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ORDINARY MEETING  
OF  
**PŪRORO TAHUA | FINANCE AND PERFORMANCE**  
COMMITTEE  
AGENDA

Time: 9:30am  
Date: Thursday, 17 February 2022  
Venue: Ngake (16.09)  
Level 16, Tahiwī  
113 The Terrace  
Wellington

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## **MEMBERSHIP**

Mayor Foster  
Deputy Mayor Free  
Councillor Calvert (Chair)  
Councillor Condie  
Councillor Day  
Councillor Fitzsimons  
Councillor Foon (Deputy Chair)  
Liz Kelly  
Councillor Matthews  
Councillor O'Neill  
Councillor Pannett  
Councillor Paul  
Councillor Rush  
Councillor Woolf  
Councillor Young

### **Have your say!**

*You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 04-803-8334, emailing [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz) or writing to Democracy Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number, and the issue you would like to talk about. All Council and committee meetings are livestreamed on our YouTube page. This includes any public participation at the meeting.*

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## AREA OF FOCUS

The Pūroro Tahua | Finance and Performance Committee has the following responsibilities:

- Financial oversight
- Procurement policy
- Financial and non-financial performance oversight in relation to the Long-term Plan and Annual Plan
- Health and Safety
- Non-strategic asset investment and divestment as provided for through the LongTerm Plan and recommending to Council for matters not provided for in the LongTerm Plan.
- Council Controlled Organisation oversight and performance, with the exception of Wellington Water Limited which sits with the Infrastructure Committee
- Council Controlled Organisation director review and appointments
- WellingtonNZ oversight and performance

The Committee has the responsibility to discuss and approve a forward agenda.

To read the full delegations of this committee, please visit [wellington.govt.nz/meetings](https://wellington.govt.nz/meetings).

**Quorum:** 9 members

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## 1. Meeting Conduct

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### 1.1 Karakia

The Chairperson will open the meeting with a karakia.

<b>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!</b>	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
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At the appropriate time, the following karakia will be read to close the meeting.

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

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

### 1.3 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.

### 1.4 Confirmation of Minutes

The minutes of the meeting held on 18 November 2021 will be put to the Pūroro Tahua | Finance and Performance Committee for confirmation.

### 1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows.

***Matters Requiring Urgent Attention as Determined by Resolution of the Pūroro Tahua | Finance and Performance Committee.***

The Chairperson shall state to the meeting:

- 
1. The reason why the item is not on the agenda; and
  2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

The item may be allowed onto the agenda by resolution of the Pūroro Tahua | Finance and Performance Committee.

***Minor Matters relating to the General Business of the Pūroro Tahua | Finance and Performance Committee.***

The Chairperson shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Pūroro Tahua | Finance and Performance Committee for further discussion.

#### 1.6 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 31.2 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

Requests for public participation can be sent by email to [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz), by post to Democracy Services, Wellington City Council, PO Box 2199, Wellington, or by phone at 04 803 8334, giving the requester's name, phone number and the issue to be raised.

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## 2. General Business

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# PROCUREMENT STRATEGY UPDATE

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### Kōrero taunaki

### Summary of considerations

#### Purpose

1. This report to Pūroro Tahua - Finance and Performance Committee provides an update on implementing the Procurement Strategy adopted in February 2021

#### Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
  - People friendly, compact, safe and accessible capital city
  - Innovative, inclusive and creative city
  - Dynamic and sustainable economy
- 
- Functioning, resilient and reliable three waters infrastructure
  - Affordable, resilient and safe place to live
  - Safe, resilient and reliable core transport infrastructure network
  - Fit-for-purpose community, creative and cultural spaces
  - Accelerating zero-carbon and waste-free transition
  - Strong partnerships with mana whenua

#### Strategic alignment with priority objective areas from Long-term Plan 2021–2031

#### Relevant Previous decisions

Procurement Strategy, 11 Feb 2021  
Audit NZ Report on Procurement, Contracts and Project Management, 12 Nov 2020

#### Financial considerations

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

#### Risk

- Low       Medium       High       Extreme

Author	Iestyn Burke, Principal Advisor Commercial Procurement
Authoriser	Sara Hay, Chief Financial Officer

## **Taunakitanga Officers' Recommendations**

Officers recommend that the Pūroro Tahua | Finance and Performance Committee:

1. Receive the information.
2. Note that the next report-back on progress in implementing the Procurement Strategy will occur in August 2022.

## **Whakarāpopoto**

### **Executive Summary**

4. In February 2021 the Wellington City Council Procurement Strategy was adopted with the purpose of “describing how the Council’s procurement and commercial activity will support the achievement of the Council’s strategic objectives in ways that align with its values and strategic policies, always seeking to maximise the overall benefits that can be delivered as a result”.
5. Key achievements since the adoption of the Procurement Strategy include:
  - a. Development of a Council wide Contract Management Framework. This will ensure that what is contracted for is delivered, with clear ownership, accountabilities, and responsibilities in relation to the contract from execution to termination / expiry.
  - b. Replacement of 10 passenger vehicles with EVs, and plans to replace a further 72 vehicles, as well as installation of EV chargers in Council offices and the community.
  - c. Finalising of a Broader Outcomes operational policy, focused on delivery of:
    - i. Social & Economic Outcomes
    - ii. Māori Economy & Iwi Outcomes
    - iii. Community Outcomes
    - iv. Environmental & Sustainability Outcomes
  - d. Approval of Te Upoko o Te Ika a Maui Commitment to increase supplier diversity and ensure we provide more contracting opportunities to Maori and Pasifika suppliers.
  - e. Supplier panels being established, prioritising professional services panel pan Council, including designers, engineers, project management, and quantity surveyors. This will make the process for engaging on individual projects easier for the Council.

## **Takenga mai**

### **Background**

6. WCC purchases a significant volume and variety of goods and services ranging in scope from major contracts for civil works, horizontal and vertical construction, large maintenance contracts, professional services, land, building and art acquisitions to



small items such as office supplies and minor equipment, with external expenditure of over \$500m per annum.

7. In September 2020 Audit NZ noted that WCC lacked a Council-wide Procurement Strategy, and that “due to the devolved procurement operating model, there is a lack of understanding of and visibility around Council-wide procurement and contracting activity”. The report recommended that “Council develop a roadmap of work to be undertaken to improve the procurement capability within the Council”.
8. In February 2021 the Wellington City Council Procurement Strategy was adopted with the purpose of “describing how the Council’s procurement and commercial activity will support the achievement of the Council’s strategic objectives in ways that align with its values and strategic policies, always seeking to maximise the overall benefits that can be delivered as a result”.
9. Five Procurement objectives were adopted:
  - a. **Best value.** Aroha – we act with the best of intent
  - b. **Fit for the future.** Tika – we do what is right
  - c. **Effective and efficient processes.** Whakapai ake – we are always improving
  - d. **Risks are identified and managed.** Kaitiakitanga – we are guardians
  - e. **Partnering for greater impact.** Kotahitanga – we are stronger when we work together
10. As part of the implementation plan a sub-working group of Councillors met in April 2021 for an update on progress against the five procurement objectives. The activities identified as underway or planned in April have now either been completed or are substantially progressed.
11. The Procurement Strategy noted “biannual reporting on the Procurement Strategy to the Finance, Audit and Risk Subcommittee”, and that the Procurement Strategy itself will be reviewed every three years.

## **Kōrerorero**

### **Discussion**

12. This paper provides an update on implementing the Procurement Strategy, noting key achievements to date and upcoming activities planned before the next review in August 2022.

### **Key achievements**

13. Development and approval of a council-wide Contract Management Framework. This will ensure that what is contracted for is delivered, and enable clear understanding of ownership, accountabilities, and responsibilities in relation to the contract from execution to termination / expiry. It will provide visibility of contracts to plan for the future, help uncover potential duplication or fragmentation and identify new opportunities for consolidation or rationalisation and to maximise the potential value that can be extracted from agreements. Note that this approach is centred on commercial rather than legal aspects of each contract. In practice this will mean:
  - a. All contracts will have a single, identified contract owner
  - b. Executive Leadership Team members will be accountable for contracts within their Groups

- c. Risk assessments will be undertaken where appropriate
  - d. Commercial Partnerships will provide support to contract owners, with a higher level of involvement in critical contracts
  - e. Cost saving and supplier rationalisation opportunities will be identified
  - f. Central visibility of and reporting on all contracts at Council will be undertaken to enable future planning activities such as, renegotiating, re-sourcing or termination
  - g. Contracts will be reviewed at least annually in accordance with a contract management plan, with a continuous improvement focus. Contract Close-out processes (to include performance of both parties at the expiry of contracts) will be in place and well understood.
14. Contract management is a core enabler to extracting savings and other un-realised benefits from existing contracts. Failure to manage contracts effectively can result in untapped opportunities for value creation being missed, or in some cases, erosion of value.
15. The diagram below illustrates the impact of contract management across the Procurement and Contract Management Life Cycle, with effective management resulting in delivering additional benefits that go beyond the initial procurement and contract negotiation activities.



16. The vehicle fleet replacement plan has been developed and implementation is underway. 10 vehicles have been replaced with EVs this financial year, and 20 chargers are being installed at Council offices throughout January and February 2022. The plan targets a further 72 light passenger vehicles to be rationalised and replaced with EVs in the next 12 months, addressing the bulk of the fleet (note that this excludes utility vehicles and machinery).
17. A syndicated contract led by Wellington City Council and incorporating Hutt City Council has also been executed with Meridian to install 80 EV chargers in the Wellington (60) and Hutt (20) communities.

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18. The Broader Outcomes Framework has been developed to further operationalise the Procurement Strategy. The Framework contains a tendering toolkit and reporting structure to help deliver our intent to seek more broader outcomes and ensure they are better embedded in our commercial decision making. The four target outcome areas of focus are:
- a. Social & Economic Outcomes
  - b. Māori Economy & Iwi Outcomes
  - c. Community Outcomes
  - d. Environmental & Sustainability Outcomes
19. Te Upoko o Te Ika a Maui Commitment to be signed by the Mayor following approval by Council in November 2021. This regional commitment with other Councils will increase supplier diversity and ensure we provide more contracting opportunities to Maori and Pasifika suppliers.
20. One element of the procurement evolution in Council is a focus on the Māori economy, to enhance the overall prosperity of the Wellington region and create meaningful partnerships with mana whenua. In practice, this commitment means implementing three actions:
- I. Increasing spend with Māori, Pasifika and social enterprise, which is guided by targets to be developed in 2022 by the Commercial Partnerships team in collaboration with other key partners across Council.
  - II. Investing in and increasing visibility of the Māori, Pasifika and social enterprise market sector through the government supplier diversity intermediary Amotai and social enterprise group Ākina. This initiative will enable Council to make better commercial decisions that are more aligned with the market and result in growth of local enterprise capability.
  - III. Sharing learnings, resources and market intelligence across the region to increase impact, build better commercial understanding and grow the economy with our other regional partners.
21. Successfully implementing this commitment will enable enduring positive outcomes for the region and put Council, as well as our other regional partners, in a strong position to deliver our vision of a capital city that is inclusive, sustainable and creative capital for people to live, work and play.
22. The intentional shift that Commercial Partnerships are taking to embed these broader outcomes into the commercial function requires commitments such as this to match our strategic goals and include tangible actions. Alongside other initiatives detailed in this update, implementing a Broader Outcomes strategy, training and development resources and working cross-government through the Broader Outcomes Hapori and Local Government Network. Council is creating a strong foundation on which this broader outcome procurement approach will be built and enable us to create enduring positive social and economic impacts in the communities we serve.
23. Following the approval of the Te Upoko o Te Ika a Maui Commitment, WCC has agreed a contract with a 100% owned Maori supplier with a total value of \$1M. WCC is currently scoping up to 32 refurbishment projects with Amotai and nominated suppliers with a view to agreeing contracts for these initiatives.

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24. The recently tendered Security Services Contract has resulted in the supplier having a partnership with MSD to recruit new staff to the security industry. The supplier will fund, train and employ the candidates put forward by MSD with 85% of the candidates being from ethnic minorities. The supplier has stated this equates to providing 30 new positions annually under this partnership. In addition, they have established relationships with Iwi groups, providing avenues of employment into the industry whilst supporting the regional areas of New Zealand.
  25. Another supplier has made a commitment of \$10,000 of plants for a volunteer roadside and reserve planting initiative as part of their contract commitment to WCC.
  26. Supplier panels are being established, prioritising professional services panel pan Council, including designers, engineers, project management, and quantity surveyors. This will make the process for engaging on individual projects more efficient for both Council and supplier and contribute to improved delivery.
  27. The operational procurement policy is being revised, exploring alternative models of procurement, while maintaining the necessary governance, transparency and visibility, to achieve the best outcomes for Council in this current market. Market sounding with suppliers will be key to striking the right balance of pragmatism, risk management and process.
  28. Commercial Partnerships have undertaken a number of significant procurements including:
    - The review, input, and approval of Lets Get Wellington Moving procurement plans.
    - City Housing healthy homes upgrades work underway, circa \$3m of work has been awarded through a contestable procurement process.
    - Sludge Minimisation Facility – Procurement Strategy for the entire project has been drafted and approved, with a number of procurement processes underway.
    - Preferred supplier for \$135m contract for Te Matapihi ki te Ao Nui Seismic Strengthening and Refurbishment project has been identified and the contract executed with LT McGuinness.
    - A syndicated procurement process led by WCC on behalf of 12 Councils for Library Collection materials has been completed and negotiations are underway. The contract value apportioned to WCC over the term is circa \$4.62M.

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### **Key upcoming activities planned**

29. A number of key activities are planned or currently underway, these include:

- Implementation of the Contract Management Framework, including risk assessment criteria, templates, reporting, policies, roles and responsibilities, contract owner identification, upgrade of supporting systems, and recruitment of resources to support delivery.
- Implementation of longer-term fleet replacement strategy, with goal to transition to a completely EV based fleet as part of our work to achieve Te Atakura First to Zero.
- Implementation of the Broader Outcomes strategy and embedding the Te Upoko o Te Ika a Maui Commitment in how we work.
- Scoping of other supplier panels including horizontal and vertical construction contractors, play areas, and arborist services.
- Development of revised Procurement Policy and Procedures to be presented to Council for review and approval.
- Finalisation and embedding of Supplier Code of Conduct into Council contracts.
- Recruitment to address vacancies within the Commercial Partnerships team.


### **Ngā mahinga e whai ake nei**

#### **Next actions**

30. Commercial Partnership plan to implement the upcoming activities described within this paper and provide an update to the Pūroro Tahua | Finance and Performance Committee in August 2022 on progress.

#### **Attachments**

Attachment 1. WCC Procurement Strategy - Feb 2021 

Attachment 2. Procurement Sub-working Group Presentation April 2021 

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February 2021  
**Procurement  
Strategy**

Next review date - September 2021



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# 1. Introduction

Every year Wellington City Council spends over \$500m on external suppliers to help the Council run its operations and deliver its projects. This includes a wide range of works, goods and services across all Council functions that together enable the delivery of community infrastructure, facilities and services for the residents of Wellington.

The Council has a responsibility to ensure **good public value** when it is engaging external suppliers, especially where they are critical to achieving our long-term city outcomes. Effective spend with these suppliers positively impacts how we can stretch our budgets and ultimately will impact rates.

Amid these challenging times, now more than ever we must also ensure that procurement is an enabler to advance the **long-term wellbeing of our communities**. This in turn supports our communities to create a more **productive, sustainable and inclusive economy** for Wellington.

Therefore, we must:

- select and engage the right suppliers, goods and assets at the right quality and right price to ensure **good public value** and to achieve tangible **social, economic, cultural, environmental and public wellbeing outcomes**
- manage the contracts and relationships we have with suppliers, particularly our strategic suppliers, so that both we and they **deliver what has been promised**, that **risks are identified and managed** effectively for us both, and that we continue to identify and obtain improvements through the life of the contracts
- ensure procurement and commercial activities are aligned with and enable the Council's values, strategic objectives and strategic policies. These include Wellington Towards 2040: Smart Council and the core activities and projects defined in the Council's Long-term Plans and Annual Plans, as well as (but not limited to) supporting the Council's commitments to:
  - the Health and Safety Workplace Act 2015
  - Māori, including under Te Tiriti o Waitangi/ The Treaty of Waitangi
  - Sustainability, including under Te Atakura / First to Zero
  - Local and regional opportunities, including under the Economic Development Strategy.
- champion and apply procurement and commercial management practices that maximise good public value, are effective and efficient, and are **fit for purpose** for the value, complexity and risk of what is being procured or managed, and
- **enhance the satisfaction** of our stakeholders, our staff and our suppliers.

This 2021 Procurement Strategy describes how the Council's procurement and commercial activity will support the achievement of the Council's strategic objectives, in ways that align with its values and strategic policies, always seeking to maximise the overall benefits that can be delivered as a result.



## 2. Purpose, outcomes and objectives

### 2.1 Purpose

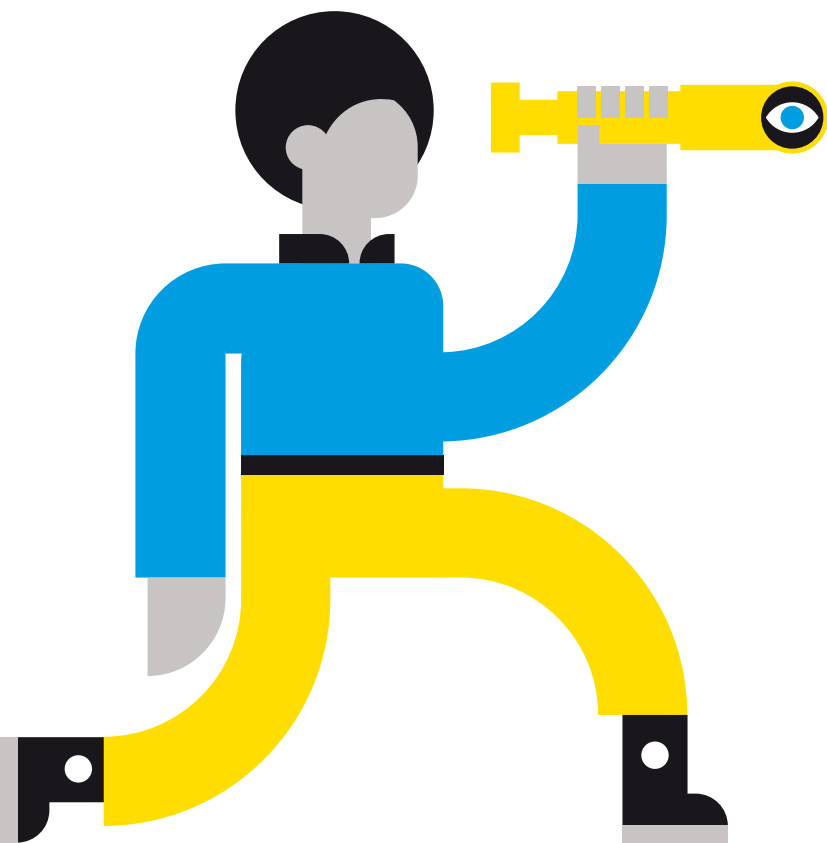
This 2021 Procurement Strategy describes how the Council's procurement and commercial activity will support the achievement of the Council's strategic objectives in ways that align with its values and strategic policies, always seeking to maximise the overall benefits that can be delivered as a result.

### 2.2 Context

The strategy guides and is supported by the Council's policies and procedures framework that is applied across all Council procurement and commercial activities in alignment with the Council's vision, strategic priorities and community outcomes.

In particular the Council will ensure that its procurement and commercial activities are aligned with and enable the delivery of Wellington Towards 2040: Smart Council and the core activities and projects defined in the Council's Long-term Plans and Annual Plans.

The strategy is also informed by and seeks to align with the Government Rules for Procurement (4ed, 2019, published by the Ministry of Business, Innovation and Employment (MBIE)) and the New Zealand Transport Authority (NZTA) Procurement Manual.



## 2.3 Strategic objectives

As set out in the current Long-term Plan, the Vision to benefit Wellington City is to achieve the following four long term city outcomes:

- **People-centred city** – People are the city's greatest asset. Wellington's shape and character will continue to reflect the people who live in, work in, and visit the city. The city will be healthy, vibrant, affordable, accessible and resilient, with a strong sense of identity and place.
- **Eco city** – Developing Wellington as an eco-city means proactively responding to environmental challenges and managing the transition to becoming a low carbon city. It is important that Wellington takes an environmental leadership role as the capital city of clean and green Aotearoa New Zealand. Our many natural assets give the city a head start and opportunities as part of a green economy.
- **Connected city** – Wellington is a connected city, with easy access to regional, national and global networks. Connections are physical, allowing for ease of movement of people and goods; virtual, in the form of world-class ICT infrastructure; and social, enabling people to connect with each other and their communities.
- **Dynamic central city** – Wellington is a city with a dynamic centre, a place of creativity, exploration and innovation. The central city will be a vibrant and creative place, helping Wellington to offer the lifestyle, entertainment and amenity of a much bigger city. The city centre will continue to drive the regional economy.

## 2.4 Procurement objectives

Through this strategy, the Council will undertake procurement activity in line with the following principles:

Objectives	Description
Best value <b>Aroha</b> <b>We act with the best of intent</b>	Get the best possible outcomes over the whole of life of the asset, services or works, by striking the right balance of good outcomes, good quality and good price and good management.
Fit for the future <b>Tika</b> <b>We do what is right</b>	Tangible social, economic, cultural, environmental and public wellbeing outcomes are achieved through procurement that go beyond the immediate purchase of goods, services and infrastructure.
Effective and efficient processes <b>Whakapai ake</b> <b>We are always improving</b>	Processes are fit for purpose, user friendly and intuitive. They balance being effective and efficient with our responsibilities as prudent custodians of public money.
Risks are identified and managed <b>Kaitiakitanga</b> <b>We are guardians</b>	Appropriate controls are in place and adequate data is available to enable the Council to optimise its spend and to meet our legislative obligations as a governing local authority. We are risk aware, not necessarily risk averse.
Partnering for greater impact <b>Kotahitanga</b> <b>We are stronger when we work together</b>	Suppliers choose to work with the Council as a preferred client and/or partner. Stakeholders seek out procurement and commercial involvement because it adds value. The Council is an employer of choice for staff.

## 2.5 Scope

The 2021 Procurement Strategy is owned by Wellington City Council's Chief Executive and Chief Financial Officer.

