Randle tabled the following document.

Attachments

2 2024-02-29 Questions and Answers - Council

(Councillor Calvert left the meeting at 1:36pm)

(Councillor Matthews left the meeting at 1:36pm)

(Councillor Matthews rejoined the meeting at 1:37pm)

2.2 Charles Plimmer Bequest Forward Programme

Moved Councillor O'Neill, seconded Deputy Mayor Foon

Resolved

That the Te Kaunihera o Pōneke | Council:

- 1) Receive the information.
- 2) Approve the Plimmer Bequest 10-year forward programme for inclusion in the draft 2024-34 Long Term Plan as follows:

2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Mt Victoria/ Matairangi- Byrd Memorial slope	Kilbirnie Park	Ian Galloway Park	-	-	-	Te Motu Kairangi Park (Watts peninsu la)	Te Motu Kairangi Park (Watts peninsu la)	-	-	-
\$500k	\$2m	\$1m	-	-	-	\$1.5m*	\$1m*	-	-	-

* reviewed every three years alongside LTP

- 3) Note that the Plimmer project long list will be reviewed again in conjunction with the preparation of the draft 2027-37 Long Term Plan. Officers will report back to Councillors on an updated forward programme in the context of progress and timing of Te Motu Kairangi and Council's strategic priorities and directions for parks investment.

Carried

A division was required under Standing Order 27.6(d), voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Chung, Deputy Mayor Foon, Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young

Against:

Absent:

Councillor Calvert

Majority Vote: 15:0

Carried

2.3 Water Services Bylaw Review 2024

Moved Mayor Whanau, seconded Councillor Brown

Resolved

That Te Kaunihera o Pōneke | Council:

- 1) Receive the information.
- 2) Agree to remove water services matters from the Wellington City Consolidated Bylaw and to make a new, stand-alone Water Services Bylaw.
- 3) Approve the Statement of Proposal presenting the draft Water Services Bylaw 2024 (attachment 1) for public consultation from 12 March to midday 15 April 2024; and
- 4) Agree to delegate to the Chief Executive Officer and the Chair of the Environment and Infrastructure Committee the authority to amend the Statement of Proposal to include any amendments agreed by the Council and any other minor edits.

Carried

A division was required under Standing Order 27.6(d), voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Chung, Deputy Mayor Foon, Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young

Against:

Absent:

Councillor Calvert

Majority Vote: 15:0

Carried

2.4 Update to Elected Member Appointments for the 2022-2025 Triennium Moved Mayor Whanau, seconded Deputy Mayor Foon

Resolved

That the Te Kaunihera o Pōneke | Council:

1. Receive the information.
2. Agree to the following changes to committee membership:
 - a. Appoint Councillor Ray Chung to the Koata Hātepe | Regulatory Processes Committee.
 - b. Appoint Councillor Rebecca Matthews to the Unaunahi Māhirahira | Audit and Risk Committee.
 - c. Remove Councillor Rebecca Matthews from the Pītau Pūmanawa | Grants Subcommittee.
 - d. Appoint Councillor Geordie Rogers to the Koata Hātepe | Regulatory Processes Committee.
 - e. Remove Pouwi Holden Hohaia from the Koata Hātepe | Regulatory Processes Committee.
 - f. Appoint Pouwi Holden Hohaia to the Pītau Pūmanawa | Grants Subcommittee.
3. Agree to the following changes to Council Advisory and Reference Groups:
 - a. Appoint Mayor Tory Whanau as the representative on the Wellington Water Committee.
 - b. Appoint Councillor Tony Randle as chair of the Safe and Sustainable Transport Forum.
 - c. Appoint Councillor Sarah Free as alternate for the Safe and Sustainable Transport Forum.

Carried

Secretarial note: The motion was moved with changes to the officers recommendations, as marked in red.

A division was required under Standing Order 27.6(d), voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Deputy Mayor Foon, Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Rogers, Councillor Wi Neera

Against:

Councillor Chung, Councillor Randle, Councillor Young

Absent:

Councillor Calvert

Majority Vote: 12:3

Carried

2.5 Actions Tracking and Forward Programme

Moved Mayor Whanau, seconded Councillor Matthews

Resolved

That the Te Kaunihera o Pōneke | Council:

1. Receive the information.

Carried

A division was required under Standing Order 27.6(d), voting on which was as follows:

For:

Mayor Whanau, Councillor Abdurahman, Councillor Apanowicz, Councillor Brown, Councillor Chung, Deputy Mayor Foon (Deputy Chair), Councillor Free, Councillor Matthews, Councillor McNulty, Councillor O'Neill, Councillor Pannett, Councillor Randle, Councillor Rogers, Councillor Wi Neera, Councillor Young

Against:

Absent:

Councillor Calvert

Majority Vote: 15:0

Carried

The hui concluded at 1:53pm 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
I te ara takatū	and the spirit of mankind
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!	

Authenticated: _____

Chair

Ordinary Meeting of Te Kaunihera o Pōneke | Council

Minute item attachments

9:30 am Rāpare, 29 Huitanguru 2024

9:30 am Thursday, 29 February 2024

Ngake (16.09), Level 16, Tahiwī

113 The Terrace

Pōneke | Wellington

Business

Page No.

1.8 Public Participation

1. Richard Burrell

2

3.1 Notice of Motion of Revocation: City Activation

2. Tabled question and answer document

3

Subject: Response to OIA IRO-520
Date: Tuesday, 12 December 2023 at 3:53:37 PM New Zealand Daylight Time
From: Official Information
To: Richard Burrell
CC: Official Information
Attachments: image001.jpg, image002.png

Kia ora Richard,

Official information request regarding sewage replacements.

Thank you for clarifying your requests for us.

The major wastewater rising main projects on Wakefield Street – between Victoria Street and Taranaki Street – is a planned renewal and preliminary design is underway this Financial Year (FY). It was not designed by Stantec, nor was it planned to be constructed by Ramsbottom Contractors. There are no reports for this specific section of renewal at this time, as design to date on this section is at a network wide level only, therefore we decline your request in accordance with [Section 17\(e\)](#) of the Local Government Official Information and Meeting Act 1987.

The project that was deferred is the new Wakefield Street Rising Main between Taranaki Street and Kent Terrace/Oriental Parade. Whilst this project was planned for the 2023/24 FY it was subsequently deferred due to funding constraints. Stantec has design this section and EN Ramsbottom was scheduled to undertake the work, but not contracted because of the deferral.

Ngā mihi nui,

Liam

Liam Davies (he/him)
Governance Coordinator - Business Services



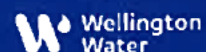
Tel 04 912 4400

Private Bag 39804, Wellington Mail Centre 5045
Level 4, 25 Victoria Street, Petone, Lower Hutt

www.wellingtonwater.co.nz



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Wellington Water is owned by the Hutt, Porirua, Upper Hutt and Wellington city councils, South Wairarapa District Council and Greater Wellington Regional Council. We manage their drinking water, wastewater and stormwater services.

Questions and Answers

Te Kaunihera o Pōneke | Council

Thursday 29 February 2024

2.3 Water Services Bylaw Review 2024

- 1. There are a range of permits required under this bylaw such as a permit for “drawing of water from fire hydrants”.**
 - a. Is there any significant change in the permitting process (e.g. who issues the permit, cost of permit)**
 - The draft new bylaw does not require significant change to any permitting process.
 - The current bylaw refers to a ‘fire hydrant permit.’ The draft new bylaw updates these references as the permit required is now a ‘permit for drawing water.’ There is currently no cost to obtain the permit. The applications are assessed by Wellington Water Limited (WWL).
 - b. Are there activities that currently do not require a permit but will require a permit under this new bylaw and, if so, what are these activities and what is the cost of these permits?**
 - All permits required under the draft new bylaw are already required under the current bylaw (noting the change in the name of the permit referred to in the answer above).
 - The draft new bylaw includes a new requirement to obtain written permission before working close to public water services infrastructure. This is not a new permit process and will mostly be managed through the existing process of obtaining ‘mark-outs’ to locate buried services prior to commencing excavation work. Locating buried services is already a requirement in the current bylaw.
- 2. The Bylaw shifts water standards to the “The Regional Standard for Water Services”.**
 - a. What elected body is responsible for managing this standard?**
 - The Regional Standard for Water Services has been in existence for more than a decade. The current bylaw includes references to the ‘Water Supply Connection Standards’ which have been removed in the draft new bylaw as they are superseded by the Regional Standard for Water Services.