Responsibility for implementation and future review of the strategy lies with the Manager, Commercial Partnerships.

The strategy is mandatory for all Council procurement and applies to Council Controlled Organisations (CCOs).

The strategy has the capability to incorporate any future Councillor directives and priorities.

## 2.6 Legislative framework

The principal legislative guidance for procurement is based on Section 10 of the Local Government Act 2002, recently amended in the Local Government (Community Well-being) Amendment Act 2019. The purpose statement is "to enable democratic local decision-making and action by, and on behalf of communities and to promote the social, economic, environmental and cultural well-being of communities in the present and for the future".

The procurement processes will support Council's commitment to Māori including responsibilities under Te Tiriti o Waitangi / The Treaty of Waitangi and its broader legal obligations as described in the Local Government Act 2002.

## 2.7 Monitoring

Procurement and commercial activities will be monitored to ensure the objectives of the procurement strategy across the various stages of the supplier lifecycle (planning, sourcing, engagement, management and review) are achieved.

This will include biannual reporting on the Procurement Strategy to the Finance, Audit and Risk Subcommittee.

The procurement strategy will be reviewed every three years to ensure continued alignment to the Council's strategic objectives, values and policies as they evolve and are updated.



## 3. Procurement principles

### 3.1 Best value

#### Aroha - we act with the best of intent

Best value is about getting the best possible outcome over the whole of life of the asset, services or works, by striking the right balance of good outcome, good quality, good price and good management.

Selecting the most appropriate procurement processes and engagement models, that are proportionate to the value, risk and complexity of the procurement will help achieve value for money.

Commercial performance is at the heart of driving value for money. Council takes a whole of life or total cost of ownership approach to commercial outcomes and to optimising the use of goods and assets.

To develop strong, commercially driven business partnerships, we will develop and apply business acumen and commercial awareness in what we do.

Business acumen is delivered by:

- ensuring procurement strategies, engagement models and desired outcomes are clearly aligned with Council's goals and objectives, and based on tangible benefits
- ensuring decisions are positioned to achieve desired outcomes
- growing understanding of and leveraging the different parts of the organisation and how they work together
- enabling results that bring commercial benefits on a whole of life or total cost of ownership approach where the Council optimises the use of goods and assets.

Commercial awareness focuses on:

- using sound financial logic to influence business direction
- optimising commercial outcomes through sourcing and strategic negotiation skills
- keeping up to date with commercial developments within the industry.

### 3.2 Fit for the future

#### Tika - we do what is right

Tangible social, economic, cultural, environmental and public wellbeing outcomes are achieved through well-designed procurement processes and consideration that go beyond the immediate purchase of goods, services and infrastructure.

Procurement and commercial management practices provide key opportunities to maximise value for money and quality services delivery, as well as deliver tangible benefits for the local community, economy and the environment.

Wherever appropriate, procurement initiatives support and/or champion broader strategic outcomes (whether in the short, medium or long term) related to:

- **Health and safety** – Council is committed to reducing and where possible removing the risk of harm to its employees, contractors, volunteers, and the public, as reflected in our Health and Safety Statement of Commitment 2019 and our responsibilities as a PCBU under the Health and Safety Act 2015. The Council's procurement and commercial activities will ensure that requirements and targets for Health and Safety, and for public health more generally, are robustly considered and managed and where appropriate, influenced.
- **Cultural equity** – Council shall encourage procurement decisions that actively seek to foster careers, job security, embrace diversity and an inclusive culture, and better outcomes for Māori, as well as for other cultures and communities such as Pasifika. Council is committed to engaging with iwi in a manner that is increasingly positively regarded.
- **Environmental sustainability** – as the Council strives to become a Zero Carbon Capital and achieve net zero emissions by 2050, procurement activity aligns with its sustainability policies, including Te Atakura / First to Zero. Procurement and commercial decisions that have a positive impact on the natural environment and biodiversity are encouraged. This includes sourcing from Fair Trade certified suppliers, ensuring prudent use of natural resources and minimisation of waste or hazardous substances, as well as efforts to reduce carbon or Greenhouse Gas emissions. In particular, strategies for spend related to energy, fleet and waste minimisation will reflect our forward approach to environmental sustainability.

- **Supporting local and regional businesses** – including providing visibility of upcoming opportunities, actively seeking opportunities for social enterprises and not-for-profit entities to participate in Council contracts, and improved certainty of work pipelines for those suppliers that are contracted to Council. This may include specific consideration of how such organisations contribute to the vibrancy and sustainability of the local economy, support job or market growth.
- **Social equity** – the Council shall encourage procurement decisions that actively seek benefits to the community in terms of social wellbeing, social cohesion, diversity and inclusion, equal opportunities and participation. Wherever practicable, Council remains committed to encouraging selection and contracting of suppliers that pay their people at least the Living Wage, to the Living Wage being a requirement in our contracts for regular and ongoing core services provided to Council and to maintaining our Living Wage Aotearoa New Zealand accreditation status.
- **Innovation** – Council will encourage innovative processes, services and outcomes, as pathways to evolve into the future. Procurement will seek deliver significant additional value through planning, researching and analysing opportunities to source new solutions that meet our needs. Innovative ideas from the market will be sought in the form of new products or services and we will be open to new ways of working – these are key to enabling achieving our objectives. Innovation will be an active part of supplier relationship management, particularly with strategic and business critical suppliers.

These dimensions will be considered in procurement and commercial activities to determine where a difference can be made, including when undertaking procurement planning, cost benefit analyses, weighted attribute assessments of proposals from suppliers and through the contract lifecycle with commercial partner.

### 3.3 Effective and efficient processes

#### Whakapai ake – we are always improving

Processes are used that are fit for purpose, user friendly and intuitive. They balance being effective and efficient with meeting our responsibilities as guardians of ratepayer money.

For suppliers, this will mean unnecessary barriers to engaging on Council opportunities are removed. For staff, it will be easy to do the right thing.

Council's data, tools, systems and processes will enable procurement to be effective and efficient, and to continuously improve how we work and the outcomes we achieve. This will include better planning, preparation, execution and management of procurement and commercial activities, and achieving improved outcomes and transparency of significant contracts across Council.

### 3.4 Risks are identified and managed

#### Kaitiakitanga – we are guardians

Appropriate controls are in place and adequate data is available to enable the Council to optimise its spend and to meet and our legislative obligations as a governing local authority.

Importantly, good procurement is being risk aware and managing risk well, not necessarily risk averse.

### 3.5 Partnering for greater impact

#### Kotahitanga – we are stronger when we work together.

##### Staff

Council attracts, develops and retains the best **staff** with appropriate levels of skill, competency and experience to deliver its procurement and commercial requirements.

To attract and retain procurement expertise, Council offers a diverse portfolio of procurement projects, differing procurement models and interesting community focussed work, which is not normally available through private sector activities.

Targeted learning, development and mentoring of our procurement and commercial staff is encouraged through individual personal development plans.

For purposes of standardisation and best practice, procurement skills and competency development are aligned (where appropriate) with:

- The Ministry of Business, Innovation and Employment (MBIE) as the lead agency for procurement capability development in the public sector in New Zealand
- The Chartered Institute of Procurement and Supply (CIPS) who lead global excellence in procurement and supply
- The New Zealand Transport Agency as a key funder of our activities
- Sharing of procurement specific intellectual property throughout the Local Government Procurement Manager network
- New Zealand and international procurement best practice in both public and private sectors.

Operating budgets define the number of employees and skill classification that can be employed, and Human Resources policies determine the remuneration levels.

### Suppliers and Partners

The Council develops strong relationships and/or partnerships with suppliers and other external parties, particularly where they are important to the delivery of significant goods and services.

The Council proactively seeks opportunities to influence, encourage and strengthen markets and supply channels so that both the Council and suppliers can deliver what has been promised, risks are identified and managed effectively for both parties, and opportunities to grow and improve are identified and achieved through the life of contracts.

This will include providing better visibility of upcoming opportunities, and certainty of work pipelines for those suppliers and partners that are contracted to the Council.

The Council remains committed to working with its suppliers and partners to deliver a safe, fair, sustainable and responsible approach to business. Terms and expectations are made available to current and prospective suppliers via an accessible, user-friendly, on-line portal. Suppliers are expected to acknowledge and comply with the Council's Supplier Code of Conduct<sup>1</sup> as part of their relationship with

the Council. This code sets out the minimum expectations from suppliers and their extended supply chain, to help the Council to deliver on its sustainable sourcing outcomes. Terms of Trade also set out expectations on how the Council conducts business with its suppliers, including a commitment to making payments to suppliers in a timely manner, providing they adhere to the requirements set out in the standard terms of trade when using the electronic P2P process.

As result, suppliers choose to work with the Council as a preferred client and/or partner.

### Stakeholders

The Council's stakeholders seek out procurement and commercial involvement because it adds value to them. The Council seeks out the involvement of stakeholders, including our CCO's, external industry and interest groups, cultural and community representatives, influencers and enablers, to help plan for and achieve better outcomes.

Positive outcomes and changes are communicated and celebrated through a range of channels, including through the Council's website, intranet and social media channels.



<sup>1</sup> Currently under development, 2020





**Absolutely Positively**  
**Wellington City Council**

Me Heke Ki Pōneke

J012028

# Procurement Strategy Implementation

## Sub-Working Group

April 2021

# Procurement Objectives

Objective	Description
<b>Best value</b> <i>Aroha – we act with the best of intent</i>	Get the best possible outcomes over the whole of life of the asset, services or works, by striking the right balance of good outcomes, good quality and good price and good management.
<b>Fit for the future</b> <i>Tika – we do what is right</i>	Tangible social, economic, cultural and environmental wellbeing outcomes are achieved through procurement that go beyond the immediate purchase of goods, services and infrastructure.
<b>Effective and efficient processes</b> <i>Whakapai ake – we're always improving</i>	Processes are fit for purpose, user friendly and intuitive. They balance being effective and efficient with our responsibilities as prudent custodians of public money.
<b>Risks are identified and managed</b> <i>Kaitiakitanga – we are guardians</i>	Appropriate controls are in place and adequate data is available to enable the Council to optimise its spend and to meet our legislative obligations as a governing local authority. We are risk aware, not necessarily risk averse.
<b>Positive feedback from stakeholders, suppliers and staff</b> <i>He tangata, he tangata, he tangata</i> <i>– we put people at the heart of what we do</i>	Our stakeholders seek us out because we add value to them; our suppliers choose to work with us and we are an employer of choice for our staff.

# Initiatives

Objective	Description	Activities
<p><b>Strategy and data inform our approach</b></p>	<p>Clear direction and accurate information is essential whenever we want to move forward.</p> <p>We ensure the right direction of travel through good business strategy and planning.</p> <p>Good data informs strategy and enables tracking of progress as the agreed strategy is being executed.</p>	<p><b>Underway</b></p> <ul style="list-style-type: none"> <li>• Team recruitment progressing well in a challenging market</li> <li>• Regular meetings with Level 2 to confirm priorities and focus areas</li> <li>• established Analysis underway of supplier landscape / categorisation of suppliers e.g. strategic, tactical</li> <li>• Enterprise wide contract register</li> <li>• Improve data recorded e.g. Māori business, H&amp;S qualifications</li> </ul> <p><b>Planned</b></p> <ul style="list-style-type: none"> <li>• Identify multiple contracts and anomalies</li> <li>• Confirm tangible, measurable targets for each outcome / objective</li> </ul>
<p><b>Get the best deal for everyone</b></p>	<p>Supplier contracts meet business needs and are sustainable for suppliers involved.</p> <p>Success focuses on achieving the right balance of price, quality, conditions and outcomes, including social, economic, cultural and environmental wellbeing outcomes.</p> <p>The results drive better value, reduce costs, increase efficiency, reduce risk and improve satisfaction.</p>	<p><b>Underway</b></p> <ul style="list-style-type: none"> <li>• All procurement initiatives consider broader strategic outcomes</li> <li>• Expanded support model</li> <li>• Revising commercial contracts with reasonable T&amp;Cs</li> <li>• Engaging with Amotai to access register of Māori business</li> <li>• Engaging with MSD and KiwiCanDo to identify (subsidised) opportunities to support long term unemployed (focussed on youth and Māori) to enter workforce</li> <li>• Participating with Waka Kotahi and MBIE as part of Broader Outcomes project</li> <li>• Engaging with iwi on appropriate partnering agreements to compensate for participation in hui and wider consultation</li> <li>• Fleet strategies / plan being developed (including remediating aged fleet and accelerated electrification)</li> <li>• Tendering for energy advisory partner to assist with energy minimisation</li> </ul>

# Initiatives

Objective	Description	Activities
<p><b>Processes enable outcome</b></p>	<p>Rules and policies enable outcomes, rather than hinder progress.            Procedures are pragmatic, adaptable and user-friendly.            Commercial unit provides a policy and procedures framework along with self-service tools. It works with and/or mentors the business on complex initiatives.</p>	<p><b>Underway</b></p> <ul style="list-style-type: none"> <li>• Simplifying complicated processes / forms and RFX templates</li> <li>• Reviewing the Procure to Pay process</li> <li>• Reviewing the controls framework to ensure the right controls at the tight time</li> </ul> <p><b>Planned</b></p> <ul style="list-style-type: none"> <li>• Reviewed Procurement policy (and related policies)</li> <li>• Supplier portal</li> <li>• Self service enabled within Council's risk appetite</li> </ul>
<p><b>Open and transparent</b></p>	<p>Our behaviours will reflect our values and recognised good practice principles.            We will document our chosen courses of action and decisions.            We will be willing and able to openly discuss and explain them.</p>	<p><b>Underway</b></p> <ul style="list-style-type: none"> <li>• Ensure processes meet public sector requirements for transparent and prudent behaviour.</li> <li>• Open, enthusiastic and honest communication with suppliers.</li> <li>• Encouraging market / industry / community / iwi engagement to better understand each other.</li> </ul> <p><b>Planned</b></p> <ul style="list-style-type: none"> <li>• Forecasting and award of forward workplan in mutually beneficial packages</li> </ul>

# Initiatives

Objective	Description	Activities
<b>Suppliers contribute to our success</b>	<p>Suppliers managed by business units under sound and fair commercial contracts based on accurate information.</p> <p>Good practice behaviours used to manage suppliers under a consistently applied framework.</p> <p>Commercial leads high value / high risk contract reviews, and otherwise provide support on request.</p>	<p><b>Underway</b></p> <ul style="list-style-type: none"><li>• Increasingly involved in high profile procurements and contract reviews</li><li>• Discussions with current frequently used suppliers on intended direction and seeking feedback on what can be improved.</li></ul> <p><b>Planned</b></p> <ul style="list-style-type: none"><li>• Developing of a supplier management framework involving consistent governance and contract management</li><li>• Contract management plans in place for key suppliers</li><li>• Establish fit for purpose models (enterprise wider where appropriate) e.g. partnerships, preferred suppliers, supplier panels to minimise overheads</li></ul>

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## WATER ACTIVITY RATES SETTING

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### Kōrero taunaki

### Summary of considerations

#### Purpose

1. This report to Pūroro Tahua | Finance and Performance Committee provides options for offsetting the potential lost revenue to Wellington City Council from an error in the rates setting process for the Water Activity.

#### Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

#### Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

#### Relevant Previous decisions

On 2 February Kāwai Māhirahira Audit and Risk Subcommittee recommended the Finance and Performance Committee to consider debt funding the revenue loss, if necessary, resulting from the errors in the Water rates settings

#### Significance

The decision is rated low significance in accordance with schedule 1 of the Council's Significance and Engagement Policy.

#### Financial considerations

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$3m

2. This paper sets out the options to respond to the financial implications of the rates setting error.

#### Risk

- Low       Medium       High       Extreme

3. The risks are fully explored in the attached paper from Kāwai Māhirahira Audit and Risk Subcommittee. There are risks in each of the options for offsetting the lost water rates revenue, the recommended option of debt funding is the lowest risk option.

Authors	Sara Hay, Chief Financial Officer Deirdre Reidy, Manager, Finance Business Partnering
Authoriser	Sara Hay, Chief Financial Officer

## **Taunakitanga**

### **Officers' Recommendations**

Officers recommend the following motion

That Pūroro Tahua | Finance and Performance Committee:

- 1) Receive the information including the report from Kāwai Māhirahira Audit and Risk Subcommittee;
- 2) Recommend to Council to approve debt funding the revenue loss, if necessary, resulting from the errors in the Water rates settings.
- 3) Recommend to Council that should debt funding be required, any surplus at the end of the 2022/23 Financial Year be used to pay down that debt.

## **Whakarāpopoto**

### **Executive Summary**

4. Due to an error in the Water Activity rates setting process, there is a loss of revenue this current financial year. Should water consumption be at the planned amount, the year-end impact could be \$3million.
5. There are limited, practicable options to mitigate this potential impact at this stage in the year. Resetting or replacing the rates is not available/not feasible. Increasing non-rates revenues would require policy changes and may not fully offset the amount, and reducing costs through reducing service levels would require consultation.
6. Reducing discretionary spend is the only other remaining tool other than debt funding any potential impact. There are challenges with this including the already budgeted \$10million savings target, increasing cost pressures across the board and the time of year when a number of costs are already committed.

## **Takenga mai**

### **Background**

7. In February the Kāwai Māhirahira Audit and Risk Subcommittee received a report outlining an error made in the Water Activity rates setting process, how the error was made, and the actions taken to improve processes and systems to ensure the error doesn't happen again.
8. The subcommittee recommend the Pūroro Tahua Finance and Performance Committee consider debt funding the revenue loss, if necessary, resulting from the errors in rates settings.
9. The report concluded that neither replacing nor resetting the Rates, the two relevant methods under the Local Government Rating Act, were available options so debt funding the lost revenue was the more transparent and practical response.



## Kōrerorero

### Discussion

10. Through making a decision, and taking the relevant action to fund the potential lost revenue, Council is acting in accordance with the Balanced Budget requirements of section 100 of the Local Government Act. This is where a local authority must ensure that each year's projected operating revenues and set at a level sufficient to meet that year's projected operating expenses.

## Kōwhiringa

### Options

11. The table below sets out the options for funding the potential revenue loss due to the error. Across all options, except for the debt funded option, it is difficult to know what revenue increase or cost decrease to target as the total revenue loss will not be known until year end. This is because the error is only relevant to volumetric charges on water metred ratepayers.
12. The other issue common to all options except debt funding is the time remaining in the current fiscal year to implement the required actions.
- 13.

Option	Discussion	Recommended Y/N
a) Increasing non-rates revenue.	As detailed above and in the Audit and Risk Subcommittee report, increasing rates is not available so increasing non-rates revenues should be reviewed as an option. Council's main sources of non-rates revenue are from its investment portfolio (Ground leases and Wellington International Airport), Parking, Resource and Building consents, Pools and Leisure. There is no practical way to increase any of these revenues in the current fiscal year, and operating revenue targets are already facing negative pressure due to the impacts of Covid. Furthermore, Council's Revenue and Financing Policy requires revenue from within activities to fund that activities expenses. It would therefore not be appropriate for revenue from a non-water activity i.e. Pools to off-set a revenue reduction in Water.	Not recommended
b) Decreasing Costs/Service Level reduction	Another option to be explored is to reduce costs. This option would involve either a reduction in service levels or not starting a planned activity. As above, to align with the Revenue and Financing Policy, this cost reduction would need to come from the Water Activity. Operating costs in the Water Activity are already under real pressure due to inflationary costs this current year and to reduce costs against budget would mean reducing reactive maintenance spend.	Not recommended

<p>c) Increasing organisational savings target</p>	<p>Increasing the organisations saving target from the current \$10m is the final revenue/cost option. This option would require additional savings to be made largely from third party supplier spend or remuneration. If \$3m was the additional target, this would require savings of \$750k per month until the end of the year. The half yearly results were on budget, however significant risks were raised for the year end position notably escalating labour costs. One feasible way of achieving this would be a full recruitment and contracting freeze until the end of the year. This would not only impact the council's ability to deliver the current years committed programme, but would also place existing and remaining staff under significant pressure. Retention of staff is a key risk for the organisation.</p>	<p>Not recommended</p>
<p>d) Debt fund any net revenue loss</p>	<p>The final option is to off-set the lost revenue through debt. This would be done at the end of the financial year and would first account for any underlying surplus. If there is a remaining deficit across all Activities, this would be debt funded. This is in line with the existing Revenue and Financing Policy and would be the usual way Council would off-set a year end deficit. The costs incurred from this debt would be recovered through the Water Activity. At the end of subsequent financial years, Council could resolve to use any surpluses to pay down this debt.</p>	<p>Recommended</p>

14. The impact on next year's Water Rates is to be resolved at the Pūroro Maherehere | Annual Plan/Long-term and will consider options that would repay the debt through the Water Activity in future years' or maintaining the increased debt level.

## **Whai whakaaro ki ngā whakataunga**

### **Considerations for decision-making**

#### **Alignment with Council's strategies and policies**

15. The proposed approach is in line with Council's Revenue and Financing Policy.

#### **Engagement and Consultation**

4. Engagement or consultation is not required for this decision however the annual plan decisions will be included.

#### **Implications for Māori**

16. There are no specific implications for Māori with the proposed approach however other options may impact Māori for example a reduction in maintenance across the three waters.

#### **Financial implications**

17. The Financial implications are covered throughout this report

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**Legal considerations**

18. The Local Government (and Rating) Act has been considered when recommending the preferred course of action.

**Risks and mitigations**

19. The risks of each option are covered in the table above and were described in the subcommittee report.

**Disability and accessibility impact**

20. Nil

**Climate Change impact and considerations**

21. Nil

**Communications Plan**

22. Proactive communications were made prior to the subcommittee meeting. Any other communications will be included in the annual plan process.

**Health and Safety Impact considered**

23. NIL

**Ngā mahinga e whai ake nei**

**Next actions**

24. Advice will be prepared for the 8 March Pūroro Maherehere | Annual Plan/Long-term Committee.

**Attachments**

Nil



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## **DISSOLUTION OF WELLINGTON REGIONAL STRATEGY COMMITTEE**

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### **Kōrero taunaki**

#### **Summary of considerations**

##### **Purpose**

1. This report to Pūroro Tahua | Finance and Performance Committee is to acknowledge the dissolution of the Wellington Regional Strategy Committee by the Greater Wellington Regional Council and the resulting changes to the governance arrangements for Wellington Regional Economic Development Agency Ltd (trading as WellingtonNZ).