- Since the establishment of WWL, WWL has taken on the role of managing the Standard.
- b. Who is the WCC representative to the body is responsible for managing this standard?**
- The Council's City Consents and Compliance Team is the key liaison with WWL in the management of the Standard. The Strategic Planning Team has also included the Standard within the proposed District Plan which requires that subdivision or development in urban areas is serviced by three waters infrastructure to meet the Wellington Water Regional Standard for Water Services.
- c. What process is used to update this standard?**
- The Standard is updated every 1-2 years. WWL proposes changes to the Standard and formally consults on these with the Council (through the City Consents and Compliance Team), other Councils in the region, and developers.

3.1 Notice of Motion of Revocation: City Activation

- 1. Given WCC has confirmed via social media to Wellington - Live that the carpark site is not part of negotiations, can officers confirm when discussing the deal publicly councillors are free to state that it relates only to the existing cinema site and no other holdings owned by Reading?**
 - Yes. Councillors are free to confirm it is only the Courtenay Central site that is the subject of the initiative.
- 2. Are officers supportive of a further governance decision before the \$26m budgeted in the LTP is released should the deal proceed?**
 - No, this would not align with the agreed commercial terms and would require an additional condition within the formal agreement.
- 3. If not, can officers confirm that should the revocation notice fail on Thursday, the intention is that the Reading deal is not out in front of councillors again for any further decisions?**
 - Yes, noting that there would be no ability to do this after the formal agreement has been executed by which time the \$26m would have been committed.
- 4. What (if any) concerns have officers uncovered through the due diligence process for Reading?**
 - Discussed at the councillor briefing on 28 February 2024.
- 5. Reading's share price has declined by 66% through the pandemic and in the past 12 months is down from \$3.50 in Feb 23 to \$2 today. This would suggest strong concern from private investors about current outlook and management. Any comment from officers?**
 - Yes it is down and is in alignment with the general cinema industry. Reading has publicly declared this, and their financial reporting outlines the actions they have taken to mitigate these largely Covid pandemic related declines in revenue.

6. **Reading expressed concern in their 2023 report that over \$177m of debt will mature over the next 24 months coming off low fixed interest rates with each 1% increase = \$2.7m reduction in cash flows/earnings. Has this been considered or factored into our evaluation of Reading? Any comment from officers?**
- Under the public audit obligations Reading holds in the US, public auditors reviewed the financial reports and have not provided any concerns, i.e., Reading has received an unqualified audit each year.
 - Yes, such a circumstance has been considered, and will be addressed through the controls within the formal agreement, typical for such an arrangement.
7. **The same report also talks about "substantial short to medium term debt". How have officers come to have confidence that Reading are able to sufficiently capitalise to pull off a development the magnitude of Courtenay Place?**
- Discussed at the councillor briefing on 28 February 2024.
8. **Have Reading been able to confirm they can secure sufficient private capital to fund redevelopment of Courtenay Place? Do we know the funder or at least which market the capital is being raised in?**
- This will be a condition of settlement.
9. **At peak market years ago, retail premises within Reading were fetching over \$1k per sqm (not inflation adjusted), a figure which is now generally unobtainable for leases in Courtenay Place.**
- a. **If a new building/mixed development isn't proposed and they are looking only to strengthen the existing structure, what retail/tenancy mix do they expect on location?**
- In addition to the strengthening of the building to 100% NBS, the ground floor will be redeveloped. The concept description for that redevelopment and the exterior, is to be attached to the formal agreement. It outlines that the redevelopment of Courtenay Central *"is intended to offer a diverse mix of hospitality, retail, boutique offerings and entertainment tenants, and some anchor tenants, and some anchor tenants, providing a mix of solid day and night-time offers."* Additionally, *"the curation of the ground floor will be designed with similarities to Riverside Markets..."*
- b. **How would this mix support what I assume would be substantially increased capital costs of completing works?**
- The mix proposed is consistent with contemporary cinema / mixed use complexes, which Reading operates several of.
- c. **Has the retail centre of town not shifted such that Courtenay Place may no longer be able to attract high-end anchor tenants in Wellington?**
- The Courtenay Central complex is located within a diverse offering of hospitality, entertainment, housing, accommodation and arts and creative communities. A combined cinema and tenant mix outlined above is anticipated to enhance the commercial activity in the Courtenay Place area.