##### **Strategic alignment with community wellbeing outcomes and priority areas**

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

##### **Strategic alignment with priority objective areas from Long-term Plan 2021–2031**

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

##### **Relevant Previous decisions**

##### **Financial considerations**

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

2. This report does not have financial implications for Council.

##### **Risk**

- Low       Medium       High       Extreme

Author	Jim Robertson, Chief Advisor
Authoriser	Stephen McArthur, Chief Strategy & Governance Officer

## **Taunakitanga Officers' Recommendations**

Officers recommend the following motion

That the Pūroro Tahua | Finance and Performance Committee:

1. Receive the information.
2. Note that the Chief Executive, after consultation with the Chair of the Pūroro Tahua | Finance and Performance Committee, will sign the Shareholders Agreement on behalf of the Council.

## **Whakarāpopoto**

### **Executive Summary**

3. In response to the establishment of the Wellington Regional Leadership Committee, the Wellington Regional Strategy (WRS) Committee was dissolved by the Greater Wellington Regional Council on 27<sup>th</sup> May 2021. This has resulted in changes to the governance arrangements for WellingtonNZ.
4. Previously the WRS Committee was tasked with carrying out the oversight and monitoring of WellingtonNZ in terms of s64 of the Local Government Act 2002. This responsibility has now returned to both shareholding councils, Greater Wellington Regional Council (GWRC) 20% shareholding, and Wellington City Council 80% shareholding.
5. The Shareholders' Agreement between GRWC and this Council requires amendment to remove references to the WRS Committee and to acknowledge that the LGA responsibilities plus the arrangements for director appointments have returned to the shareholding councils.
6. The principles to be embedded in the amended Shareholders' Agreement are that Wellington City Council and GWRC as shareholders will cooperate in the development and agreement of the joint Statement of Expectations. This joint Statement will reflect the expectations of both organisations.
7. On receipt of the joint Statement of Expectations, WellingtonNZ will provide a draft Statement of Intent for feedback from both shareholding Councils. This is currently underway.
8. The appointment and re-appointment of Directors will be led by Wellington City Council with the appropriate input and consideration by GWRC and the amended Agreement will specify this. Potential appointments to the Board will involve the WellingtonNZ Board Chair prior to appointment by the Wellington City Council (under the delegations of this Committee).
9. The responsibility for monitoring WellingtonNZ's reporting now falls with the member Councils. In the case of the Wellington City Council, quarterly and annual reporting will be directed through this Committee in accordance with its terms of reference.
10. The amended draft Shareholders' Agreement has been prepared by this Council's legal team to reflect the changes outlined and it is with GWRC officers for consideration.
11. The amended Shareholders' Agreement is expected to be signed by the parties during February 2022.

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## **Takenga mai**

### **Background**

12. The Wellington Regional Strategy (WRS) Committee was originally established by the Greater Wellington Regional Council (GWRC) to implement and develop the Wellington Regional Strategy, including overseeing WellingtonNZ. Its membership included one Councillor from GWRC, four elected members from this Council, one elected member from each of Porirua City Council, Hutt City Council, Kapiti Coast District Council and Upper Hutt City Council, and one member nominated by the three Wairarapa district councils.
13. The WRS Committee provided regional leadership in economic development and performance monitoring and oversight for the activities of WellingtonNZ on behalf of the two shareholders (Wellington City Council and GWRC).
14. WellingtonNZ is a Council-controlled Organisation (CCO) under the Local Government Act 2002 (LGA) and is jointly owned by this Council with 80% shareholding and GWRC with 20% shareholding.
15. As a CCO there are governance requirements and arrangements that must be met, particularly under s64 of the LGA. These were previously undertaken by the WRS Committee under its Terms of Reference which tasked the Committee with:
  - Receiving and considering half-yearly and annual reports, agreeing the statement of expectations, to receive, consider and agree the final SOI and request any modifications and to provide recommendations to the shareholding councils regarding director appointments and remuneration.
  - It also had responsibility for implementing and developing the Wellington Regional Strategy. This strategy was considered outdated and has been replaced by a new regional economic development plan which is governed and overseen by the Wellington Regional Leadership Committee, which is administered by the Greater Wellington Regional Council.
16. The WRS Committee was a committee of the Greater Wellington Regional Council and was dissolved on 27 May 2021.
17. The Wellington Regional Leadership Committee was created to replace the WRS Committee. The new regional economic development plan is now governed by the Wellington Regional Leadership Committee and its establishment and its purpose have previously been reported to this Council.
18. The responsibilities for the governance of WellingtonNZ under s64 of the LGA, has now returned to its two shareholding councils. The Shareholders' Agreement between the councils now needs to be amended to remove references to the WRS Committee and to record the new arrangements for the shareholding councils..

### **Kōrerorero**

#### **Discussion**

19. Implications of the dissolution of the WRS Committee on 27 May 2021:
  - a. The need for a revised Shareholder Agreement between Wellington City Council and Greater Wellington Regional Council:

- 
- i. The previous Shareholder Agreement contains reference to the governance role of the WRS Committee, in particular in relation to the director's appointments and the Statement of Intent process.
  - ii. The principles to be embedded in the amended Shareholders' Agreement are that Wellington City Council and GWRC as shareholders will cooperate in the development and agreement of the joint Statement of Expectations. This joint Statement will reflect the expectations of both organisations.
  - iii. The appointment and re-appointment of Directors will also be led by Wellington City Council with the appropriate input and consideration by GWRC and the amended Agreement will specify this. Potential appointments to the Board will involve the WellingtonNZ Board Chair prior to appointment by the Wellington City Council.
  - iv. The Shareholders Agreement also details the base funding arrangements. GWRC has established a Funding Agreement between with WellingtonNZ which will outline the funding and the expected deliverables. This Council continues to use the Statement of Intent process to capture its funding of WellingtonNZ and expected deliverables.
- b. The termination of the Multilateral Agreement:
- i. The Multilateral Agreement details the funding and governance arrangements of WellingtonNZ. This document outlined the principles of the WRS and, by including the territorial authorities in the region as parties to the agreement, provided a regional commitment to the WRS.
  - ii. The Wellington Regional Leadership Committee provides an alternative forum to discuss and agree regional economic development priorities. The WRLC does not have a formal role in directing or monitoring WellingtonNZ.
  - iii. The Multilateral Agreement terminated upon the dissolution of the WRS Committee.
- c. The responsibility for monitoring WellingtonNZ now rests with the member Councils. In respect to the Wellington City Council, receiving and considering quarterly and annual reporting from WellingtonNZ, forms part of the terms of reference of this Committee.
20. On receipt of the joint Statement of Expectations, WellingtonNZ will provide a draft Statement of Intent for feedback from both shareholding Councils. This is currently underway.

## **Ngā mahinga e whai ake nei**

### **Next actions**

21. Officers of the shareholding councils have developed an updated shareholders agreement, to reflect the changes outlined above, for signing by the Chief Executives of both Councils. In respect to this Council, the Chief Executive will consult the chair of the Committee, before signoff.
22. These principles have been agreed, at an officer level, between the shareholding councils and discussed with the chairperson of WREDA. The legal team for this Council has drafted the amended Shareholders' Agreement and it is being prepared for signature.



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**Attachments**

Nil



## **APPOINTMENTS TO COUNCIL CONTROLLED ORGANISATIONS**

### **Kōrero taunaki**

### **Summary of considerations**

#### **Purpose**

1. This report asks the Pūroro Tahua | Finance and Performance Committee to approve an appointment of a vacancy on the Experience Wellington Board.

#### **Strategic alignment with community wellbeing outcomes and priority areas**

Aligns with the following strategies and priority areas:

- |  |  |
|--|--|
| <b>Strategic alignment with priority objective areas from Long-term Plan 2021–2031</b> | <input checked="" type="checkbox"/> Sustainable, natural eco city                              |
|  | <input checked="" type="checkbox"/> People friendly, compact, safe and accessible capital city |
|  | <input checked="" type="checkbox"/> Innovative, inclusive and creative city                    |
|  | <input checked="" type="checkbox"/> Dynamic and sustainable economy                            |
|  | <input type="checkbox"/> Functioning, resilient and reliable three waters infrastructure       |
|  | <input type="checkbox"/> Affordable, resilient and safe place to live                          |
|  | <input type="checkbox"/> Safe, resilient and reliable core transport infrastructure network    |
|  | <input type="checkbox"/> Fit-for-purpose community, creative and cultural spaces               |
|  | <input type="checkbox"/> Accelerating zero-carbon and waste-free transition                    |
|  | <input type="checkbox"/> Strong partnerships with mana whenua                                  |

#### **Relevant Previous decisions**

#### **Significance**

The decision is rated low significance in accordance with schedule 1 of the Council's Significance and Engagement Policy.

#### **Financial considerations**

- |   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> Nil | <input type="checkbox"/> Budgetary provision in Annual Plan / Long-term Plan | <input type="checkbox"/> Unbudgeted \$X |
|---|--|---|

2. The remuneration for directors and trustees of the Council-controlled Organisations is paid by the respective CCO.

#### **Risk**

- |   |                                 |                               |                                  |
|---|---------------------------------|-------------------------------|----------------------------------|
| <input checked="" type="checkbox"/> Low | <input type="checkbox"/> Medium | <input type="checkbox"/> High | <input type="checkbox"/> Extreme |
|---|---------------------------------|-------------------------------|----------------------------------|

Author	Alisi Puloka, Democracy Advisor
Authoriser	Jennifer Parker, Democracy Services Manager Stephen McArthur, Chief Strategy & Governance Officer

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## Taunakitanga

### Officers' Recommendations

Officers recommend the following motion

That the Pūroro Tahua | Finance and Performance Committee:

- 1) Receive the information.
- 2) Agree to appoint [COUNCILLOR NAME] as a board trustee of Experience Wellington.

## Whakarāpopoto

### Executive Summary

4. The Pūroro Tahua | Finance and Performance Committee has delegation to appoint a councillor to the board of trustees for Experience Wellington.

## Takenga mai

### Background

5. A vacancy was created by Councillor Diane Calvert's retirement from the board and the vacancy must be filled.
6. In accordance with Council's policy on appointments the Pūroro Tahua | Finance and Performance Committee has the delegation to appoint a councillor as a trustee on the Experience Wellington Board.

## Kōrerorero

### Discussion

7. Trustees are appointed by Council. The Board is responsible for setting the strategic direction and approving the Statement of Intent (SOI) and the Strategic Plan. The Board monitors organisational performance, the organisation's on-going viability and the maintenance of its competitiveness. It delegates the day-to-day operation to the Chief Executive, who reports to the Board. The Board meets at least nine times per year and operates three committees which review relevant matters prior to consideration by the full Board. In addition, the Board convenes ad hoc working groups to consider specific issues as they arise.
8. Board committees:
  - Audit and Risk (A&R) Committee assists the Board in carrying out its duties regarding financial reporting, risk management and legislative compliance.
  - Chief Executive Performance and Remuneration (CEP&R) Committee to advise the Chair in connection with the performance and remuneration of Experience Wellington's Chief Executive.
  - People, Performance and Safety (PPS) Committee supports the Chief Executive in carrying out their responsibilities as the employer of all staff and assists the Board to meet its due diligence responsibilities regarding Experience Wellington's compliance with the Health and Safety at Work Act 2015.

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## **Kōwhiringa**

### **Options**

10. The committee can appoint any councillor as a trustee to the Experience Wellington Board.

## **Whai whakaaro ki ngā whakataunga**

### **Considerations for decision-making**

### **Alignment with Council's strategies and policies**

11. Not applicable.

### **Engagement and Consultation**

12. Not applicable.

### **Implications for Māori**

13. Not applicable.

### **Financial implications**

14. The remuneration for directors and trustees of the Council-controlled Organisations is paid by the respective CCO.

### **Legal considerations**

15. Not applicable.

### **Risks and mitigations**

16. No risks identified.

### **Disability and accessibility impact**

17. Not applicable.

### **Climate Change impact and considerations**

18. Not applicable.

### **Communications Plan**

19. Not applicable.

### **Health and Safety Impact considered**

20. Not applicable.

## **Ngā mahinga e whai ake nei**

### **Next actions**

21. Council officers will confirm the committee's decision with the board chair.

### **Attachments**

Nil



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## FORWARD PROGRAMME

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### Kōrero taunaki

### Summary of considerations

#### Purpose

1. This report provides the Forward Programme for the Pūroro Tahua | Finance and Performance Committee for the next two months.

#### Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
  - People friendly, compact, safe and accessible capital city
  - Innovative, inclusive and creative city
  - Dynamic and sustainable economy
- Strategic alignment with priority objective areas from Long-term Plan 2021–2031**
- Functioning, resilient and reliable three waters infrastructure
  - Affordable, resilient and safe place to live
  - Safe, resilient and reliable core transport infrastructure network
  - Fit-for-purpose community, creative and cultural spaces
  - Accelerating zero-carbon and waste-free transition
  - Strong partnerships with mana whenua

#### Relevant Previous decisions

Not applicable.

#### Financial considerations

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

#### Risk

- Low       Medium       High       Extreme

Author	Hedi Mueller, Senior Democracy Advisor
Authoriser	Sara Hay, Chief Financial Officer

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## Taunakitanga

### Officers' Recommendations

Officers recommend the following motion

That the Pūroro Tahua | Finance and Performance Committee:

1. Receive the information.

## Whakarāpopoto

### Executive Summary

2. The Forward Programme sets out the reports planned for Pūroro Tahua meetings in the next two months that require committee consideration.
3. The Forward Programme is a working document and is subject to change on a regular basis.

## Kōrerorero

### Discussion

4. Thursday 17 March 2022
  - Development Contributions Policy Approval (Chief Strategy and Governance Officer)
  - CCOs Quarter 2 Report (Chief Strategy and Governance Officer)
  - Quarterly Performance Report – Q2 2021/2022 (Chief Strategy and Governance Officer)
5. Thursday 19 May 2022
  - Health and Safety Performance (Chief People and Culture Officer – recommendation from Kāwai Māhirahira | Audit and Risk Subcommittee)

## Attachments

Nil



## ACTIONS TRACKING

### Kōrero taunaki Summary of considerations

#### Purpose

1. This report provides an update on the past actions agreed by the Pūroro Tahua | Finance and Performance Committee at its previous meetings.

#### Strategic alignment with community wellbeing outcomes and priority areas

Aligns with the following strategies and priority areas:

#### Strategic alignment with priority objective areas from Long-term Plan 2021–2031

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy
- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

#### Relevant Previous decisions

Not applicable.

#### Financial considerations

Nil

Budgetary provision in Annual Plan /  
Long-term Plan

Unbudgeted \$X

#### Risk

Low

Medium

High

Extreme

Author	Hedi Mueller, Senior Democracy Advisor
Authoriser	Sara Hay, Chief Financial Officer

### Taunakitanga Officers' Recommendations

Officers recommend the following motion

That the Pūroro Tahua | Finance and Performance Committee:

1. Receive the information.

### Whakarāpopoto

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## Executive Summary

2. This report lists the dates of previous committee meetings and the items discussed at those meetings.
3. Each clause within the resolution has been considered separately and the following statuses have been assigned:
  - In progress: Resolutions with this status are currently being implemented.
  - Complete: Clauses which have been completed, either by officers subsequent to the meeting, or by the meeting itself (i.e. by receiving or noting information).
4. All actions will be included in the subsequent monthly updates, but completed actions will only appear once.

## Takenga mai Background

5. At the 13 May 2021 Council meeting, the recommendations of the Wellington City Council Governance Review (the Review Report) were endorsed and agreed to be implemented.
6. The purpose of this report is to ensure that all resolutions are being actioned over time. It does not take the place of performance monitoring or full updates. The committee could resolve to receive a full update report on an item if it wishes.

## Kōrerorero Discussion

7. Following feedback, the status system has been changed so that resolutions either show as 'in progress' or 'complete'.
8. Of the 28 resolutions of the Pūroro Tahua | Finance and Performance Committee in October 2021:
  - 1 is in progress.
  - 27 are complete.
9. 1 in progress actions were carried forward from the October action tracking report. One is still in progress.
10. Further detail is provided in Attachment One.

## Attachments

Attachment 1. Action Tracking 

Date	Meeting	Item	Clause	Status	Comments
Thursday, 17 June 2021	Pūroro Tahua   Finance and Performance Committee	4.1: Chaffers Marina Limited Options	<b>all clauses</b>	In progress	
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.2 Statements of Expectation to Council-controlled Organisations	1) Receive the information	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.2 Statements of Expectation to Council-controlled Organisations	2) Agree that the Statement of Expectations in terms of section 64B of the Local Government Act 2002 will outline Council's strategic direction and its enduring expectations of Council-controlled Organisations.	Complete	The committee agreed the SOE will include strategic direction and enduring expectations for CCOs.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.2 Statements of Expectation to Council-controlled Organisations	3) Agree the individual messages in the Statements of Expectation to the following organisations: a. Basin Reserve Trust b. Karori Sanctuary Trust c. Wellington Cable Car Limited d. Wellington Museums Trust e. Wellington Regional Economic Development Agency Ltd f. Wellington Regional Stadium Trust g. Wellington Zoo Trust	Complete	The committee agreed the messages for individual organisations as contained in the report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.2 Statements of Expectation to Council-controlled Organisations	4) Agree that officers will prepare Statements of Expectation incorporating the directions of the Pūroro Tahua - Finance and Performance Committee for signing by the Chair of the Committee.	Complete	Statements of Expectation have been prepared by officers and signed by the committee chair.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.2 Statements of Expectation to Council-controlled Organisations	5) Agree that Council should request Council-controlled Organisations through our statements of expectation that they work on Rainbow inclusivity initiatives and note that the Council has a Rainbow Communities Advisory Group who can provide support and guidance.	Complete	Included in SOEs referred to above.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.10 Actions Tracking	1. Receive the information.	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.11 Forward Programme	1. Receive the information.	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.3 Review of Quarter One reports for the Council-controlled Organisations for the period ending 30 September 2021	1. Receive the information.	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.3 Review of Quarter One reports for the Council-controlled Organisations for the period ending 30 September 2021	2. Note any issues for the Chair to raise with the entities covered by this report.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.4 Review of Annual Reports for Council-controlled Organisations for the year ending 30 June 2021	1. Receive the information.	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.4 Review of Annual Reports for Council-controlled Organisations for the year ending 30 June 2021	2. Note any issues for the Chair to raise with the entities covered by this report.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.5 Review of the half year report for Wellington International Airport Ltd to 30 September 2021	1. Receive the information.	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.6 Health and Safety Report	1. Receive the information.	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.7 Performance Report Quarter One 2021/22	1. Receive the first Quarter One (Q1) Performance Report on the 2021 Long-term Plan (LTP).	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.7 Performance Report Quarter One 2021/22	2. Note the key headlines covered in the summary and in each section of the report.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.7 Performance Report Quarter One 2021/22	3. Note that this report is the first quarterly report against the 2021 LTP and is aligned with the Corporate Monitoring and Reporting Framework (level 1) and supports the strategic oversight and monitoring role of the LTP by the Finance and Performance Committee.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.7 Performance Report Quarter One 2021/22	4. Note that the approach and core structure of the Corporate Monitoring and Reporting Framework was presented to the Pūroro Tahua   Finance and Performance Committee in September.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.7 Performance Report Quarter One 2021/22	5. Note that further development of the quarterly report (under the agreed framework) will occur over subsequent quarters.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.7 Performance Report Quarter One 2021/22	6. Note that the report draws upon without duplication, detailed project level monitoring reports to other Committees.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.7 Performance Report Quarter One 2021/22	7. Note the key capital programme delivery headlines in this report also aligns with the report on the Capital Programme also presented to this meeting of the Pūroro Tahua   Finance and Performance Committee.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.9 Recommended Response to Construction Market Pressures	1. Receive the information.	Complete	The committee formally received the information in the relevant report.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.9 Recommended Response to Construction Market Pressures	2. Note that the current market conditions are likely to inhibit the delivery of the LTP capital programme plus the "carry forwards" this financial year.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.9 Recommended Response to Construction Market Pressures	3. Note that officers intend to deploy a series of proactive measures to mitigate some of the impact of market conditions.	Complete	The information was noted by the committee.
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.9 Recommended Response to Construction Market Pressures	4. Agree to the rescheduling of the capital plan as recommended in this report.	Complete	
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.9 Recommended Response to Construction Market Pressures	5. Recommend that Project 2010662070 - Pocket park - 44 Frederick Street be amended to bring forward all \$3.8m of funding to 2022/23. This is a change from both the LTP and the Rescheduled programme as proposed.	Complete	
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.8 Te Upoko o Te Ika a Māui Commitment	1) Approve Wellington City Council supporting the Te Upoko o Te Ika a Māui Commitment.	Complete	
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.8 Te Upoko o Te Ika a Māui Commitment	2) Delegate to the Mayor to execute the Commitment on behalf of Wellington City Council.	Complete	
Thursday, 18 November 2021	Pūroro Tahua   Finance and Performance Committee	2.8 Te Upoko o Te Ika a Māui Commitment	3) Note that spend targets are yet to be developed and will be brought back to the Committee for approval.	In progress	



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## **DEVELOPMENT CONTRIBUTIONS POLICY REVIEW HEARING**

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### **Kōrero taunaki**

#### **Summary of considerations**

##### **Purpose**

1. This report to Pūroro Tahua | Finance and Performance Committee asks that the Committee recognise the speakers who will be speaking to their submissions regarding the proposed Development Contributions Policy.

##### **Strategic alignment with community wellbeing outcomes and priority areas**

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

##### **Strategic alignment with priority objective areas from Long-term Plan 2021–2031**

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

##### **Relevant Previous decisions**

On 21 October 2021, Pūroro Tahua | Finance and Performance Committee agreed to publicly consult on the proposed amended Development Contributions Policy.

##### **Financial considerations**

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

2. In regards to the hearing, there are no financial considerations.

##### **Risk**

- Low       Medium       High       Extreme

3. In regards to the hearing, the risk level is low. Due to the community omicron outbreak, the decision was made to hold the hearing as a virtual meeting.