- d. Do officers believe Reading would need to offer below market leases to attract tenants back to Courtenay Central and are they confident the group are in a fiscal position to support such a subsidy?**
 - As with any lessor in any market, securing tenants may require Reading to provide incentives. This is typical and generally market aligned.
- e. Given a previous development which would have incorporated the carpark and anchor retailers such as TWG was pulled by Reading about a decade ago and there has been a court settlement with Countdown, is there sufficient goodwill toward the outfit as a commercial landlord?**
 - Reading advises they have 78 third party tenants ranging from large format grocery tenants, national restaurant chains, cafes, pharmacy, entertainment, leisure, government and office. All of Reading's leasing (lease renewals, new leases with existing tenants, assignments) from negotiations through to finalising lease documentation is completed by Reading staff. Reading has many years of real estate experience.

10. What exactly are we able to say in relation to the City Activation Project given a significant amount of information is out in the public? In other words, what is public and what is not?

- Refer the information provided at the councillor briefing on 28 February 2024.

11. The paper states that negotiations are 80% complete, what has been negotiated and what has not? What is still to be done? Are we able to see the Lease terms and Sale and Purchase Agreement (just to be sighted, not to be removed from the building?)

- The Sale & Purchase Agreement, and Lease terms have been agreed in principle and will be subject to final minor refinements. The Reading Courtenay Deed is well advanced. Work discontinued following receipt of the Notice of Motion.
- The Commercial Terms Sheet available for viewing on a confidential basis at the councillor briefing on 28 February 2024.

12. What work has been done to quantify the benefits of investment in this particular bit of land?

- A range of benefits were considered by the Council at the 4 October 2023 meeting. They are summarised in the Notice of Motion paper to be considered on 29 February 2024.

13. What legal protections have been put into place to ensure that the money is spent on earthquake strengthening the building? Or are there provisions which will enable Reading to put the money into developing the whole site? If they were to develop the whole site, what impact would \$32m have on Reading as owners to do this work? How would they make up the shortfall?

- The formal agreement will require the purchase price (including the deposit) to be applied to pre-construction and redevelopment works only, which includes the civic outcomes e.g., pedestrian access through Courtenay Central, temporary laneway, active frontage. The concept description that will be attached to the formal agreement requires a seismic rating of at least 100% NBS.
- As discussed above, the agreement will be conditional on Reading obtaining sufficient funding to complete the redevelopment works at Council's satisfaction.

14. How will simply strengthening the building revitalise the area and encourage others to invest? The building was in quite a sad state for some time before it closed. What other plans does Reading have for the site or will they landbank? What commitment have they given to staying in Wellington given that movie theatres come and go?

- Courtenay Central is to be strengthened and refurbished with these works being benchmarked to the outline plans and specifications to be appended to the formal agreement. These will outline the extent, nature, quality, and intent of the redevelopment, which is anticipated to help restore Courtenay Place as a thriving hub for residents and visitors alike, attracting new residents and businesses.
- Reading has not given a commitment to staying in Wellington beyond that which is inherent in the agreement. To the extent the Council retains an interest in the agreement, the Council is not invested in Reading per se. It is the strengthening and re-establishment of Courtenay Central as a safe place of entertainment for Courtenay Place, and delivery of the benefits contained within the 4 October 2023 paper that the Council is invested in.

15. How much time will Reading International have to do the strengthening work?

- The formal agreement will include a target completion date for the redevelopment works. Currently anticipated to be c. 3 years from entering into the formal agreement. Typical controls will be included for any extension beyond the agreed redevelopment programme.

16. Why have other deals fallen through such as the development of the supermarket over the years?

- The Council has no visibility of the details of the example provided, other than what is contained in public media.

17. How exactly will it be developed to become more family-friendly given the majority of the businesses there serve liquor?

- Courtenay Central was previously positioned and operated as a safe, family friendly facility with the intent that the redevelopment will be similarly positioned. As noted above, the formal agreement will include outline plans and specifications outlining the extent, nature, quality, and intent of the redevelopment.
- Community and stakeholder feedback corroborates that there continues to be a public desire for Courtenay Central to return to such a facility.

18. What land is proposed to be sold to pay for the purchase of this land? What analysis has been done around the opportunity cost of selling this land?

- The Council's Property Team has identified a range of properties and will undertake the required analysis of them.

19. Why was this deal advanced without any policy to guide it or financial strategy around the future of the ground leases? And why was Reading given priority?

- Council does not have a specific policy on the acquisition or disposal of strategic property. The development of a policy was resolved at the 4 October 2023 meeting.
- At the 4 October 2023 meeting Council agreed to offset the cost through sale of ground leases. This work is underway.
- Reading was not given any particular priority. Instead, a range of benefits and risks were considered by councillors when agreeing to support the initiative on 4 October 2023.

- 20. Does the Council have any other plans to do similar financial deals to help other businesses and what criteria will be supplied to decide who is helped and who is not?**
- The Council has, and continues to, engage with a range of initiatives put to it, many of which are considered on their individual merit. This range and complexity within such initiatives limit the use of a template approach, hence the individualised analysis of risks and benefits, including alignment with current strategy and policy, is undertaken as part of considerations by councillors.
- 21. Given that businesses will be very aware of Wellington's risk of earthquakes, why are deals being offered to help manage this risk?**
- Deals are not being offered. Reading approached the Council seeking its support given a unique set of circumstances.
- 22. What consideration has been given to homeowners facing eviction due to high strengthening costs?**
- This is outside the scope of the City Activation Project. If Council was to take this approach it would be included in the forward work programme and considered by councillors.
- 23. Has any engineering advice been received on the quality of the land given it is in a liquefaction zone? This is particularly important given the Council is proposing to own the land? Is any work required now to remediate it or is it likely to need to have work done to it in the next few years and at what cost?**
- Reading is required to meet a range of conditions which includes obtaining necessary approvals to undertake the redevelopment. Achieving a Building Consent addresses these matters raised.
- 24. What research has been done into Reading as an entity given some commentary has been sceptical of its long-term value?**
- As part of the due diligence process, Council officer's engaged PwC to undertake a financial assessment into Courtenay Central (and related entities).
- 25. Similarly, given the site is quite close to the sea, what scientific evidence has been considered in relation to whether the building will be resilient now and into the future?**
- Matters such as this will be addressed through Reading obtaining Resource and Building Consents as required. Obtaining these is a condition of the agreement.
- 26. When will information be released to the public about the terms of this deal so that they can make an informed submission on the Long-Term Plan?**
- In addition to a communications plan being agreed with Reading upon execution of the formal agreement public information provided at the councillor briefing on 28 February 2024.
- 27. Can a summary of the Reading Deal Public Excluded information that is now in the public domain be provided?**
- The information pack provided to Councillors on 28 February 2024 includes information that can be referred to by Councillors in public.
- 28. can a summary of the Reading Deal Public Excluded information that is still not in the public domain and so still subject to confidentially be provided?**

- Refer above noting that there remains confidential information that cannot be made public.

29. What is the current capital value of the Reading Deal Land

- For rating purposes, the Council records the capital value as \$28.8m.

30. Please explain what the term “Fiscally Neutral” in the 3.1 Report actually means?

- Fiscally Neutral is a term used in the agreement. It means that the cost of debt raised to purchase the land is met through the lease agreement and therefore not passed on to ratepayers.
- It is not intended for the term to be more widely applied or interpreted outside of the agreement.

31. Under which Council Policy is the Reading Deal being done?

- The report considered by councillors at the 4 October 2023 meeting outlined a range of strategies and outcomes to which the initiative is aligned.

32. What other long stalled major metropolitan developments are to be eligible for Council financial support under this policy?

- The Council regularly engages with property owners and other stakeholders on a range of initiatives. The individual merit of each will guide whether they will be proceeded with.