Author	Hedi Mueller, Senior Democracy Advisor
Authoriser	Sara Hay, Chief Financial Officer

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**Taunakitanga**  
**Officers' Recommendations**

Officers recommend the following motion

That the Pūroro Tahua | Finance and Performance Committee:

1. Receive the information.
2. Hear the oral submitters and thank them for speaking to their submissions.

**Takenga mai**

**Background**

4. Wellington City Council consulted on the Development Contributions Policy proposal between 2 November and 1 December 2021.
5. Submitters who indicated that they wished to speak to their submissions have been scheduled to speak on 17 February 2022.

**Kōrerorero**

**Discussion**

6. A document comprising all submissions has been published separately to this agenda and is available on [wellington.govt.nz](http://wellington.govt.nz).
7. Attachment 1 is the submissions in order that they will be spoken to.

**Ngā mahinga e whai ake nei**

**Next actions**

8. Following the hearing, the analysis of submissions and accompanying report is due to come to the Pūroro Tahua | Finance and Performance Committee on 17 March 2022.

**Attachments**

Attachment 1. Submissions in speaking order 



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**Wellington City Council Proposed Amended  
Development Contributions Policy 2021  
Consultation Draft**

**Submission by the Retirement Villages  
Association of New Zealand**

**1 December 2021**

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**SUBMISSION ON THE CONSULTATION DRAFT OF THE PROPOSED AMENDED  
DEVELOPMENT CONTRIBUTIONS POLICY BY THE RETIREMENT VILLAGES  
ASSOCIATION OF NEW ZEALAND**

**To:** Wellington City Council

**Name of submitter:** Retirement Villages Association of New Zealand Incorporated (RVA)

**INTRODUCTION**

- 1 This is a submission on Wellington City Council's (*Council*) November 2021 consultation draft of the Proposed Amended Development Contributions (*DC*) Policy 2021 (*2021 Draft Policy*) on behalf of the RVA.
- 2 The RVA welcomes this opportunity to provide feedback on the 2021 Draft Policy. The RVA and its members have a significant interest in how the Policy will impact on, and support, the provision of retirement villages and aged care in Wellington.
- 3 There is currently a severe lack of appropriate housing and care for our growing ageing population, which is predicted to worsen. With expected ageing population growth and increased opportunities for intensification in Wellington under the National Policy Statement for Urban-Development, further villages in the city are expected in the short to medium term.
- 4 The RVA acknowledges the importance of development contributions for funding new assets needed for Wellington's growth and development, and the role its members play in supporting that necessary work. They wish to ensure the 2021 Draft Policy adopts a fair, equitable and proportionate for retirement accommodation. This in turn will support the supply and choice of housing in Wellington. Providing increased housing supply and choice is a key issue identified in Wellington's Spatial Plan.
- 5 RVA's key concern is the 2021 Draft Policy does not specifically acknowledge the very low demand on community facilities generated by new retirement accommodation. The 2021 Draft Policy differentiates between residential and non-residential developments and subdivisions. However, retirement villages units and aged care rooms are not recognised. Specific recognition would better enable retirement village providers to plan and progress new residential retirement developments. It would also reduce disputes with Council during special assessment processes and Local Government Act 2002 (*LGA*) objections. It is noted that other major centre councils in New Zealand apply specific activity classes for retirement villages.
- 6 In the absence of specific development classes for retirement activities, RVA members will need to rely on the Policy's special assessment process. The current version in the consultation is not considered to be fit for purpose. We present some thoughts on how it could be improved.
- 7 We set out in this submission further background to the retirement village industry and the main reasons for our submissions. Given the limited prior engagement with Wellington City Council on DC policy matters, we are very keen to engage with officers further on this proposal and speak to Council decision-makers tasked with confirming the current Policy. The RVA's background in DC policies around the country is extensive. We have built up a wide body of experiences and evidence in relation to the matters in this submission, which we are keen to share with you.



And, we are keen to better understand Council's process for preparing the DC policy and the evidence it has used to derive the current activity classes.

## **SUBMISSION CONTENT**

- 8 This submission covers:
- 8.1 An introduction to the RVA;
  - 8.2 An overview of the importance of retirement villages in addressing the housing crisis;
  - 8.3 An outline of the statutory framework governing DC policies;
  - 8.4 The RVA's comments on the 2021 Draft Policy content; and
  - 8.5 Conclusions.
- 9 **Appendix 1** provides an insight into the different types of retirement villages. **Appendix 2** provides a summary of the relevant provisions of the LGA. These appendices support RVA's feedback on the 2021 Draft Policy.

## **THE RVA**

- 10 The RVA is a voluntary industry organisation that represents the interests of the owners, developers and managers of registered retirement villages throughout New Zealand. The RVA has 390 member villages throughout New Zealand, with approximately 34,200 units that are home to around 47,000 older New Zealanders, roughly equivalent to the population of Timaru. This figure is 96% of the registered retirement village units in New Zealand.
- 11 The RVA's members include all five publicly-listed companies (Ryman Healthcare, Summerset Group, Arvida Group, Oceania Healthcare, and Radius Residential Care Ltd), other corporate groups such as Metlifecare, Bupa Healthcare, Arena Living, independent operators, and not-for profit operators such as community trusts, religious and welfare organisations.

## **IMPORTANCE OF RETIREMENT VILLAGES IN ADDRESSING THE HOUSING CRISIS**

### **Summary**

- New Zealand is facing a housing crisis, including a retirement living and aged care crisis.
- The retirement sector plays a key part in housing and caring for older people.

- The +75 demographic in Wellington<sup>1</sup> will more than double between 2018 and 2048, from about 30,000 to 80,000.<sup>2</sup>
- Demand for retirement village accommodation is outstripping supply.
- Deliverability of this pipeline and affordability is materially impacted by DC charges.

12 New Zealand and Wellington are facing a housing crisis, including a retirement living and aged care crisis. There is a severe lack of appropriate housing and care for our growing ageing population. This problem is immediate, and is projected to worsen over the coming decades.

13 The government has very recently recognised the ageing population as one of the key housing and urban development challenges facing New Zealand in its overarching direction for housing and urban development - the Government Policy Statement on Housing and Urban Development ([GPS-HUD](#)).<sup>3</sup> The GPS-HUD records that "[s]ecure, functional housing choices for older people will be increasingly fundamental to wellbeing."<sup>4</sup>

14 A key connecting government strategy, *Better Later Life – He Oranga Kaumatua 2019 to 2034*, outlines what is required to have the right policies in place for our ageing population, including creating diverse housing choices and options.<sup>5</sup> The strategy notes that "[m]any people want to age in the communities they already live in, while others wish to move closer to family and whānau, or to move to retirement villages or locations that offer the lifestyle and security they want."<sup>6</sup>

#### **Benefits of retirement villages**

15 Retirement villages provide appropriate accommodation and care for the most vulnerable sector of our community. They allow older people to continue living in their established community, while down-sizing to a more manageable property (i.e. without stairs or large gardens). Retirement village living provides security, companionship and peace of mind for residents.<sup>7</sup> Residents will also, in most cases, have easy access to care and other support services. **Appendix 1** provides a brief insight into the different types of retirement villages.

16 Retirement villages already play a significant part in housing and caring for older people in New Zealand. Currently, 14.3% of the 75+ age group population live in retirement villages, a penetration rate that has risen from around 9.0% of the 75+

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<sup>1</sup> References to the number of aged people in Wellington refer to the Wellington region, not Wellington City.

<sup>2</sup> Greater Wellington Region Population Forecasts, Demographics Sense Partners, <http://demographics.sensepartners.nz/>

<sup>3</sup> The GPS-HUD was issued in September 2021.

<sup>4</sup> GPS-HUD, page 10.

<sup>5</sup> *Better Later Life – He Oranga Kaumatua 2019 to 2034* ([available online](#)).

<sup>6</sup> Ibid, page 32.

<sup>7</sup> PWC 'Retirement village contribution to housing, employment, and GDP in New Zealand' (March 2018). Brown, N.J., "Does Living Environment Affect Older Adults Physical Activity Levels?". Grant, Bevan C. (2007) 'Retirement Villages', *Activities, Adaptation and Aging*, 31:2, 37-55.

age population at the end of 2012.<sup>8</sup> In Wellington City alone the number of people older than 75 is forecast to increase from 8,681 in 2018 to 23,643 in 2048.<sup>9</sup> There are currently five retirement villages in Wellington, with a further five in development. The total capacity of these ten villages will be 1,390, which represents only 5.8% of the 75+ age group population. The RVA considers that currently consented retirement village developments in Wellington will be entirely inadequate to meet this demand.

- 17 New build data from Statistics New Zealand shows that retirement village developments provided between 5% and 8% of all new residential developments between July 2014 and July 2019.<sup>10</sup>
- 18 Retirement villages help to ease demand on the residential housing market and assist with the housing supply shortage in New Zealand. That is because growth in retirement village units is faster than growth in the general housing stock. And, the majority of new villages are located in major urban centres.
- 19 The retirement village sector allows older New Zealanders to free up their often large and age-inappropriate family homes and move to comfortable and secure homes in a retirement village. The RVA estimates that around 4,700 family homes are released back into the housing market annually through new retirement village builds (approximately 1,700 units). A large scale village releases approximately 300 houses back onto the market to be more efficiently used by families desperate for homes. To illustrate, retirement units are generally occupied by an average of 1.3 people per unit, compared to a Wellington average of 2.65 people per standard dwelling.
- 20 The retirement village sector also produces other broader benefits:
  - 20.1 The sector employs approximately 19,000 people to support day-to-day operations. Over the next 7-8 years, approximately 9,500 new jobs will be created from construction of new villages. The sector contributes around \$1.1 billion to New Zealand's GDP from day-to-day operations.<sup>11</sup>
  - 20.2 The contribution of retirement village construction is also substantial. For example, a large scale new village will cost in the order of \$100-\$200 million to construct. Retirement village construction is also expected to employ approximately 5,700 FTEs each year.<sup>12</sup>

### **Increasing demand for retirement villages**

- 21 The proportion of older people compared to the rest of the population in New Zealand, and the Wellington region, is increasing greatly (as illustrated by the graph below). The Wellington region is the third largest contributor to New Zealand's

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<sup>8</sup> Jones Lang LaSalle, NZ Retirement Villages and Aged Care Whitepaper, June 2021, page 15.

<sup>9</sup> Greater Wellington Region Population Forecasts, Demographics Sense Partners, <http://demographics.sensepartners.nz/>

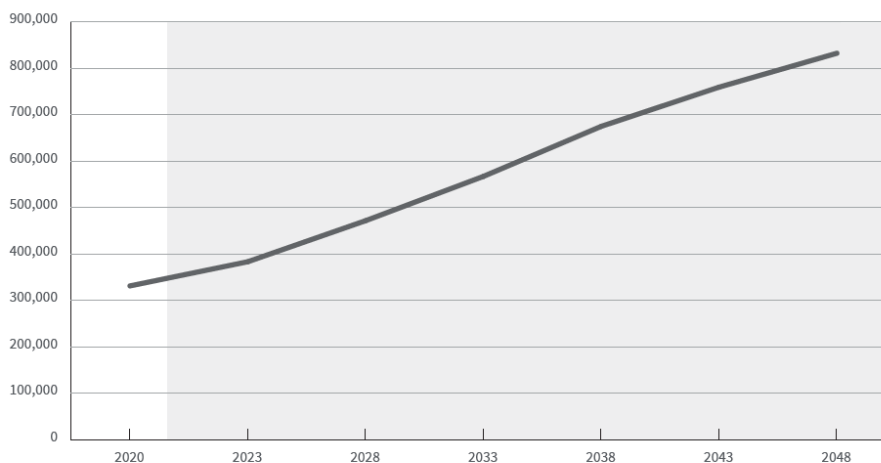
<sup>10</sup> See *Over 35,000 homes consented in July year – Stats NZ Media and Information Release: Building consents issued: July 2019.*

<sup>11</sup> PWC 'Retirement village contribution to housing, employment, and GDP in New Zealand' (March 2018) page 4.

<sup>12</sup> Ibid.

estimated 75+ population growth. The +75 demographic in Wellington will double between 2020 and 2048, from about 40,000 last year to 80,000 in 2048.<sup>13</sup>

Figure 1 75+ years population 2020 - 2048



Source: JLL Research and Consultancy; Statistics New Zealand (medium forecast scenario)

- 22 Demand for retirement village accommodation is outstripping supply. The ageing population and longer life expectancy, coupled with a trend towards people wishing to live in retirement villages that provide purpose-built accommodation, means that demand is continuing to grow. The COVID-19 pandemic has also contributed to a strong demand to access retirement villages and limited stock availability.<sup>14</sup>
- 23 Wellington's district planning policy and rules are currently undergoing a significant overhaul. The Spatial Plan aims to provide homes for 80,000 new residents. The recent draft district plan provides for a massive increase in the medium density housing zone for townhouses and low-rise apartments.
- 24 These changed rules represent an opportunity for retirement and aged care providers to maximise site opportunities and make more effective use of space, but still provide a high level of amenity for the residents. Such proposals will help address housing shortfalls. They will make better use of limited land availability. They will enable more efficient use of other resources. They will also allow residents to live within, and feel connected to, the communities they are familiar with.
- 25 However, delivering retirement villages and aged care beds to meet the projected need is contingent on a number of factors, including property market conditions, construction, building materials, and labour costs, timing of resource consent approvals, as well as the feasibility of projects which includes regulatory barriers and costs such as DC charges. DC charges that are predictable and proportionate to the demand placed on community facilities by the development will help deliver the needed facilities.

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<sup>13</sup> Jones Lang LaSalle, NZ Retirement Villages and Aged Care Whitepaper, June 2021, page 8.

<sup>14</sup> Ibid, pages 5 and 25.

## STATUTORY FRAMEWORK

### Summary

A DC policy and the process to develop it must strictly comply with the relevant provisions of the LGA. Key requirements include:

- Fairness, equity and proportionality when setting DCs.
- DCs should only be required where there is a causal connection between the development demand and the need for new assets or assets of increased capacity which Council will need to fund.
- DCs levied should reflect the need generated and the benefit received by the user.
- Developments can be grouped where this is fair and equitable, while being administratively efficient.
- The DC regime should be clear, transparent and predictable.

### ***Fairness, equity and proportionality***

- 26 The LGA empowers councils to require DCs in certain circumstances. The purpose of the DC scheme is:<sup>15</sup>

*to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.*

- 27 A territorial authority can only require a DC if:<sup>16</sup>

*the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for - (a) reserves, (b) network infrastructure, (c) community infrastructure.*

- 28 This provision essentially imposes a threshold test. If there is no new demand for infrastructure from a development, there can be no DC charge. This threshold test reinforces several themes in the DC principles noted above, including the need for a 'causal connection'.

### ***Causal connection***

- 29 DCs should only be required where there is a causal connection between the development demand and the need for new assets or assets of increased capacity which Council will need to fund. That means, there needs to be some "link" between a development and the community facilities to be funded by DCs.

### ***Need generated***

- 30 A DC regime is to recover the costs of specific growth projects. The causal connection principle reflects the theme that DCs levied should reflect the benefit

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<sup>15</sup> LGA, s197AA.

<sup>16</sup> LGA, s199.

received by the user. The regime is not to be used for making profit or as a general pool of public money.

- 31 Developers should only pay for the infrastructure that is required by a development. Communities should pay for infrastructure that will benefit the whole community. DCs do not provide an opportunity for councils to ask developers to subsidise ratepayers as a whole or pay for costs unrelated to growth.

### **Grouping**

- 32 Section 197AB(g) allows for the grouping of certain developments by categories of land use. The need for administrative efficiency in calculating and requiring DCs is acknowledged in allowing grouping. But, the grouping approach still needs to be fair and equitable, while being administratively efficient.
- 33 Further legal context relied on to support this submission is outlined in **Appendix 2**.

## **THE RVA'S CONCERNS ABOUT THE 2021 DRAFT POLICY**

### **Summary**

The RVA's key concerns about the 2021 Draft Policy relate to:

- **Lack of provision for retirement villages or aged care facilities:** The draft residential activity classifications do not reflect the significantly lower demand retirement village units and aged care rooms place on community facilities.

*Change sought:* Include specific categories for retirement units and aged care rooms based on the regime developed by Auckland Council.

- **Special assessment process is not fit for purpose:** Without specific categories, retirement villages will be assessed under the special assessment process.

*Change sought:* Provide clearer guidance on when residential developments can be assessed under the special assessment process, particularly acknowledging the lower demands generated by retirement villages.

- **Payment timing:** DC payments should not be required when resource consents are issued.

*Change sought:* DC payments associated with resource consents should be due at the time the development begins placing a demand on community facilities.

- **Infrastructure work contributions:** The 2021 Draft Policy should allow works undertaken by a consent holder to comply with a resource consent condition to be taken into account in setting DCs.

*Change sought:* Allow works required by a resource consent condition to offset the payment of a development contribution or financial contribution in appropriate circumstances.

- **Development agreements:** Development agreements are a useful tool to deal with infrastructure offset issues.

*Change sought:* Provide further guidance on when Council should enter into development agreements.

**Historic under-investment in infrastructure:** The capital expenditure anticipated by the 2021 Draft Policy proposes substantial investment in three-waters infrastructure, which is disproportionate to growth-related investment.

*Change sought:* The Council must clearly demonstrate where capital expenditure is allocated to growth instead of renewal or level of service.

### **Provision for retirement villages or aged care facilities**

34 As stated above, if there is no new demand for infrastructure from a development, there can be no DC charge.<sup>17</sup> This legal threshold test is particularly relevant when considering retirement units and aged care rooms. And, in any case, a DC charge should reflect the need generated and the benefit received by the user.

35 The 2021 Draft Policy differentiates between residential and non-residential developments and subdivisions by providing different equivalent household unit (EHU) values. Table 5 of the policy allows for lower assessments for 'small residential units' (defined as "a residential unit which only has one bedroom and includes a studio unit/apartment that does not have a separate bedroom"). However, the significantly lower demand on community facilities generated by retirement villages and aged care rooms is not specifically recognised.

36 The RVA acknowledges that the Policy is drafted using the new template developed by the Department of Internal Affairs for DC policies in February 2021 (*DIA template*). This template includes definitions for retirement units, and provides a lower household weighting for demand from these units.<sup>18</sup> This suggests the Council has consciously decided to omit a specific category for retirement units in the 2021 Draft Policy. But, no supporting reasons are given to justify this omission.

### ***Retirement villages have different demands to typical residential activities***

37 Due to age and frailty, the residents of retirement units and aged care rooms may not benefit from community facilities at all, or would have a much lower use of them. New city-wide transport projects for example, will usually have very low to no benefit for retirement village occupants. Retirement village occupants travel much less frequently than typical household occupiers. Research by RVA members also indicates that retirement village units and aged care rooms use much less water and produce much less wastewater per person than a standard household unit.

38 In relation to community reserves, there are clear barriers that prevent older adults from undertaking physical activity in the New Zealand context – mainly cost, and the lack of purpose built facilities and programmes. Research shows that residents choose to engage in activities within a friendly and purpose built environment, which is often not provided by the local authority or others in the wider community. The research further identifies that there is often so much to do within a retirement village that there is very little time for other activities.<sup>19</sup>

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<sup>17</sup> LGA, s 199. See also **Appendix 2** from para 5.

<sup>18</sup> Department of Internal Affairs for DC policies in February 2021, at [41].

<sup>19</sup> Brown, N.J., "Does Living Environment Affect Older Adults Physical Activity Levels?" Grant, Bevan C. (2007) 'Retirement Villages', *Activities, Adaptation and Aging*, 31:2, 37-55.

- 39 Surveys of retirement village residents at Ryman villages in Auckland in 2017 provide an example of this lower demand, showing that the residents made very little use of community infrastructure. The survey data was ultimately relied on to support a successful objection by Ryman under the LGA objection process that its proposal created substantially reduced demand on council facilities (**attached**). This work also led to Auckland Council reviewing its DC policy to substantially reduce the Household Unit Equivalent rates for retirement units and aged care units.
- 40 The 2021 Draft Policy current approach of 'one-size-fits-all' does not make allowance for the reduced demand placed on community facilities by residents of retirement units, and aged care rooms, or the lower occupancy rates of retirement units compared to standard residential dwellings. This approach does not recognise the demographic, frailty and health of residents, or the on-site amenities provided by retirement villages.
- 41 Grouping of all residential developments in the 2020 Draft Policy into either household units, or one-bedroom household does not appropriately balance the need for DCs to be "fair, equitable and proportionate" with the requirement for practical and administrative efficiency. The balance is skewed towards administrative efficiency and does not fairly allow for other forms of residential development.
- 42 The RVA considers the characteristics of retirement and aged care accommodation, and its residents, justify a lower EHU value and a lower community facilities charge on retirement units and aged care rooms. The DCs levied on retirement accommodation should reflect the need generated and the benefit received by the user.
- 43 By way of example, the Auckland Council Contributions Policy 2019 has specific categories for aged care rooms<sup>20</sup> and retirement units.<sup>21</sup> The units of demand for these two categories of development are set at appropriate fractions of 'household unit equivalents' (HUE) for different classes of activity. In this system, a retirement unit retains the full weighting for stormwater of 1 HUE, but only 0.3 HUE for transport and 0.1 HUE for community infrastructure, reflecting the relatively lower demands on transport and community infrastructure from residents of retirement units.
- 44 Given the extensive work that has gone into Auckland's policy over several years, the RVA considers this regime would provide a useful base for a Wellington retirement village policy. The RVA is keen to engage with the Council further on this proposal. The Auckland Policy does not address water and wastewater (which are charged separately by Watercare/Veolia). RVA members wish to engage with Council on the demands on water and wastewater systems from retirement units and aged care rooms, which are much lower than the demands of an average household unit to agree an appropriate EHU.

***Impact on housing supply and affordability***

- 45 The Wellington Spatial Plan states that the availability of adequate housing choice is crucial. Adequate housing choice requires encouraging and enabling the development of a range of quality, 'fit for purpose' housing types that cater for

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<sup>20</sup> Being any dwelling unit in a "rest home" or "hospital care institution" as defined in section 58(4) of the Health and Disability Services (Safety) Act 2001.

<sup>21</sup> Being any dwelling unit in a "retirement village" registered under section 10 of the Retirement Villages Act 2003.



people of all ages, stages and mobility – from standalone dwellings, terraced housing and apartments to papakāinga and co-housing initiatives.<sup>22</sup>

- 46 The implementation of the 2021 Draft Policy could impact on housing supply, including the provision of retirement villages, which will in turn have an impact on housing affordability. Higher or uncertain DCs will impact the feasibility of projects, as developers of retirement villages may wait or not develop land at all. Retirement village developers are more likely to proceed with developments when they can be confident the DCs are predictable and will reflect the actual demand the development will place on community facilities.
- 47 The alternative of requiring each and every retirement villages to go through a special assessment process would increase uncertainty, could lead to a lower level of supply at any given time, and could cause upward pressure on house prices and delayed purchasing. This outcome goes against the government’s goal of delivering more supply and more affordable homes, as set out in its GPS-HUD.

***Change sought:***

- 48 The RVA seeks that residential developments in the 2020 Draft Policy EHU scheme include the sub categories of retirement village units and aged care rooms using definitions from the 2019 Auckland DC policy. It considers this approach would enable the Council to meet its requirements under the LGA. Such sub categories would then apply demand values reflecting the reduced demand on community facilities for the different components of the charges per EHU, using the 2019 Auckland DC policy and advice from RVA members to set appropriate demand values.
- 49 As mentioned, establishing the correct demand values requires careful assessment. The RVA is well placed to assist the Council, as we can draw on the considerable technical expertise of our members and have worked to establish such a regime for other councils. As also noted, the provisions in the Auckland Council DC policy were developed over many years of engagement and consultation with RVA members. This more specific categorisation is working well in practice. The RVA considers this is a good base for a Wellington regime and would support it being adapted for the DC Policy .

**Special assessment process**

- 50 In the absence of specific recognition for retirement units and aged care rooms, retirement village developers will need to make use of the special assessment process. In the current form the special assessment process is not suitable for this purpose.

***Residential exclusion***

- 51 Insofar as it relates to retirement villages and aged care facilities, the RVA strongly disagrees with the proposed wording stating that *“special assessments will, in general, not be considered for residential developments”*. Setting this limit on the Council’s discretion to make special assessments is unnecessary, not contemplated by the DIA template, could deter retirement village developments and will ultimately lead to disputes.

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<sup>22</sup> Spatial Plan for Wellington City, Vol. 2: Key Influences, Housing choice and affordability.

52 The RVA seeks that this introductory paragraph be amended to recognise retirement villages.

***Demand measures***

53 In principle, it is useful for typical demand measures to be set out when determining when a special assessment is appropriate and to guide the outcome of a special assessment. However, guidance should be included on *how* the demand measures will be referred to. Currently the values in Table 6 are only to be used 'as a guide'. For example, *a special assessment will be considered more appropriate when the expected usage measures for the development are significantly different to the usage measures in Table 6.*

54 The assumptions used are also unclear and therefore potentially fraught. For example, it is unclear how the averages would be applied to different activity classes. Residential and non-residential activities are likely to have different average demands. The numbers used are also not supported by the RVA's independent technical advice as being a reasonable averages for the Wellington area in some categories. In particular the RVA notes:

54.1 It is not clear how the reference to 'water loading units' and 'type of proposed water fixtures' is to be interpreted in assessing water supply.

54.2 It is generally accepted that residential wastewater usage is approximately 80% of water supply demand. Industrial and commercial uses generally return an even higher percentage.<sup>23</sup> The proposed wastewater usage of half the water supply input is too low and should be revised to a more realistic percentage.

54.3 A rate of four trips per person per day underestimates the number of expected trips per person in Wellington, which is more like 4.7.

55 Accordingly, the RVA seeks that the specific usage measures in Table 6 should be revised.

***Infrastructure offsets and works and services conditions***

56 It is self-evident that the special assessment process can be used to assess developments that differ from standard developments. The differences could include any features that reduce additional demand on community facilities.

57 However, the 2021 Draft Policy does not appropriately recognise or allow for contributions that developers may make to community facilities as part of a development. For example, a developer may establish a public reserve, construct a road, or upgrade stormwater infrastructure. Where the effect is to reduce the additional demand on community facilities, this should be recognised in the calculation of DCs, which should only reflect the final need for further community facilities generated by the development

58 Paragraph 9.10 of the 2021 Draft Policy appears to prevent the Council from taking account of works required by a resource consent in assessing DCs. This is not consistent with the requirements of the LGA as set out above. While the Resource Management Act 1991 (*RMA*) and the LGA have different purposes, the requirements of the statutes are integrally linked. The function of the RMA is to

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<sup>23</sup> For example, <https://www.watercare.co.nz/Manage-account/Our-charges/Industry-wastewater-percentages>

manage environmental effects – but that includes cumulative effects and consideration of the level of service for infrastructure. DCs are imposed to recover a portion of the cost of the capital expenditure necessary to service growth and also address cumulative effects.

- 59 It is possible that a developer may not be entitled to claim the full dollar cost of works spent to comply with a resource consent requirement as an offset against a DC assessment. However, where the effect of a mitigation measure is to reduce the additional demand on community facilities, it is fair and equitable that this is recognised in the calculation of DCs.
- 60 For example, where a developer puts in place a stormwater system that mitigates the effects on a council's network infrastructure, this means that Council has not been required to undertake or fund those works itself. The developer has provided the same assets that DCs would otherwise need to provide for. If the council by failing to provide a discount or payment for the stormwater system provided by the developer, then they may have 'double dipped'. For example, the decision on Ryman's LGA objection (referred to earlier) confirmed that local stormwater works provided by Ryman meant there was little to no impact on Council stormwater infrastructure. Accordingly, a DC charge was held to be not payable for that category.
- 61 RMA mitigation can address cumulative effects and reduce requirements for capital expenditure. It is not credible for the 2021 Draft Policy to say the Council can completely ignore its resource consent assessment, and the mitigation required by consent conditions, when assessing DCs. As explained above, and in **Appendix 2**, if there is no new demand, then there can be no DC charge.
- 62 In summary, it is acknowledged that some small scale local infrastructure works would not qualify for a reduced DC charge under a special assessment. But, there should not be a presumptive rule as is currently specified in section 9.10 of the Policy. The circumstances of each case may differ.

***Change sought:***

- 63 The RVA seeks the following changes:

63.1 Amend the introduction to special assessments in paragraphs 7.12-7.13 as follows:

*7.12 Developments sometimes require a special level of service or are of a type or scale which is not readily assessed in terms of EHUs – such as large-scale primary sector processors, retirement village and aged care facilities which generally have lower demand on council facilities or service stations. In these cases, Council may decide to make a special assessment of the EHUs applicable to the development. In general, special assessments of residential developments will not be considered.*

*7.13 Without limiting the Council's discretion, when determining an application for a special assessment or a special assessment is initiated by the Council, the demand measures set out in Table 6 below will be used to guide a special assessment. Special assessments may also be applied where other features, such as infrastructure works undertaken by the developer, substantially reduce demand or lead to no demand on council facilities.*

63.2 Based on technical advice received by the RVA, amend table 6 as follows:

Type of community facility and network	Usage Measure per EHU
Water supply	<del>Water loading units calculated using the number and type of proposed water fixtures and</del> Based on reservoir storage requirement of 780 litre
Wastewater	<del>Half the</del> 80% of the water supply input (Conservation systems are not considered)
Stormwater	Runoff co-efficient not exceeding 0.7 (Retention systems are not considered)
Traffic and roading	4.7 trips per person (Assessment of combined trips by all modes per person plus servicing)
Reserves	600m2 of allotment area (rounded up to nearest EHU) (Nil if legislation doesn't allow)

63.3 Section 9.10 be amended as follows:

*9.10 The Council may impose a condition under s108(2)(c) of the RMA requiring works or services, in the form of isolated and localised infrastructure, to be undertaken to mitigate potential adverse effects arising from a proposed development. For instance, the Council may impose a condition of consent requiring retention tanks for delayed discharge of waste or storm water where there would otherwise be an adverse effect on the waste or storm water network if it was not provided. Where this occurs, ~~it does not~~ any offset of the payment of a development contribution or financial contribution, which fund planned Council infrastructure will need to be made under the special assessment process.*

**Payment timing change**

64 The requirement in Table 4 for development contributions to be paid by the 20<sup>th</sup> of the month following "the issue of a resource consent (other than a resource consent for subdivision)" should be reconsidered. The invoice timing is not stated, but is presumed to be at granting of the resource consent. Resource consents are usually obtained very early in the development process, well before any connections to network infrastructure are made, or any residents move in and begin using community facilities. Construction of some large retirement villages may take 3-4 years before they are fully completed and occupied.

65 The proposed requirement for early payment could have a significant impact on the feasibility and financing of many projects.

66 That said, the Policy is somewhat unclear when this category would apply to a retirement village land use consent, given other categories such as service connections and issue of certificates of compliance would also appear to trigger payments. Retirement village operators usually make DC payments relating to land use consents at these stages in other districts.

**Change sought:**

67 The RVA seeks that payment for development contributions associated with resource consents should be due at the time the development begins to place a demand on community facilities. For a residential development this would be as close to the point of a resident moving into a unit (ie occupation). The RVA seeks the following changes:

Resource consent (other)	<p><u>20th of the month following the issue of the invoice, For the relevant development, whichever is the earlier of:</u></p> <ol style="list-style-type: none"> <li>1. <u>Issue of a building consent code of compliance certificate:</u></li> <li>2. <u>Prior to occupation of the relevant unit; or</u></li> <li>3. <u>At issue of the service connection approval.</u></li> </ol> <p><i>unless Council agrees to different payment timing for large-scale multi-stage developments.</i></p>
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68 As the RVA is not clear on how this provision applies to land use consents for retirement villages, the wording may require further consideration. We would be keen to engage with you further on this matter.

**Limitations on imposing Development Contributions**

69 RVA agrees in principles with statement in paragraph 9.7 of the 2021 Draft Policy, that limits when development contributions may be imposed. However, the final reference to ‘whether on the granting of a building consent or a certificate of acceptance’ is unhelpful. While these words are used in the DIA template, they do not address DCs imposed in respect of resource consents or service connections. Removing this phrase clarifies the intent of the preceding statement.

**Change sought**

70 Remove the words ‘*whether on the granting of a building consent or a certificate of acceptance*’ from the end of paragraph 9.7.

**Development agreements**

71 The RVA supports development agreements for the provision of specific infrastructure as set out in 9.9. Development agreements are a useful tool to deal with infrastructure offset issues. The RVA considers it would be useful to provide further guidance in the 2020 Draft Policy on when it is appropriate for the Council to enter into a development agreement with a developer. Usually this will be the case when proposed aspects of a development address a need that the Council would otherwise have to construct infrastructure for.

**Change sought:**

72 Provide further guidance on when the Council should consider entering into development agreements. For example:

*The Council should consider entering into a development agreement where a development directly provides community facilities, or has other features that will significantly reduce the need for the Council to provide community facilities as a result of the development.*

**Locking in DC rates**

73 The RVA notes the statement in 2021 Draft Policy that DCs will be assessed under the DC Policy in force at the time of the relevant application. As noted, Retirement Villages can take several years to build – 3- 4 years for major modern retirement villages. It is important for feasibility and financial planning that DC charges are clear and predictable at the outset of a project. The RVA seeks that the Policy be amended to enable DC rates to be confirmed at the first stage of known demand.

**Change sought:**

74 The RVA seeks paragraph 6.5 be amended as follows:

*Development contributions will be assessed under the Policy in force at the time the application for resource consent, building consent, certificate of acceptance, or service connection relating to the development (whichever is the earlier) was submitted with all required information.*

**Historic Underinvestment in Infrastructure**

75 Historic underinvestment in infrastructure should not be viewed as a growth cost. Under Schedule 13 of the LGA, development contributions must be calculated based on capital expenditure required to meet increased demand resulting from growth. Capital expenditure required as a result of historic underinvestment is not demand resulting from growth and cannot be recovered through a DC and must be addressed through alternative funding tools.

76 The lack of historic investment in Wellington in fundamental infrastructure, such as three-waters infrastructure, is well-documented,<sup>24</sup> and will require significant capital investment over the coming years to address. The Council acknowledges that development contributions cannot be utilised for capital expenditure related to renewal or level of service,<sup>25</sup> but there is a lack of transparency in the manner in which the growth component of infrastructure contributions to be funded by DCs have been calculated.

77 The RVA recognises and supports investment to address this, but funding for this expenditure needs to be allocated fairly using appropriate funding mechanisms available to the Council. Developers should not disproportionately bear the cost of rectifying this historic underinvestment.

**Change sought:**

78 The Council must clearly demonstrate where capital expenditure is allocated to growth instead of renewal or level of service, and the reasons why. The Council must also demonstrate that alternative funding and financing models are being fully utilised, including opportunities to partner with others (Government, other councils and the private sector) for joint funding of investments.

79 These include user charges (e.g. water charges and congestion charging), targeted rates, public-private partnerships and Special Purpose Vehicles (SPVs) under the Infrastructure Funding and Financing Act 2020. SPVs were introduced by the government in recognition that existing development contributions mechanisms have been unsuccessful in appropriately allocating growth costs, and have already been successfully utilised in Auckland for greenfield development in Milldale and are implemented internationally.

**CONCLUSION**

80 The RVA appreciates the opportunity to submit on the 2021 Draft Policy. The RVA looks forward to engaging constructively with the Council in relation to the 2021

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<sup>24</sup> Nikki Mandow "Wellington tip of iceberg for country's water woes" (4 March 2021) Newsroom <<https://www.newsroom.co.nz/under-the-surface-of-our-ageing-water-infrastructure>>.

<sup>25</sup> 2021 Draft Policy, Statement of Proposal at [12].

Draft Policy and future reviews to ensure a fair, equitable and proportionate outcome and a DC regime that is fit for purpose for all retirement village types.

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## APPENDIX 1 – TYPES OF RETIREMENT VILLAGES AND THEIR RESIDENTS

- 1 'Retirement village' is defined in section 6 of the Retirement Villages Act 2003 (*RV Act*) as:

... the part of any property, building, or other premises that contains 2 or more residential units that provide, or are intended to provide, residential accommodation together with services or facilities, or both, predominantly for persons in their retirement, or persons in their retirement and their spouses or partners, or both, and for which the residents pay, or agree to pay, a capital sum as consideration and regardless of [various factors relating to the type of right of occupation, consideration, etc]...
  - 2 'Retirement village' is an umbrella term given to all types of retirement living. There are two main types of retirement villages, having different offerings in the market based on how much aged residential care they provide:
    - 2.1 Retirement villages providing a range of living and care options to residents from independent living, through to serviced care, rest home, hospital and in some cases dementia level care (*Category w1 village*).
    - 2.2 Villages focussing mostly on independent living units, sometimes with a small amount of serviced care on a largely temporary basis. If a resident in such a village is assessed as needing residential care, s/he will have to move to a specialist care provider (*Category 2 village*).
  - 3 Approximately 65% of registered retirement villages (across New Zealand) have some level of aged residential care within the village.<sup>26</sup> The Wellington region contains about 3,850 aged care beds, which represents 10% of the national stock.<sup>27</sup>
  - 4 Residents choose to live in Category 1 retirement villages if they do not require care immediately but expect that they will need some degree of care soon. As a result, residents in these villages are older (early to mid-80s) than residents in a Category 2 villages (mid to late 70s) – and they are generally more frail and vulnerable and far less independent.
  - 5 However, because of the general demographic characteristics, residents in all retirement villages use Council facilities infrequently. There is good evidence of declining activity levels as people age, particularly after the age of 75. This data indicates that retirement villages place a considerably lower demand on Council facilities than the general population.
- On-site amenities**
- 6 Retirement villages generally offer extensive on-site amenities, such as pools, gyms, theatres, libraries, bars and restaurants, communal sitting areas, activity rooms, bowling greens, and landscaped grounds. These amenities are provided to meet the specific needs of retirement village residents, and are generally preferred to Council facilities designed for younger people.

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<sup>26</sup> Jones Lang LaSalle, NZ Retirement Villages and Aged Care Whitepaper, June 2021, page 23.

<sup>27</sup> Ibid, page 22.



## APPENDIX 2 – SUMMARY OF RELEVANT LGA PROVISIONS

### Purpose and principles

- 1 The purpose of the LGA's DC scheme is:<sup>28</sup>

to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.
  
- 2 The LGA sets out seven DC principles to support the purpose.<sup>29</sup> They are:
  - (a) development contributions should only be required if the effects or cumulative effects of developments will create or have created a requirement for the territorial authority to provide or to have provided new or additional assets or assets of increased capacity:
  - (b) development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to development contribution funding:
  - (c) cost allocations used to establish development contributions should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets:
  - (d) development contributions must be used—
    - (i) for or towards the purpose of the activity or the group of activities for which the contributions were required; and
    - (ii) for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required:
  - (e) territorial authorities should make sufficient information available to demonstrate what development contributions are being used for and why they are being used:
  - (f) development contributions should be predictable and be consistent with the methodology and schedules of the territorial authority's development contributions policy under sections 106, 201, and 202:
  - (g) when calculating and requiring development contributions, territorial authorities may group together certain developments by geographic area or categories of land use, provided that—
    - (i) the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and

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<sup>28</sup> LGA, s197AA.

<sup>29</sup> LGA, s197AB.

- (ii) grouping by geographic area avoids grouping across an entire district wherever practical.

- 3 These principles reflect and expand on the LGA purpose. Key themes emanating from these principles include:
  - 3.1 Fairness, equity and proportionality are key considerations when setting DCs;
  - 3.2 DCs should only be required where there is a causal connection between the development demand (including cumulative effects) and the need for new assets or assets of increased capacity which Council will need to fund;
  - 3.3 A DC regime is to recover the costs of specific growth projects. It is not to be used for making profit or as a general pool of public money;
  - 3.4 DCs levied should reflect the need generated and the benefit received by the user; and
  - 3.5 The policy regime, Council charging and expenditure should be clear, transparent and predictable.
- 4 The DC purpose and principles are relevant to the interpretation of all of the LGA provisions relating to DCs.<sup>30</sup>

#### **When DCs can be required**

- 5 A territorial authority can only require a DC if:<sup>31</sup>

the effect of the developments is to require new or additional assets or assets of increased capacity and, as a consequence, the territorial authority incurs capital expenditure to provide appropriately for - (a) reserves, (b) network infrastructure, (c) community infrastructure.

- 6 This provision essentially imposes a threshold test. If there is no new demand for infrastructure from a development, there can be no DC charge. The provision also makes clear that it is not enough to simply say that a development creates 'some' demand. The demand (including its cumulative effect) must be linked to the need for new or additional assets or assets of increased capacity which a council will need to fund. This threshold test reinforces several themes in the DC principles noted above.
- 7 This threshold test concept is reinforced by *Beaumont Trading Company Ltd v Auckland Council*<sup>32</sup> where the Court of Appeal recorded that:<sup>33</sup>

The Council's power to require a development contribution is relevantly triggered when a resource consent is granted "for a development". As we have noted, "development" means a subdivision "that generates a demand for reserves". We agree with the appellant that this means the unit title subdivision must generate a demand for reserves. That is the plain meaning of development as defined in the Act. In this case, it is accepted that the

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<sup>30</sup> Interpretation Act 1999, section 5. *Commerce Commission v Fonterra Co-operative Group Ltd* [2007] 3 NZLR 767 (SC), at paragraph 22.

<sup>31</sup> LGA, s199.

<sup>32</sup> [2016] NZCA 223.

<sup>33</sup> *Ibid*, paragraph 24.

subdivision itself did not generate an additional demand for reserves. On this approach, the appeal must be allowed.

- 8 Further, a territorial authority cannot require a DC if:<sup>34</sup>
- (a) it has, under section 108(2)(a) of the Resource Management Act 1991, imposed a condition on a resource consent in relation to the same development for the same purpose; or
  - (b) the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
  - (ba) the territorial authority has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance; or
  - (c) a third party has funded or provided, or undertaken to fund or provide, the same reserve, network infrastructure, or community infrastructure.
- 9 This provision addresses the issue of 'double dipping'. In essence, it is not "*fair, equitable and proportionate*" to require a developer to pay twice for the demand generated by its development. This provision again picks up on the themes noted above.
- 10 Lastly, the LGA provides that a territorial authority may only require a DC "*as provided for in a policy adopted under section 102(1) that is consistent with section 201*".<sup>35</sup> The final DC Policy is required to include a schedule that lists each new asset, additional asset, asset of increased capacity, or programme of works for which the DC requirements are intended to be used or have already been used.<sup>36</sup> DCs can only be used for the assets listed in that schedule, unless other assets are for the same general function and purpose or the schedule has been or will be updated.<sup>37</sup>
- 11 The schedule requirement in the LGA is an important safeguard to prevent councils from:
- 11.1 collecting DCs without having specific projects to allocate the funds towards (ie 'pooling' or 'taxing'); and
  - 11.2 avoiding over-recovery of actual costs.
- 12 The need for a schedule also reflects the important theme of transparency in the LGA's DC principles. Further, the schedule ultimately enables the DC payer to understand the benefit they will receive from the new assets and the developer's role in generating the need.

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<sup>34</sup> LGA, s200.

<sup>35</sup> LGA, s198(2).

<sup>36</sup> LGA, s201A(1).

<sup>37</sup> LGA, s201A(7).



## **SUBMISSION ON THE DRAFT WELLINGTON CITY COUNCIL CONTRIBUTIONS POLICY 2021 BY RYMAN HEALTHCARE LIMITED**

### ***Introduction***

- 1 This is a submission on the draft Wellington City Council (*Council*) Development Contributions Policy 2021 (*2021 Draft Policy*) on behalf of Ryman Healthcare Limited (*Ryman*).
- 2 Ryman supports in full the Retirement Villages Association of New Zealand Incorporated (*RVA*) submission on the 2021 Draft Policy. This submission provides additional context to Ryman's villages and its interest in the proposal.
- 3 The submission covers:
  - 3.1 An introduction to Ryman, its villages and its residents; and
  - 3.2 Ryman's position on the 2021 Draft Policy.

### ***Ryman, its villages, and its residents***

- 4 Ryman currently has 38 operational retirement villages throughout New Zealand providing homes for more than 11,000 elderly residents. It has five retirement villages currently operating in the Wellington region – located in Petone, Waikanae, Khandallah, Kilbirnie and Avalon. Ryman is in the process of planning, or obtaining consents for, two further villages in Karori and Newtown and expects to continue developing new villages in Wellington into the future to meet increasing demand.