33. Will the Council offer Stride Properties an equivalent deal to redevelop the Johnsonville Mall and, if not, why not?

- As above.

34. Will the Council offer Amora Hotel Developer an equivalent deal to redevelop the Amora Hotel and, if not, why not?

- As above.

35. Can a copy of the Credit Assessment of Reading be provided or, if not, a summary of that assessment provided?

- As part of the due diligence process, Council officer’s engaged PwC to undertake a financial assessment into Reading Courtenay Central Ltd (and related entities). This was made available for viewing at the verbal briefing on 28/2/24.

36. What is the Councils financial liability if Reading stops paying for its lease for Reading Land?

- As discussed at the councillor briefing on 28 February 2024.

37. After the Reading Deal is executed, what is the Council's ability to incentivise or penalise Reading should the Reading Development not proceed as assumed in the deal?

- As discussed at the councillor briefing on 28 February 2024.

38. Council Officers have stated in their 3.1 Report: 15) The Council's property team has identified ground leases, which have an active market for the amount, with a value equivalent to the purchase price of the Reading land. 16) The underlying information in the Long-Term Plan has been prepared on the assumption that the land will be funded by the sale of a ground lease. This would make the initiative fiscally neutral from a debt perspective also." If the deal is funded via the sale of equivalent "identified ground leases":

a. Will the Reading Deal Land still have loan debt attached to it (and hence have interest charged against it) or will it be held as a debt-free asset? If the latter, how are the lease payments to be calculated?

- The land purchase will initially be funded by debt, which will be offset by sale of ground leases. The cost of the debt will form the basis of the lease term payments.
- Lease payments are calculated as a pass through to Reading of the cost of debt to Council and related transaction fees.
- These charges are anticipated to be structured as ground lease payments and will not cease if the Council no longer holds the debt (under the assumption that this is retired with the proceeds from the sale of other assets).

b. What is the annual income from these equivalent "identified ground leases"?

- At this stage this is too speculative.

c. What was the Capital value of these equivalent "identified ground leases" 10 years ago?

- At this stage this is too speculative.

d. What would be the Council's Debt to Income Ratio?

- Impact would be 0% if offset by the sale of the identified ground leases.

39. If the Reading Deal is not funded through the sale of "identified ground leases" but instead is debt funded:

a. What are the estimated interest (and lease) payments for the Reading Deal if the Reading Deal is Debt Funded?

- This will be calculated based on the interest settings at the time of drawdown of the debt but is estimated at approximately \$2m per year for the term of the loan once settlement has occurred
- This cost will be covered by the future sale of ground leases.

b. What would be the Council's Debt to Income Ratio if the Reading Deal is Debt Funded?

- In isolation, the impact of the \$32m on the D/R is approximately 3%, assuming that this is not offset by the sale of the identified ground leases, in which case the impact would be 0%.

40. If the Reading Deal did not proceed:

- a. **If the “identified ground leases” were still sold but used to pay down debt, how much annual interest would be saved by the council?**
 - This is too speculative.
- b. **If the “identified ground leases” were still sold but used to pay down debt, what would be the Councils Debt to Income Ratio?**
 - This is too speculative.

41. Can we have a general update on how the project is progressing, please?

- Refer to answer to question 11.

42. What are the outcomes of the due diligence process?

- Refer to answer to question 4.

43. What are the outcomes from ground lease land to be sold?

- Refer to answers to question 18 and question 30.

44. Wouldn't we put the proceeds from ground leases to pay down the debt?

- The Council agreed to an additional resolution at the 4 October 2023 Council meeting directing officers to report back to Council on existing WCC ground leases that could be sold in order to reduce WCC's overall debt position, by the equivalent purchase price of Reading Courtenay.

45. Has there been any further development on the other parcels of land?

- Not at this stage.

46. Is there any opportunity for them to sell these also to pay for Reading?

- The combined value of these sites is not sufficient to complete the redevelopment of Courtenay Central.

47. At what stage would the rates income come back to the council?

- 1 July of the year following completion of the redevelopment and when the update valuation has been received by Council.

48. What is the timeline we are working to get the development up and running?

- Refer to answer to question 15.