### ***Ryman's approach***

- 5 In recent times, Ryman has built approximately half of all new retirement units and the majority of all new aged care beds in New Zealand. Ryman is considered to be a pioneer in many aspects of the healthcare industry – including retirement village design, standards of care, and staff education. A high quality, purpose built environment is a core principle of Ryman's philosophy. Ryman is passionately committed to providing the best environment and care for our residents.
- 6 Ryman is not a developer. It is a resident-focused operator of retirement villages. Ryman is a recognised leader in the industry. Ryman has a long term interest in its villages and its residents. It believes that a quality site, living environment, amenities and the best care maximises the quality of life for its residents.

### ***The ageing demographic***

- 7 Wellington's growing ageing population and the increasing demand for retirement villages is addressed in the RVA submission on the 2021 Draft Policy, and that is adopted by Ryman.

### ***Ryman's scale in Wellington's retirement market***

- 8 As noted, Ryman is the largest provider of retirement village accommodation in New Zealand. It constructs a significant number of the new dwellings in Wellington each year. In the last nine years, it has obtained resource consents to build and operate five large villages at Petone, Waikanae, Khandallah, Kilbirnie and Avalon, which are now completed.

- 9 Ryman therefore builds a substantial portion of all new retirement village units. We expect to continue to increase our proportion of Wellington's new build retirement village over time.

- 10 Overall, these statistics show that Ryman is a significant portion of the retirement village industry in Wellington. This significance is both in terms of existing villages, but importantly for present purpose, in terms of planned growth.

### ***Ryman's residents***

- 11 All of Ryman's residents – both retirement unit and aged care room residents – are much less active and mobile than the 65+ population generally as well as the wider population. Ryman's retirement unit residents are early 80s on move-in and its aged care residents are mid-late 80s on move-in. Across all of Ryman's villages, the average age of retirement unit residents is 82.1 years and the average age of aged care residents is 86.7 years.

### ***Ryman's position on Council's 2021 DC Policy review process***

- 12 Ryman shares the same concerns about the Council's review process as set out in the RVA's submission on the 2021 Draft Policy. In addition, Ryman notes that it worked closely with Auckland Council over many years to ensure DC policies and charges fairly reflect the significantly reduced demand retirement villages have on council services, successfully resolving a major DC discussion with Council over several sites in Auckland via a Local Government Act objection process in 2018-2019 (*Ryman v Auckland Council*<sup>1</sup>).

### ***Ryman's position on the 2021 DC Policy content***

- 13 Ryman adopts the RVA submission on the 2021 Draft Policy. In addition, Ryman wishes to emphasise that the 2021 Draft Policy will have a significant impact on the provision of housing and care for Wellington's growing ageing population. There is a real risk that the 2021 Draft Policy will delay necessary retirement and aged care accommodation in the region, and reduce housing affordability for a particularly vulnerable sector of Wellington's population.

### ***Relief sought***

- 14 Ryman seeks the relief sought by the RVA in its submission on the 2021 Draft Policy.

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<sup>1</sup> Ryman Healthcare Limited v Auckland Council, Decision on Objection, 10 August 2018.

Regards,

Matthew Brown  
NZ Development Manager  
Ryman Healthcare Limited



## Submission on WCC development contributions policy

30 November 2021

Inner City Wellington (ICW) seeks that the development contributions policy helps to achieve the goals of the green network plan in the inner-city residential area (policy mapzone q), by way of:

- further increasing the parks and reserves catchment specific charge; and
- broadening the base of this charge by requiring a parks and reserves catchment specific charge for non-residential development.

The draft green networks plan, adopted on 27 October 2021, highlights: ‘there are few incentives or requirements for private development contributions to the city’s green network’. However, there is no reference to this in any of the consultation documentation for this policy, which we consider a key omission that requires further consideration.

### **Increasing the catchment specific charge**

When comparing the proposed parks and reserves catchment specific charge for the inner city residential area to the existing policy, there is only an increase of \$507 per equivalent housing unit. Considering the heavy lifting the inner city residential area has been doing over the since the policy was last updated 6 years ago, and is forecast to keep doing over the coming years, this increase seems a bit light – especially considering how much inner city land values have likely risen over the past 6 years which makes it even harder to use these contributions towards acquiring land for new inner city parks and reserves.

We also note that both the current and proposed development contribution charges are much lower than other cities in New Zealand, particularly in relation to reserves contributions. We request that the green networks plan, with some urgency of meeting its goals on a limited council budget, is taken fully into account when setting this final charge.

### **Broadening the base**

Wellington City Council does not require a parks and reserve contribution from non-residential development, only residential development – in both the current and proposed policy. This is the case city wide but differs from Hutt City Council’s ethos as they do require reserves contributions from both residential and non-residential development, as they consider this all puts extra pressure on parks and reserves. We

consider that the council should reconsider their position, particularly in relation to the inner city residential area where the highest proportion of residential growth is anticipated.

We also noted that an 2019 [amendment](#) to the Local Government Act 2002 (LGA) repealed Section 198A which restricted councils from requiring reserves related development contributions for non-residential development. We see this as a blessing from central government that councils should not exclude non-residential development from providing for reserves – especially in high growth areas such as the central city.

### **Indexing of charges**

We support the proposal that charges may be adjusted for inflation annually as permitted by the LGA, and go further by requesting that this does happen every year.

Stephen King  
**CHAIR**





# Property Council New Zealand

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Submission on

## Wellington City Council's draft Development Contribution Policy

22 November 2021

**For more information and further queries, please contact**

Katherine Wilson

[REDACTED]

[REDACTED]

22 November 2021

Wellington City Council  
Freepost 2199  
Development Contributions Policy Review  
Policy Team 259  
PO Box 2199  
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Email: [policy.submission@wcc.govt.nz](mailto:policy.submission@wcc.govt.nz)

## **Wellington City Council Draft Development Contribution Policy**

### **1. Overview**

- 1.1. Property Council New Zealand (“Property Council”) welcomes the opportunity to provide feedback on the Wellington City Council’s (“the Council”) Development Contribution policy 2021 (“DC policy”).
- 1.2. We support the Council adopting and adapting the new template issued by the Department of Internal Affairs. A consistent template will aid industry and cross-sectors understanding of DC policies.
- 1.3. It is critical to have a robust DC policy that allows the industry to make informed long-term investment decisions and ensures fair distribution of fees amongst all ratepayers. While we believe the proposed charges are reasonable, further work is still required to ensure fair distribution of fees amongst all ratepayers.

### **2. Recommendations**

- 2.1. Our recommendations are:
  - Seek early engagement with Property Council on the proposed future work of Equivalent Household Unit's;
  - Do not include community infrastructure into Development Contribution (“DC”) fees and consider alternative tools to cover the costs (e.g. rates, targeted rates, Special Purpose Vehicles);
  - Ring-fence DC revenue and associated funded infrastructure to the local area that DC charges are located; and
  - When making a decision, consider the broader impact of key reforms on the property industry, such as housing affordability.

### **3. Introduction**

- 3.1. Property Council’s purpose is; “Together, shaping cities where communities thrive”. We believe in the creation and retention of well-designed, functional and sustainable built environments which contribute to New Zealand’s overall prosperity. We support policies that provide a framework to enhance economic growth, development, liveability and growing communities.

- 3.2. Property is currently New Zealand’s largest industry with a direct contribution to GDP of \$41.2 billion (15 per cent). The property sector is a key foundation of New Zealand’s economy and caters for growth by developing, building and owning all types of property.
- 3.3. Property Council is the leading not-for-profit advocate for New Zealand’s largest industry – property. Connecting people from throughout the country and across all property disciplines is what makes our organisation unique. We connect over 10,000 property professionals, championing the interests of over 560 member companies who have a collective \$50 billion investment in New Zealand property.
- 3.4. This submission responds to Wellington City Council Contributions Policy 2021 [consultation materials](#). In preparing our submission we sought and received feedback from a selection of our Wellington-based members. Comments and recommendations are provided on those issues that are relevant to Property Council and its members.

#### **4. Key concepts**

- 4.1. One of the key concepts of the Council’s DC policy is the use of Equivalent Household Unit's (EHUs). We have been notified that the Council is not proposing any changes as part of the current DC policy review but will seek feedback on this concept in the future. Property Council would like to be involved in future EHU discussions with the Council, preferably at the pre-engagement or development of policy stage.

#### **5. Presentation**

- 5.1. The Department of Internal Affairs issued a new template for DC policies in February 2021. We support the Council’s decision to adopt and adapt the new template at this review as it will help the Council meet the requirements of the Local Government Act. Having a consistent template will also provide ease of understanding DC policies for the industry as a whole.

#### **6. New charges**

- 6.1. We believe that the proposed increases are reasonable. However, we are concerned that not all growth has been calculated under the current review. For example, the funding for ‘Let’s get Wellington moving’ has not been included in the Long-Term Plan 2021-31. This means that more substantial increases will be expected in 2024 Long Term Plan, which we are cautious could extend to the proposed next review of development contributions.
- 6.2. We urge wider considerations such as; housing affordability and alternative funding mechanisms are considered well before the 2024 Long Term Plan and review of DC policy consultation documents are released. We welcome the Council to work closely with us for the 2024 review.
- 6.3. While we are in support of the current DC policy and proposed charges, further refinement of the policy is recommended to ensure fair distribution of fees amongst all ratepayers. These are outlined by our recommendations in the below paragraphs.

##### Community infrastructure

- 6.4. The Council plans to incur around \$2.8 billion on community facilities partially or wholly needed to meet the increased demand for community facilities resulting from the asset investment that has a

growth component. This includes works undertaken in anticipation of growth, and future planned works. The total amount to be funded by DCs is nearly \$300 million.

- 6.5. We question using DCs to pay for community infrastructure. The Property Council has long opposed the incorporation of community infrastructure into DC fees. Collecting DCs to fund community infrastructure will result in an increase in DC fees charged to developers (ultimately passed on to the home buyer or tenant). Large increases in DC fees will negatively impact Wellington as developers will need to factor in the additional costs in their feasibility. A concoction of DC increases, increased material costs, skill shortages, supply chain restrictions and other uncertainties that the COVID-19 pandemic has caused, will impact on whether projects proceed. This is particularly concerning given the impact of COVID-19 on housing affordability.
- 6.6. Increased DC fees will likely result in the following outcomes:
- Additional costs being passed on to the eventual buyer or occupier, making housing and occupancy costs more expensive; and/or
  - Planned developments are postponed or cancelled, due to increased costs reducing the overall affordability of the development or project.
- 6.7. In 2018, the Council commissioned Insight Economics<sup>1</sup> to complete an independent report on the likely developer reactions to increased DC charges. The report signalled several ongoing issues with DCs, which align with our concerns. In particular:

***“As DCs increase, the cost of land development rise, and thus its profitability falls...In other words, land developers (who physically pay the DC) will seek to share some of the cost with raw land owners by paying them less for their land...it is unlikely that the resulting fall in land prices will be sufficient to fully compensate them. As a result, the increase in DCs will also increase the total cost of land development...”***

***“In summary, economic theory predicts that the imposition of higher DCs will impact most, if not all, participants in the wider property market.”***

- 6.8. Given the above, we recommend the Council consider alternative funding mechanisms such as recovering the costs (or at least a portion of the costs of community infrastructure) through rates or targeted rates over the life of the infrastructure, or through a Special Purpose Vehicle. We believe that these alternatives would improve intergenerational equity and ensure that those who benefit from the community infrastructure help contribute towards it over a longer period of time, reducing the financial burden upfront. For example, targeted rates for the funding of community infrastructure could occur over a period of time compared to being a lump sum upfront in house prices.

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<sup>1</sup> Insight Economics. (2018). Likely Developer Reactions to Increased Development Contribution Charges. Retrieved from <https://www.hamilton.govt.nz/our-council/10-year-plan/10Year%20Plan%20documents/Economic%20report%20-%20Likely%20Developer%20Reactions%20to%20Increased%20Development%20Contributions%20Charges%20-%20Insight%20Economics%20Ltd.pdf>

Ring-fencing income from DCs

6.9. From a fairness and intergenerational equity point of view, we recommend the Council ring-fence revenue collected from DCs to the local area. For example, DC revenue collected should be used to fund infrastructure within the local area that the DC charges occur. This will help ensure that DCs reflect the infrastructure costs within the area and will assist in the implementation and successful delivery of the projects these DCs have been collected for.

**7. Additional comments**

7.1 There are additional factors the Council should also consider before finalising the DC policy. We encourage the Council to take into consideration the broader impact from key reforms on the property industry at both a national and local level. For example, at a national level considering how resource reform and the National Policy Statement on Urban Development impacts DCs, and at a local level how the Let's Get Wellington Moving options will impact DCs. It's easy to look at one proposed change and expect that it will have minimal impact, but collectively these reforms could significantly increase the cost and risk of development.

**8. Conclusion**

8.1 The DC policy is of significant importance to our members in the Wellington region. It is absolutely critical to have a robust DC policy that would allow the industry to make informed long-term investment decisions and ensure fair distribution of fees amongst all ratepayers while not creating a further barrier to the development of affordable housing.

8.2 We keen to continue working with the Council to ensure fairness and equity of DC charges for all.

8.3 For any further queries contact Katherine Wilson, Head of Advocacy, via email: [REDACTED] or cell: [REDACTED]

Yours sincerely,



Gerard Earl

Wellington Regional Chair

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**107B WESTCHESTER DRIVE  
CHURTON PARK  
WELLINGTON 6037**

1<sup>st</sup> December 2021

Wellington City Council  
Development Contributions Policy Review  
Policy Team 259  
PO Box 2199  
**WELLINGTON 6140**

By EMAIL: [policy.submission@wcc.govt.nz](mailto:policy.submission@wcc.govt.nz)

Dear Sir/Madam

**SUBMISSION ON 2021 DRAFT DEVELOPMENT CONTRIBUTIONS POLICY -**

Please find below our submission on the draft 2021 Development Contributions Policy

**Name of Submitters:** Best Farm Ltd  
Hunters Hill Ltd,  
Lincolnshire Farm Ltd,  
Stebbing's Farmlands Ltd

**Address for Service:** 107B Westchester Drive,  
Churton Park  
WELLINGTON 6037

**Email:** [REDACTED]

**Phone:** [REDACTED]

**Submission Summary:** We oppose the substantial increases in Areas I & J

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**Introduction:** We are making a submission as owners and developers of land within the Northern Growth Area and Lincolnshire Structure Plan area (or Urban Development Area).

As a development company we pay very close attention to DC Policy and any changes proposed to contributions demanded in Catchment Areas I (Churton-Stebbing's) and J (Grenada-Lincolnshire). We hold significant areas of land in both these areas that have been identified for urban growth by WCC and we have been subdividing land for development and constructing over 70 houses per year. As we have been

communicating to Council Officers, Senior Managers, Councillors and Ministers for some time, development contributions are a major contributor to the rate in which sections and new housing areas are delivered to the market, and directly affect section values and housing affordability. Our comments on the Draft Policy are outlined below.

### **Part 1: Policy Operation.**

**Self-Assessments** – It is apparent to us that the self-assessment process is not working fairly with numerous accounts of self-assessments being rejected by Council staff. The way in which the fixtures and loading units are determined and calculated does not allow for a fair assessment of actual expected use of Councils' Infrastructure. An example of this is provided below for a recent development in Grenada Village.

#### NZ POST – 4 Carmel Terrace

This development is a large 10,996m<sup>2</sup> GFA commercial development comprising mainly processing floor (94%) and some offices. Within the entire building there are a total of 4 showers, 9 toilets, 2 urinals, 10 basins, 3 sinks, 3 dishwashers and a cleaners sink. Our self-assessment determined this was equivalent to a maximum of 3 large household units.

However Councils assessment was that water usage would be equivalent to 188 households. This equates to 146,000 litres per day (or flushing all toilets 11 times a minutes, every minute of the day)!

Working this backwards, based on a standard 4 bedroom house containing 2 showers, 3 toilets, 3 basins, 1 sink, 1 dishwasher a cleaning tub (conservative numbers), if the NZ Post building is deemed to equate to 188 household units this would therefore be equivalent to containing... 376 showers, 564 toilets, 564 basins, 188 sinks, 188 dishwashers and 188 cleaning tubs. Despite the building operating 24 hours a day, the assessment by Council would appear to be wildly wrong and grossly unfair.

**Demand Measures** – We note in Section 7.13 that when Council undertake a special assessment there is a table of demand measures. This includes water supply (780L/EHU/day), wastewater (50% of water), Traffic (4 trips per person) and stormwater. With regards to the latter, we note the specific comment that water retention systems and stormwater detention is not considered. This seems wrong given stormwater neutrality is now a standard requirement across the city, in that post-development flows in a design storm event must be equal to the pre-development flow. We are told this is due to networks being at capacity and to minimise downstream flooding. Given these measures protect the Councils infrastructure and delay the requirement for upgrades, it seems logical that such measures are in fact taken into account when determining network demand, long-term planning and replacement/upgrade cost and timing. Otherwise property owners pay for detention measures on site plus the full cost of stormwater contributions despite providing cost savings for WCC/WWL. This approach does not seem equitable and in our view on-site detention should be factored in when it's required by WWL.

**Review Rights** – We support the introduction of the review rights policy provisions (Section 8) but submit that there be another formal avenue for appeal following any objection decision by the panel of three independent commissioners (apart from a judicial review). We also object to Section 8.13 that states objectors shall be liable for any costs incurred by Council. This is unfair and goes against democratic principles. As with objections to resource consent conditions, there should be no charge to challenge a decision of Council where an applicant believes the condition, or in this case development contributions, are not fair and reasonable.

## **Part 2: Policy Background**

**New Contributions Charges for Areas I & J** – There have been significant increases in both these catchment areas with Area I increasing from the current \$9,930 plus GST to \$13,058 plus GST (an increase of 31.5%) and Area J increasing from \$10,944 plus GST to \$17,451 plus GST per EHU (an increase of 59.5%).

On examination, much of these increases have stemmed from Transport in Churton (Area I) and a combination of Transport and Reserves in Lincolnshire (Area J). With regards to Churton (Area I) we note the three roading projects have all increased in cost, but as noted below we have requested two of these be removed from this catchment (refer Part 3 discussed below).

With regards to Lincolnshire, we note that the number of roading projects have increased from four to five and have increased in cost from 2016. We have been unable to find any maps showing where these roading projects start and finish and we request these be provided. This is because as developer we will be building the majority of these roads and we will be seeking a developer/Council agreement to recover these costs and/or agree a DC exemption for these roads.

The other significant cost increase for this catchment is due to the Parks and Reserves. Specifically, \$8.83 million has been allocated for a community park on Lincolnshire Farm (Refer Schedule 2 of the proposed policy). We have asked Council for more detail on this but have only been provided with partial information as to how this overall figure is derived.

**Accounting for Expected Household Growth in Areas I & J** – Both of these catchment areas are identified for growth in the current Operative District Plan and Draft WCC Spatial Plan. In addition, the government has recently announced a new bill that will see the introduction of The Resource Management (Enabling Housing Supply and Other Matters) Amendment Bill that is designed to improve housing supply by speeding up implementation of the National Policy Statement on Urban Development (NPS-UD) and enabling more medium density homes. This will be called the Intensification Streamlined Planning Process (ISPP) and will allow for up to 3 dwellings on a site without resource consent. In this regard we are interested to know why the proposed DC Policy has not factored this increase in, in terms of total forecast EHU's in each catchment. For Example, in the 2016 Policy, Council forecast 1,360 EHU's



in Area I and 2,489 in Area J and this has remained the same in the proposed policy.

### **Part 3: Catchment Areas**

**Area I – Churton-Stebbing Catchment Area** – We note the catchment boundary is effectively the same as the current 2015/2016 policy area. For this catchment there are three roading projects that are to be funded from development in this catchment. These are as follows

- Cortina to Ohariu                      \$1.42 million (was \$1.42 million in 2016 Policy)
- Ohariu to Westchester              \$3.34 million (was \$2.95 million in 2016 Policy)
- Westchester to Glenside            \$10.53 million (was \$9.10 million in 2016 Policy)

Our issues with these projects are that the first two are not within the Area I catchment Area and are in fact situated within Area F (Johnsonville-Onslow). However, there is no requirement for this catchment to fund these two projects in any way through development contributions. This does not appear logical or reasonable and we request these two roading projects be removed and re-assigned to Area F in which they are situated. In addition, the Ohariu to Westchester project is now to be funded entirely through DC's whereas in the 2016 policy there was funding from other sources being provided (roughly 59%). We seek this be re-instated.

The second point we seek to make is that the Westchester to Glenside roading project is now complete (back in 2013) yet the cost of the project in the draft policy has risen from \$9.10 million to \$10.53 million. This is an increase of 15% for a completed project, and we seek this be reduced to the actual budgeted cost.

### **Contributions for Non-Residential Developments:**

We have repeatedly objected to the figure used by Council to calculate the total number of EHU's for non-residential development, which is being retained at 42m<sup>2</sup> GFA as being equal 1 EHU. This was dropped from 55m<sup>2</sup> GFA to 42m<sup>2</sup> during the 2015/2106 policy review and we also made a submission at this time opposing the change. It is inherently wrong that this figure be used for non-residential developments such as commercial, industrial or other large-scale developments, many of which are highly automated with low employees, when they clearly do not create the impacts on Infrastructure commensurate to the contributions being requested.

The justification of the EHU's figure of 42m<sup>2</sup> for non-residential development according to Section 7.3 of the proposed policy is ... *the Council has assumed that an employee requires approximately 16m<sup>2</sup> of gross floor area (gfa) and that 2.6 employees, being the equivalent average household occupancy, would require 42m<sup>2</sup>.*

This is flawed as the calculation method may be appropriate for inner city office developments, but it is certainly not appropriate to then apply it unilaterally across all other types of non-residential development in the City including industrial, commercial, places of worship etc. The impact this is having on commercial development in the City

cannot be ignored by Councillors and there is already little/no investment in commercial development in the City with commercial and industrial investors pushing out to other areas of Wellington such as Porirua and Lower Hutt.

**Summary:**

There are significant changes to the charges proposed for Area I – Churton-Stebbing and Area J – Grenada-Lincolnshire with both areas identified as growth areas for the city. Several other policy and operational issues and catchment projects in our view require review/changing along with the objection/appeal pathway.

We trust the above submission is taken into consideration and look forward to hearing from you. We wish to be heard on the above matters.

Yours faithfully

**Best Farm Ltd**

**Hunters Hill Ltd**

**Stebbing Farmlands Ltd**

**Lincolnshire Farm Ltd**

A handwritten signature in blue ink, appearing to read 'Rod Halliday', is positioned above the printed name and title.

**Rod Halliday**

*Resource Management Planner*

**From:** [REDACTED]  
**To:** [BUS: Policy Submission](#)  
**Subject:** Development Contributions Policy Review - Wellington City  
**Date:** Monday, 6 December 2021 3:50:21 pm  
**Attachments:** [image003.png](#)  
[image004.png](#)  
[image002.jpg](#)

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Dear Leila

With reference to our meeting last Friday, the following comments are our feedback as discussed with you at the meeting.

Our comments are based upon our experience of being one of the largest residential developers in Wellington and specifically target the inner city residential development levy policy changes, and again based on our actual experience as the largest inner city apartment developer, having competed in excess of 12 buildings together with 2 more currently under construction with a further 3 in design.

Generally we understand the need for a development levy and also appreciate that over time there will be pressure for these levies to increase, so we are certainly not responding on the basis of objecting to an increase in development contributions.

However, it is evident from reviewing the proposed amended residential levy that a disproportionate increase is being applied to inner city residential, it appears that the increase is approximately 67%, with the exception of Grenada/Lincolnshire, this is by far the largest percentage increase citywide.

In our experience most Wellington property is now completely unaffordable for first and second home owners (recent data has confirmed that the average sale price is now in excess of \$1m).

Therefore the only hope for a first or second home buyers to purchase property in Wellington is by purchasing an inner city apartment and that would now probably be a one bedroom apartment or a smaller 60-65m<sup>2</sup> 2 bed apartment.

A typical first or second home buyer in Wellington is a young couple or a higher earning person on their own and typically their individual or joint income will be between \$80-160k, and they will work in government, IT or the various professions. These are the young people who are the life blood of the city and are the future of the city and it is essential that they are given the opportunity to purchase in Wellington as that decision guarantees that many of these people will stay in the city in the future. With banks now requiring at least 20% deposit to purchase a \$1m+ property in the suburban areas is well outside there levels of affordability and increasingly to gain a step on the property ladder they will purchase a presale of an apartment in a new building, the presale is an important part of their steps to own a property because the 2 year construction period gives them the time needed to save the balance of deposit required especially now with most banks requiring a 20% deposit not 10% which was sometimes available in the past.

In all of our most recent developments and upcoming projects the buildings typically are 80% 1 bedroom and smaller 2 bedroom units. This is very deliberate and is catering directly to this market, yet your proposed levy policy is actually penalising these purchasers by enforcing the highest increase of levies citywide. A typical 1 bed apartment is now selling between \$530-650k and a smaller 2 bed between \$600-700k. The level of proposed levy increase can only be passed on to the purchasers and will result in higher prices and is just another one of many cost increases being imposed on new buildings via local authority or compliance changes.

An interesting example is comparing the inner city (Q) increase of 67% to properties in the \$500-600k property range with the Johnsonville area that is increasing by approx. 25% but the average sale price in Johnsonville is now \$950k-1.3m.

Our submission is specific to zone Q, inner city residential, and we would like you to consider allocating more of this cost to the overall city, we note specifically to large costs within the schedule that apply to the Wright St water upgrades and also inner city parks, the parks are enjoyed by all Wellington residents and visitors to the city so we question why this is applied to levies for zone Q

only, as does in many respects the water upgrade.

In summary the vast majority of inner city residential will be purchased by first and second home buyers who are essential to the future of Wellington City and are a key demographic group targeted by other council policies to ensure that they do not leave the city and are also targeted by central government policy to make more affordable housing available yet as a council you are totally contradicting this by singling out this group to impose the highest development levy increase to the properties that they can afford to buy.

We have no comment the template or maps changes

***Kind regards***

***Craig Stewart***



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1 December 2021

**By Email: [policy.submission@wcc.govt.nz](mailto:policy.submission@wcc.govt.nz)**

**Attention: Leila Martley and Fiona Bailey**

Development Contributions Policy Review  
Policy Team 259  
Wellington City Council

## **Feedback on the Wellington Development Contributions Policy Review Statement of Proposal 2021**

### **1. Introduction**

- 1.1 Metlifecare New Zealand Limited (**Metlifecare**) wishes to provide feedback on the Development Contributions Policy for 2021/2022 (**proposed DC Policy**) and appreciates the opportunity to do so.
- 1.2 Metlifecare was established in 1984 and is a leading owner and operator of retirement villages in New Zealand. Metlifecare currently owns and operates a portfolio of 25 retirement villages located predominantly in New Zealand's upper North Island, providing rewarding lifestyles and outstanding care to more than 5,600 New Zealanders.
- 1.3 Metlifecare already has a presence in the lower North Island through its village in Kapiti and, as recently announced to the market, is acquiring Selwyn Sprott in Karori. Metlifecare appreciates the demand for retirement accommodation in Wellington and is considering further development in the capital.
- 1.4 Metlifecare is concerned that the proposed DC Policy has not anticipated or appropriately provided for retirement village development. Retirement villages play an important role in the community, and it is critical that the proposed DC Policy fairly allocates and charges development contributions for this use. The proposed DC Policy should reflect that retirement villages have less demand and infrastructure needs than standard residential development to be consistent with the purposes and principles of the Local Government Act 2002 (**LGA**).

### **2. Retirement village development will predominately be considered as residential activity under the proposed DC Policy**

- 2.1 In the current Wellington Development Contributions Policy (**Current Policy**) retirement village development would have, at least partly, been defined as non-residential development. Residential development is currently defined as the "*development of premises for any domestic or related purpose for use by persons living in the premises along or in family and/or not family groups*" but does not include "*rest homes, hostel accommodation or similar premises that provide shared or communal facilities*".
- 2.2 The Council has changed the definitions relied on in the proposed DC Policy to include a definition of residential unit, small residential unit, and residential activity. Non-residential development is not defined. Metlifecare anticipate that this change in approach was intended to align with the National Planning Standards and to recognise a broader range of residential activities, including retirement village development. However, we note the following:
  - (a) "Residential activity" is broadly defined to be "*the use of land and building(s) for people's living accommodation*", however, that definition is not used anywhere in the proposed DC Policy. Rather the term residential development is used throughout, including to determine the Equivalent Household Units (**EHU**) payable per type of development.

- (b) Residential unit means “*building(s) or part of a building that is used for a residential activity exclusively by one household, and must include sleeping, cooking, bathing and toilet facilities*”. The proposed DC Policy itself further clarifies that residential units are areas that are capable of being self-contained and which include kitchen and bathroom facilities “of any nature” and are units which can be physically separated from other residential units (see page 1 of the proposed DC Policy). We anticipate that this would include independent living units within a retirement village development and Metlifecare’s assisted living units which have kitchenette facilities. (We also note that the policy uses the term residential unit and household unit interchangeably).
- (c) Small residential unit means “*a residential unit which only has one bedroom and includes a studio unit/apartment that does not have a separate bedroom.*”
- 2.3 On the basis of the definitions provided above, the majority of the buildings within a retirement village will be considered residential activities, however specialist units such as dementia care units which do not have kitchen facilities of any nature would be non-residential activities.
- 2.4 As retirement villages provide housing for the elderly, Metlifecare considers it appropriate that retirement villages, including both independent living units and dementia care units, be considered as residential activities. However, Metlifecare is concerned that in the proposed DC Policy, development contributions (**DCs**) for residential development are charged per residential unit or small residential unit and that these activities do not reflect the demand generated by retirement village developments. There is no specific provision to calculate DCs for a retirement village development.
- 3. The proposed DC Policy must be consistent with the LGA**
- 3.1 Under the proposed DC Policy, the majority of the buildings within a retirement village would be assessed at a rate of 1 EHU per residential / household unit or 0.7 EHU per small residential / one-bedroom household unit.
- 3.2 The purpose of DCs is to allow local councils to recover a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term (section 197AA of the LGA).
- 3.3 The principles of DCs include:
- (a) that DCs should only be required if the effects or cumulative effects of developments will create or have created a requirement for the territorial authority to provide or to have provided new or additional assets or assets of increased capacity (section 197AB(a) of the LGA);
- (b) requiring cost allocations used to establish DCs to be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets (section 197AB(c) of the LGA); and
- (c) DCs should be predictable and consistent with the methodology and schedules of the territorial authorities DC policy (section 197AB(f)).
- 3.4 The approach to calculating DCs in the proposed DC Policy is contrary to the LGA because DCs for retirement villages are based on demand from typical residential households rather than the actual infrastructure demand from this use. The proposed DC policy is based on assumptions about householder water and wastewater use, the need for reserve land and transport use. The proposed DC Policy does not recognise that comprehensive care retirement villages generate much lower demand on council services than standard residential development and small residential units.

**4. The DC Policy must be amended to reflect the demand on infrastructure created by retirement village development**

4.1 Metlifecare considers that the proposed DC Policy should make specific provision for retirement villages to allow the Council to recognise the different characteristics and demand for services of a retirement village compared to a standard residential development, for the following reasons:

- (a) Retirement villages have a fundamentally different yield to standard residential development due to lower occupancy rates. The household occupancy in a retirement village is approximately 0.46 of the typical household occupancy of a residential dwelling.
- (b) While Metlifecare recognises that there has been specific consideration of one bedroom units, the proposed DC policy should also take into account lower demand on council services which a retirement village generates and also lower usage of public assets that are funded through development contributions compared to the demand and use from standard residential homes, even one bedroom homes.
  - (i) Retirement villages are self-contained in terms of their recreational and community facilities. Typically, they will have community meeting rooms, a library and active and passive recreation facilities. These can include bowling greens, vegetable gardens, outdoor seating, formal gardens and swimming pools. Therefore, a retirement village places minimal demand on public recreational and community facilities. These on site services are provided by and funded by the retirement village provider. The proposed DC Policy levies development contributions for community infrastructure projects at a rate that reflects growth in Wellington. This would place an unequitable charge on retirement village developments.
  - (ii) The traffic generation of a retirement village is significantly lower than a normal household. Residents have lower average car ownership (either due to resident mobility constraints, access to village transport services, or access to services on site). Furthermore, residents and village transport services avoid travelling at peak periods. Therefore, a retirement village development does not cause the need for increased capacity in the transport network. This is largely driven from the need for transport infrastructure to respond to peak travel time requirements.
  - (iii) Wastewater and water services are based on occupancy. However, as noted above, the household occupancy in retirement village units is significantly less than other residential housing units. The effect of this can be significant. As an example, in Kilbirnie development contributions are proposed to increase from \$6,137 to \$10,270 (per EHU) due to an increase in water supply contributions. Retirement village developments would have to contribute to water infrastructure at a much higher rate than the demand they generate.

4.2 Recognising retirement village units and aged care units separately is an approach supported by the Department of Internal Affairs in its template DC policy updated in February 2021.

4.3 Metlifecare appreciate that the proposed DC Policy provides an avenue for special assessments, however, that approach is discretionary and does not provide certainty to Metlifecare (or other retirement village operators) that the Council will use a special assessment or provide certainty of the likely quantum of DCs. The special assessment approach in the proposed DC Policy is also insufficient because:

- (a) it indicates that “special assessments will, in general, not be considered for residential developments”;
- (b) it does not recognise that special assessments are also appropriate where infrastructure works undertaken by the developer will substantially reduce the demand or lead to no demand on council facilities; and



- (c) the proposed DC Policy includes guidance in relation to special assessments that suggests a special assessment will be considered more appropriate when the expected usage measures are significantly different to the usage measures in Table 6. The assumptions used to create that table are unclear, particularly when residential land non-residential activities will have different average demands.

4.4 The Council needs to provide separately for retirement village developments with appropriate units of demand to enable the Council to levy fair, equitable and proportionate development contributions for retirement villages that reflect the capital expenditure required to service the development. The proposed DC Policy is contrary to the principles and purpose of development contributions under the LGA and would be a barrier to development in Wellington city.

**5. Specifically providing for retirement villages in the DC Policy would be consistent with other council DC policy's around New Zealand**

5.1 Other councils around New Zealand recognise that retirement village developments do not have the same demand on council services as other developments.

- (a) Auckland Council specifically provides for retirement units<sup>1</sup> and aged care rooms<sup>2</sup>. They are a specific development type with separate (and lower) units of demand factors for stormwater, transportation and other (as shown in below);

**Figure 1 – unit of demand factors for retirement units in Auckland DC Policy (draft)**

Retirement unit	Stormwater	1 HUE per 292m <sup>2</sup> ISA
	Transport	0.3 HUE per unit
	All others	0.1 HUE per unit

- (b) The Hutt City District Council has a separate demand factor for aged care units and retirement units (being 0.5 EHU for water, wastewater and stormwater; and 0.3 EHU for transport). Hutt City also has separate provisions for minor or small residential units;
- (c) Waipa District Council specifically provides for retirement units, being any dwelling unit in a retirement village subject to the Retirement Villages Act 2003 (excluding aged care rooms). Retirement units are assessed at 0.5 of a HEU per retirement unit;
- (d) Tauranga City Council provides for retirement villages as one-bedroom dwellings (defined to include any household unit in a retirement village that is registered under the Retirement Villages Act 2003) and are assessed at 0.5 of a HEU per dwelling. Other elements of retirement villages, where 24-hour on-site medical support is provided, are defined as residential activities. Under the Tauranga DC policy, if a household unit or household unit equivalent associated with other types of residential development that falls within the scope of residential activity is likely to have a significantly lesser impact on infrastructure than the average anticipated demand (50% below or 100% above the anticipated demand), a special assessment may be made; and
- (e) Christchurch City Council specifically provides for retirement units and care suites and are assessed as having less demand than a residential household (as shown in Figure 2 below). All other elements of retirement villages, such as a hospital, care/assisted living units etc are assessed using a special assessment.

<sup>1</sup> Retirement units are defined as any unit in a retirement village (other than an aged care home). Retirement village is defined as managed comprehensive development used to provide accommodation for aged care people.

<sup>2</sup> Defined as a dwelling unit in a rest home, or hospital care institution.



**Figure 2 - unit of demand factors for retirement units in Christchurch DC Policy**

District Plan Zone	Reserves HUE per development	Stormwater & flood protection HUE/ m <sup>2</sup> ISA	Water Supply per HUE	Wastewater Collection per HUE	Wastewater Treatment and Disposal per HUE	Transportation HUE per M <sup>2</sup> GFA	Community infrastructure
Retirement village - residential unit only <sup>1</sup>	0.1		0.50	0.50	0.50	0.50	0.1
Retirement village - care suite only	Nil		0.40 HUE	0.40 HUE	0.40 HUE	0.1 HUE	Nil

5.2 It is important that there is more consistency in how development contributions are calculated throughout New Zealand. The approach proposed in the proposed DC policy is overly simplistic and does not align with other councils.

## 6. Relief sought

6.1 For the reasons set above, Metlifecare requests that Wellington City Council adopt a separate classification for DCs for retirement village units and dementia suites / care bed facilities in retirement villages as follows:

- (a) *Reserves and community facilities* – 0.1 HUE per retirement village unit or independent living unit and 0.0 HUE per dementia suit / care bed. This recognises the minimal demand for community facilities by retirement village residents and the provision of these services in the village. It also acknowledges that residents have very low or no use of council recreational and open space services. These needs are supplied within the retirement village.
- (b) *Transport / Wastewater / Water* – Assess all independent living units as 0.5 of a EHU and all dementia unit or care bed units as 0.3 EHU (this also takes account of residents, visitors and staff).
- (c) *Stormwater* – The standard DC regime should apply which calculates DCs for stormwater based on impermeable surface area (**ISA**) created by a development. Auckland Council uses a 1 HUE to 292m<sup>2</sup> ISA calculation while other councils including Marlborough and Matamata-Piako use 0.26 HUE per 100m<sup>2</sup> ISA. This is an appropriate mechanism which also encourages developments where possible to reduce impermeable surface area and therefore reduce stormwater runoff. It is noted that the proposed DC Policy does not use ISA to calculate stormwater contributions. Instead, stormwater contributions are assessed for multi-unit residential development on the basis of the greatest number of EHU on any floor. This method does not directly relate to the ISA of a development, or encourage reduction in ISA.

6.2 This would involve introducing a new activity into the EHU payable per type of development table, as follows:

Type of development	EHU assessment based on:
Residential development	<p>1 EHU per <del>household</del> residential unit</p> <p>0.7 EHU per one-bedroom <del>household</del> residential unit</p> <p><u>For retirement village units:</u></p> <ul style="list-style-type: none"> <li>• <u>0.26 EHU per 100m<sup>2</sup> ISA for stormwater;</u></li> <li>• <u>0.5 EHU per retirement village unit for water, wastewater and transport; and</u></li> <li>• <u>0.1 EHU per retirement village unit for reserve and community infrastructure.</u></li> </ul> <p><u>For aged care units:</u></p>

	<ul style="list-style-type: none"> <li>• <u>0.26 EHU per 100m<sup>2</sup> ISA for stormwater;</u></li> <li>• <u>0.3 EHU per aged care unit for water, wastewater and transport; and</u></li> <li>• <u>0.0 EHU per aged care unit for reserve and community infrastructure.</u></li> </ul>
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6.3 The relief sought by Metlifecare would also involve introducing the following definitions of retirement village unit and aged care unit similar to those already provided for in DC policies across New Zealand:

- (a) **Retirement village unit** means: Any unit in a managed comprehensive residential development used to provide accommodation for aged people that is subject to the Retirement Villages Act 2003 (other than an aged care room), including:
- (i) the use or development of any site(s) containing two or more units that provides accommodation, together with any services or facilities, predominantly for persons in their retirement, which may also include their spouses or partners; and
  - (ii) recreation, leisure, supported residential care, welfare and medical facilities (inclusive of hospital care) and other non-residential activities accessory to the retirement village.
- (b) **Aged care unit** means any dwelling unit in a “rest home” or “hospital care institution” as defined in section 58(4) of the Health and Disability Services (Safety) Act 2001.

6.4 It is appreciated that the amendments sought require significant changes to the proposed DC Policy. However, it is considered that these changes are necessary to ensure the DC Policy applies a fair and robust development contribution regime that complies with the LGA.

6.5 Metlifecare also requests that Wellington City Council amends the special assessments paragraphs to recognise that special assessments are appropriate where a development has less demand on council infrastructure as follows:

- (a) Developments sometimes require a special level of service or are of a type or scale which is not readily assessed in terms of EHUs – such as large-scale primary sector processors, retirement village and aged care facilities which generally have lower demand on council facilities or service stations. In these cases, Council may decide to make a special assessment of the EHUs applicable to the development. ~~In general, special assessments of residential developments will not be considered.~~
- (b) ~~Without limiting the Council's discretion, when determining an application for a special assessment or a special assessment is initiated by the Council, the demand measures set out in Table 6 below will be used to guide a special assessment.~~ Special assessments may also be applied where other features, such as infrastructure works undertaken by the developer, substantially reduce demand or lead to no demand on council facilities.

6.6 Metlifecare would appreciate the opportunity to present this submission to the Council.

Yours faithfully

**Metlifecare Limited**

Joe Bartley

## SUBMISSION ON WELLINGTON CITY COUNCIL'S DRAFT DEVELOPMENT CONTRIBUTIONS POLICY 2021

**To:** Development Contributions Policy Review  
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**Name of Submitter:** Stride Property Group

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### Submission on Wellington City Council's Proposed Amended Development Contributions Policy – Consultation Draft November 2021

#### Introduction

1. This is feedback on Wellington City Council's (**Council**) Proposed Amended Development Contributions Policy – Consultation Draft November 2021 (**Draft Policy**) by Stride Property Group (**Stride**). The Draft Policy is open for consultation by Wellington City Council (**Council**) to 1 December 2021.

#### Scope of submission

2. Stride's submission relates primarily to the method used by the Draft Policy to calculate equivalent housing units (**EHUs**).
3. It is considered that the Draft Policy fails to take into account the demand rates that different activities have on infrastructure that is required to service growth. Accordingly, it is submitted that the Draft Policy does not levy fair, equitable and proportionate development contributions for non-residential and residential development and is contrary to the Local Government Act 2002 (**LGA**).
4. Stride seeks that the Draft Policy be amended to provide a fair and equitable assessment of EHUs in terms of the types of developments and demand it places on infrastructure.

#### Background to Stride

5. Stride is a group of companies and funds, including:
  - (a) Stride Property Limited (**SPL**), which manages one of New Zealand's largest diversified investment property portfolios, with a range of commercial office, retail and industrial properties.
  - (b) Equity Trustees Limited (also known as Diversified Property Fund) (**Diversified**), which is an investment property fund.

- (c) Stride Investment Management Limited (**SIML**) is a specialist real estate investment manager which currently manages the property portfolios of SPL, Diversified and Investore Property Limited (**Investore**).
  - (d) Investore specialises in investing in large format retail assets.
  - (e) Fabric Property Limited (**Fabric**), a subsidiary of SPL, specialises in commercial office properties, primarily in Wellington and Auckland.
6. Stride owns and manages properties throughout New Zealand. Stride develops properties with a view to long-term ownership and, therefore, invests in its buildings to meet high quality and design standards. Stride appreciates the requirement for Councils to invest in infrastructure to service growth. Stride takes an active approach in district plan, long term plan and development contribution processes around the country.
7. Stride appreciates the opportunity to comment on the Draft Policy. In particular, Stride has significant concerns about the approach taken in the Draft Policy and considers that the Draft Policy does not provide for a fair or equitable assessment of development contributions.

**The method used to calculate EHUs will not achieve the purpose and principles of development contributions as set out in the LGA**

8. The purpose of development contributions under the Local Government Act 2002 (**LGA**) requires that councils only recover a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.<sup>1</sup> In addition, the development contributions principles under the LGA provide that:<sup>2</sup>
- (a) development contributions should only be required if the effects of developments will create or have created a requirement for new or additional assets or assets of increased capacity; and
  - (b) development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended to be used and in a way that avoids over-recovery of costs allocated to development contribution funding.
9. These requirements are highlighted in *Neil Construction Limited v North Shore City Council* where the High Court held that provisions in the LGA require that before a development contribution may be required by a council, there must be a direct causal nexus between the development and the demand for infrastructure it, either alone or jointly with another development, generates.<sup>3</sup>
10. The approach taken in the Draft Policy to calculate EHUs is as follows:
- (a) There are only three development types that are used to assess development contributions per EHU. These are residential development, fee simple subdivision and non-residential development.
  - (b) The EHU for residential developments are assessed as 1 EHU per household unit or 0.7 EHU per one-bedroom household unit.
  - (c) Any non-residential development will have 1 EHU for every 42m<sup>2</sup> of gross floor area (**GFA**).

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<sup>1</sup> Section 197AA of the LGA.

<sup>2</sup> Section 197AB of the LGA.

<sup>3</sup> *Neil Construction Limited v North Shore City Council* [2008] NZRMA 275, at [120].

- (d) The reasoning provided by the Draft Policy is that the Council has assumed that an employee requires approximately 16m<sup>2</sup> GFA and that 2.6 employees, being the equivalent average residential unit occupancy, would therefore require 42m<sup>2</sup>.
- (e) This EHU calculation applies for all activities that development contributions can be charged for. In the case of non-residential developments these activities are water supply, wastewater, stormwater, and transport.

**The assessment for non-residential activities will not result in fair, equitable and proportionate development contributions**

11. The approach taken by the Draft Policy to assess non-residential activities is contrary to the purpose and principles of development contributions under the LGA for the following reasons:
  - (a) Providing for only one non-residential development type fails to consider the wide range of non-residential development types which place very different demands on network infrastructure and assets.
  - (b) The assumption that 42m<sup>2</sup> GFA of a non-residential use is equivalent to a EHU is unsound. It is not appropriate to levy development contributions based on the number of employees, or to assume that there is a correlation between the number of employees and residential occupancy and the demand that non-residential and residential activities have on infrastructure. For example, an office building has significantly more 'employees' than a large format retail centre with the same GFA.
  - (c) This issue becomes apparent when considering transport demand:
    - (i) Applying a development contribution for transport infrastructure based on GFA ignores the trip generation rate of the non-residential activity. It is the trip generation rate that places demand on the transport network, not the GFA per se.
    - (ii) As the Council appreciates, trip generation rates vary significantly and there is reliable data on trip rates for a wide range of non-residential activities. Trip generation is the appropriate starting point to assess the demand that an activity will have on the transport network.
    - (iii) In addition, capacity improvements are typically required to accommodate peak period travel demands. Demand generated outside of peak hours can generally be accommodated by existing transport infrastructure. It is also therefore important to consider the type of activity and if it will require new or increased capacity on the network.
  - (d) Similar concerns arise when considering the development contribution assessment for stormwater:
    - (i) The Draft Policy proposes that stormwater development contributions be levied on the basis of 1 EHU per 42m<sup>2</sup> GFA, for the greatest number of EHUs on any particular floor.
    - (ii) This mechanism based on floor area fails to capture all impermeable surface area (**ISA**) as part of a development that generates stormwater runoff, or alternatively recognise that a development can increase floor area but result in no change to ISA and therefore not increase stormwater runoff.
    - (iii) Calculating the stormwater development contribution on the basis of GFA also does not encourage developers to consider measures to reduce ISA and stormwater runoff.
    - (iv) The recognised fair, equitable and appropriate method to assess development contributions for stormwater is on the basis of additional ISA. It is considered

that the Draft Policy should levy development contributions for stormwater on this basis.

- (e) The Draft Policy also proposes to collect the stormwater development contributions on a city wide basis for “Stormwater Flood Protection” and “Stormwater – Network” assets. There is no list in the Draft Policy of stormwater infrastructure works that are proposed to be undertaken by the Council using the development contributions collected. Stormwater and the need for works is a local catchment issue and it is important that stormwater development contributions that are collected in a particular area are allocated to stormwater works within that area. Developers need certainty that the stormwater development contributions collected for any project will be invested in stormwater improvement works within the catchment of their development. Therefore, the Council needs to list in Schedule 2 of the Draft Policy the stormwater works that are to be undertaken in each local area.
- (f) It is also not appropriate to levy water and wastewater development contributions on the basis of GFA:
  - (i) As above, the Draft Policy proposes that water and wastewater development contributions are levied on the basis of 1 EHU per 42m<sup>2</sup> GFA.
  - (ii) However, the floor area of a non-residential development has no correlation to the water use or wastewater discharged. Water and wastewater demand is based on the type of activity, and in particular whether it is a low, medium or high water user. For example, retail developments can have a large floor area but have very low water and wastewater demand.
  - (iii) Appropriate water and wastewater demand rates should also be assessed and applied on an activity basis.

12. The approach taken in the Draft Policy is overly simplistic and does not provide a regime that enables a fair, equitable and proportionate level of development contributions to be collected for the capital expenditure required to service development. It is considered that the Draft Policy does not comply with the requirements of the LGA.

**Applying only two demand rates for residential use will not facilitate residential development to meet Wellington’s housing needs**

13. The Draft Policy provides two residential unit demand rates, 1 EHU per household unit and 0.7 EHU per one-bedroom household unit.
14. This means that the same development contributions will be levied for a large four-bedroom standalone dwelling as a two-bedroom apartment. These residential activities do not have the same demand on Council’s infrastructure. It is also important that more intensive residential development is encouraged and not disincentivised by the Council’s development contribution regime.
15. It is considered that the Draft Policy should recognise a greater range of residential development types and apply appropriate demand rates for those residential uses.

**Recognising the range of non-residential and residential use and different units of demand in the Draft Policy would be consistent with other council DC policies around New Zealand**

16. Other councils around New Zealand recognise in their development contribution policies that non-residential development has varying levels of demand on council services and therefore vary the charges accordingly, including for Auckland, Hutt City, Christchurch, Tauranga and Hamilton.

17. In particular, Auckland Council in its Draft Development Contribution Policy 2021 provides for six different non-residential development types,<sup>4</sup> with transport levied within a range of 1 HUE per 215 – 346m<sup>2</sup> GDA, and stormwater on the basis of 1 HUE per 292m<sup>2</sup> ISA.
18. As a result, a new retail development in Wellington would incur significantly greater development contributions than the same sized development in Auckland. Although it is appreciated that the development contributions also reflect the capital projects required to service growth in a particular area, the discrepancy in this example is based on the approach to inflating the units of demand for retail development in the Draft Policy which, as above, does not reflect the actual demand for new infrastructure to service that development.
19. Other councils also provide a more graduated approach to residential development types, which appropriately recognises that different forms of residential development have lower demand on council infrastructure.
20. As an example, Auckland Council in its Draft Development Contribution Policy 2021 provides for detached dwellings, low rise attached, and medium to high rise attached, with each having different demand rates based on dwelling size (see figure 1 below).

**Figure 1 – Auckland Council Draft Development Contribution Policy 2021**

**Schedule 2 – Development types and unit of demand factors**

**Land and building development**

Table 3

Development type	Activities	Units of demand
Detached dwelling unit / duplex	Stormwater	1.0 HUE per unit
	All others	0.8 HUE per unit at 0m <sup>2</sup> - 99m <sup>2</sup> GFA
		1.0 HUE per unit at 100m <sup>2</sup> - 249m <sup>2</sup> GFA
		1.2 HUE per unit at 250m <sup>2</sup> and over GFA
Attached dwelling unit – low rise	Stormwater	1 HUE per 292m <sup>2</sup> ISA
	All others	0.7 HUE per unit at 0m <sup>2</sup> - 99m <sup>2</sup> GFA
		0.9 HUE per unit at 100m <sup>2</sup> - 249m <sup>2</sup> GFA
		1.1 HUE per unit at 250m <sup>2</sup> and over GFA
Attached dwelling unit – medium to high rise	Stormwater	1 HUE per 292m <sup>2</sup> ISA
	All others	0.6 HUE per unit at 0m <sup>2</sup> - 99m <sup>2</sup> GFA
		0.75 HUE per unit at 100m <sup>2</sup> - 249m <sup>2</sup> GFA
		0.9 HUE per unit at 250m <sup>2</sup> and over GFA

21. This approach more appropriately recognises the lower occupancy in smaller dwelling units, and also incentivises more intensive residential developments.
22. It is important that there is more consistency in how development contributions are calculated throughout New Zealand. The approach proposed in the Draft Policy is overly simplistic, does not align with other councils, and fails to levy fair and equitable development contributions.

<sup>4</sup> Retail, hospitality, recreation and personal services; Commercial; Education and health; Production and distribution; All others.

**Stride seeks that the Draft Policy be amended to provide a fair and equitable assessment of EHUs in terms of the types of developments and demand**

23. Stride considers that the Council needs to reconsider how EHUs are calculated and provide for a greater range of development types each with their own appropriate level of demand.

24. Stride seeks the following relief:

(a) that the Council amend the Draft Policy to provide for separate development types and units of demand for non-residential activities as follows:

Activity	Transport	Stormwater	Water	Wastewater	Community Infrastructure / Reserves
<b>Non-residential use</b>					
Retail, hospitality, recreation and personal services	1.0 EHU per 215m <sup>2</sup> GFA	1.0 EHU per 292m <sup>2</sup> ISA	Low demand	Low demand	0.0 EHU
Commercial	1.0 EHU per 271m <sup>2</sup> GFA	1.0 EHU per 292m <sup>2</sup> ISA	Low demand	Low demand	0.0 EHU
Production and distribution	1.0 EHU per 346m <sup>2</sup> GFA	1.0 EHU per 292m <sup>2</sup> ISA	Low demand (except for wet industries)	Low demand (except for wet industries)	0.0 EHU

(b) that further residential categories be provided to recognise medium to high rise residential development, and lower levels of demand based on the size of the unit (rather than only recognising one-bedroom units); and

(c) that the Council confirms in Schedule 2 of the Draft Policy the stormwater works that are required in each catchment.

25. It is appreciated that the relief sought is a significant change to the Draft Policy. However, it is considered that these changes are necessary to ensure the Draft Policy takes a fair, equitable and proportionate approach to development contributions and does not disincentivise development in Wellington City.

**Dated** this 1<sup>st</sup> day of December 2021



\_\_\_\_\_  
 Bianca Tree  
 Counsel for **Stride Property Group**



Wellington City Council  
113 The Terrace  
Wellington 6011

Dear Councillors,

### **Response to your draft Development Contribution Policy consultation**

Beca has delivered many of Wellington's landmark 'green buildings', including the Meridian Building on the waterfront (New Zealand's first 5-Star Green Star rated building), completed in 2007; the refurbishment of Aorangi House, winner of the World Green Building Council's 2018 'Leadership in Sustainability' award; and Tākina Wellington Convention and Exhibition Centre, which has just secured a 5-Star Green Star design rating – the first for a convention centre in New Zealand.

Delivering high performance buildings like these has seen us engage with WCC on the appropriate development contributions, and we welcome the opportunity to comment on your draft Development Contribution Policy.

### **Ground for remission**

#### **Self-assessment**

While Green Star is a well understood ratings product, it carries significant costs to obtain the certification, on top of the development's resource efficient design. Marketing and development costs all play heavily into the decision to go for a Green Star rating, with the cost of documenting and certification often consuming the bulk of any remission from WCC.

Currently there is no process for owners to demonstrate reduced impact other than through a rating tool such as Green Star, which is essentially a template for establishing environmental impacts as a proxy for reduced impact on Council's infrastructure. However a building without a Green Star rating but which pays very careful attention to water management and end-of-trip facilities could deliver significantly lower impact on water and transport demands without the costs of a branded green certification.

We believe if WCC can outline clear performance targets for developments, and the assessment criteria to determine these, then developers (and their engineering teams) will be able to secure a remission by showing they have delivered lower impact assets without the expense of using a branded rating product.

We welcome WCC's statement in Section 9.10 that 'Council may remit all or part of a development contribution at its complete discretion. Council will only consider exercising its discretion in exceptional circumstances.' Previously we have previously worked with WCC to understand the changes in demand of our client's developments on WCC's infrastructure, and secure development contributions remissions – an approach WCC has referred to as 'self-assessment'.

One of our challenges is establishing how we demonstrate to WCC that the buildings we design reduce loadings on WCC's drinking water and wastewater systems – particularly with regards to WCC providing a transparent assessment schedule, and we encourage WCC to demonstrate how the route to securing a remission without using a branded tool could be pursued.

In short, we believe this process would be better at incentivising developers to minimise a new asset's impact on Wellington's infrastructure. The framework could be developed from the existing Green Star criteria, with changes made to make the assessment specific to the project location and connecting infrastructure. This would make the process for demonstrating reduced impact on infrastructure, but also allow the development's impact on the local infrastructure to be considered, rather than relying a tool developed for the whole of New Zealand.

### **Green Building Remission (Sections 9.15 and 9.16)**

#### *Encouraging uptake of appropriate green building ratings tools*

We feel WCC's 'Green Building Remission' policy should encourage a broad ecosystem of high quality buildings ratings approaches, rather than simply mandate Green Star. Green Star is a ratings product that is well understood by the New Zealand market, but there are other green rating tools available that may be more appropriate – e.g. LEED and Living Future's 'Core' rating – which all address a broad spectrum of building performance (rather than focusing on specific areas, e.g. carbon or energy).

These all allow WCC to have confidence that the development has been done to a high standard, but give the market flexibility choose the right tool for their project, while demonstrating high quality outcomes for the project and reduced impact on Wellington's infrastructure. Being open to other high quality ratings tools allows WCC to embrace innovation. We also note the policy does not mention residential assessment tools, e.g. Homestar which could help incentivise high quality urban development and reduce demand on Council's infrastructure.

We suggest the following amendment and addition:

- 9.15 To encourage economic development and recognise the strategic importance of **Green Star (or equivalent)** rated buildings a standard remission equating to 50% of the total standard assessed charge can be applied for developments that meet the criteria outlined below.
- 9.16 **[additional bullet point]** If the building is a residential development of greater than X [to be determined] equivalent household units it must have received a 7 Star Homestar Certified Rating or equivalent or higher.

Furthermore the performance from particularly demanding certification regimes could be recognised by an even greater remission – e.g. a 'Living Building Challenge' rating is only granted for buildings that are 'self-sufficient and remain within the resource limits of their site' – and thus places significantly reduced demand on Council infrastructure.

#### *Alignment of ratings tools with WCC's infrastructure pressures*

The current Development Contribution remission allowance does not specifically address design attributes which impact on council infrastructure i.e. stormwater systems and run-off, or potable water consumption. We suggest WCC's Green Building Remission criteria should mandate the inclusion of the green rating tool credits that relate to demand on council infrastructure.

For example, in securing 5-Star Green Star certification WCC should mandate minimum outcomes in Credit 17.4 – Active transport, Credit 18 – Potable Water and Credit 25 – Storm Water as part of the criteria for development contributions remission. Other tools will have similar focus areas that should be

mandated. Likewise there should be a similar alignment for Homestar credits if Council includes residential developments in the policy.

We are happy to discuss what these specific outcomes should be – and how WCC can mandate these requirements through the ratings tools.

#### *Alignment with current Green Star tools*

Remissions pertaining to 'green certification' should only be granted on securing an 'As Built' rating, rather than a 'Design' rating; 'As Built' verifies that the attributes incorporated in the design have actually been installed and commissioned.

#### **Seismic resilience and Low Damage Design**

Beca suggests WCC recognises the value of buildings that adopt Low Damage Design (LDD) principles with a reduction in Development Contributions. LDD encompasses design features such as base isolation and viscous dampers, and goes beyond the minimum standard required by the Building Code. It also offers benefits in line with WCC's 'community outcomes' aspirations (Section 14.7), including:

- **Environmental** with buildings inherently likely to have a greater return on their embodied carbon as their lifespan is less likely to be shortened through seismic activity
- **Social** as the buildings are highly resilient and able to keep people safe
- **Economic** as disruption from building closure and demolition is significantly reduced

Constructing a building using LDD adds about 5% to the overall cost of a development, so any remission WCC can offer will offset a very small part of that – but it would make a clear indication of the resilience that WCC wishes to encourage.



**Patrick Breen**  
Senior Technical Director





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### 3. Committee Reports

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## **REPORT OF THE KĀWAI MĀHIRAHIRA | AUDIT AND RISK SUBCOMMITTEE MEETING OF 2 FEBRUARY 2022**

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**Members:** Mayor Foster (absent at time of voting), Councillor Condie (Deputy Chair), Liz Kelly (absent), Councillor Pannett (absent at time of voting on Health, Safety and Security Report), Councillor Paul, Linda Rieper (External), Bruce Robertson (Chair), Councillor Rush, Roy Tiffin (External).

### **The Subcommittee recommends:**

#### **3.1 HEALTH, SAFETY AND SECURITY REPORT**

Recommendation/s

That the Pūroro Tahua | Finance Performance Committee:

1. Receive the information.

#### **3.2 WATER ACTIVITY RATES SETTINGS**



Recommendation/s

That the Pūroro Tahua | Finance Performance Committee:

1. Consider debt funding the revenue loss, if necessary, resulting from the errors in rates settings and recommend this course of action to Council.

Website link to the Kāwai Māhirahira | Audit and Risk Subcommittee agenda and minutes:  
<https://wellington.govt.nz/your-council/meetings/committees/audit-and-risk-subcommittee/2022/02/2>

### **Attachments**

- Attachment 1. Health, Safety and Security Report at Kāwai Māhirahira | Audit and Risk 2 Feb 2022 
- Attachment 2. Water Activities Rates Setting Report at Kāwai Māhirahira | Audit and Risk 2 Feb 2022 

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2. General Business

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**HEALTH, SAFETY AND SECURITY REPORT**

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**Kōrero taunaki  
Summary of considerations**

**Purpose**

1. This report asks the Kāwai Māhirahira | Audit and Risk Subcommittee to review the Council's health and safety performance for the period 1 September 2021 to 31 December 2021.

**Strategic alignment with community wellbeing outcomes and priority areas**

Aligns with the following strategies and priority areas:

- Sustainable, natural eco city
- People friendly, compact, safe and accessible capital city
- Innovative, inclusive and creative city
- Dynamic and sustainable economy

**Strategic alignment  
with priority  
objective areas from  
Long-term Plan  
2021–2031**

- Functioning, resilient and reliable three waters infrastructure
- Affordable, resilient and safe place to live
- Safe, resilient and reliable core transport infrastructure network
- Fit-for-purpose community, creative and cultural spaces
- Accelerating zero-carbon and waste-free transition
- Strong partnerships with mana whenua

**Relevant Previous  
decisions**

Outline relevant previous decisions that pertain to the material being considered in this paper.

**Financial considerations**

- Nil       Budgetary provision in Annual Plan / Long-term Plan       Unbudgeted \$X

**Risk**

- Low       Medium       High       Extreme

Author	Wendi Henderson, Health, Safety & Security Manager
Authoriser	Meredith Blackler, Chief People and Culture Officer

## **Taunakitanga Officers' Recommendations**

Officers recommend the following motion

That the Kāwai Māhirahira | Audit and Risk Subcommittee:

1. Receive the information.
2. Recommend to the Pūroro Tahua – Finance Performance Committee to receive the information on 17 February 2022

## **Whakarāpopoto**

### **Executive Summary**

2. The Report provides information that aligns with the Officer due diligence responsibilities under the Health and Safety at Work Act 2015 (HSWA), specifically having:
  - Knowledge of work health and safety matters
  - An understanding of the nature of operations and the hazards and associated risks
  - Appropriate resources and processes to eliminate or minimise risk
  - Appropriate resources to receive and consider information
  - Verification of the provision and use of resources and processes
  - Processes for compliance with duties or obligations under the HSWA.
3. This report comprises qualitative commentary on activities that have occurred in the last four months, and are presented in three categories:
  - Risks
  - Relationships
  - Resources.
4. The dashboard reporting (attachment 1) provides quantitative leading and lagging indicators to measure health and safety performance within Council.
5. This style of reporting is based on the Business Leader's Health and Safety Forum: 'Monitoring what matters in Health and Safety' – a guide for CEOs. The Council is a member of the Business Leader's Forum.

## **Takenga mai**

### **Background**

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**Kōrerorero**

**Discussion**

**Risk Profiles**

6. The Council's Health, Safety and Security Team focusses on the Council's top nine priority hazard/risk controls, as presented to the Finance, Audit and Risk Subcommittee previously. The top nine risks are shown below and defined by potential consequence and likelihood.

#	Risk
1	Personal Confrontation
2	Vehicle Traffic Mobile Equipment
3	Health and Impairment
4	Asset Failure
5	Work Related Health Hazards
6	Natural Events
7	Work with or in the Vicinity of Services
8	Work at Height
9	Ignition Sources

**Specific Areas of Risk**

7. The following summarises key pieces of work that have occurred in the last four months as the Council continue to manage the risks associated with specific hazard categories. This work is both good health and safety practice and assists the Council to meet our legal obligations under the HSWA and Local Government Act 2002 (good employer).

**Personal Confrontation**

8. One of the biggest risks for our frontline Council staff is personal confrontation from members of the community. Over the last two years, the Council has recorded 956 instances of conflict. A video called Facing conflict on the Frontline was developed and released in October 2021 highlighting experiences of WCC frontline staff. [Facing conflict on the frontline \(facebook.com\)](#)
9. Raising awareness and sending a message like this is an important stake in the ground. It is important our staff know they do not need to put up with this kind of behaviour (normalising it); that there are ways to minimise exposure in our various teams; and, it is reported through Risk Manager.
10. Following the release of this video WCC received 10 media queries regarding it, a couple of stories stemmed directly from the video – and we provided content for a TVNZ documentary which unfortunately did not make the final cut.
- <https://www.stuff.co.nz/dominion-post/news/126926187/customer-service-staff-being-abused-on-nearly-daily-basis-as-covid-frustrations-rise>
- <https://www.stuff.co.nz/national/300458464/incredibly-traumatising-time-for-workers-going-facetoface-with-covid-protesters>



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### **Health and Safety Management - Reporting System Update**

11. Over the last four months, considerable work has been completed by the Project Steering and Working Groups on the procurement of a new health and safety reporting system. Workshops were conducted to go through the discovery phase. Process mapping has been completed and a wider stakeholder engagement group established.
- The remaining timelines are:
  - Request for tender to commence 17 January 2022
  - Tenders close 21 February 2022
  - Tenders to be evaluated by working group with a recommendation to go to the steering group 22 February 2022
  - Project implementation of the new system is by 1 October 2022

### **Health and Safety Risk Assessments – COVID Vaccination Mandate**

12. As part of the preparation for the Vaccination Policy consultation with staff, health and safety risk assessments were undertaken of all WCC roles.
13. While a simplified tool was released by the Government mid-December, we instead used a more in-depth WorkSafe risk assessment rather than the four-question assessment released by the Government which more appropriate for small and non-complex businesses.

The approach we took was more fit-for-purpose given the complexities of the Council's 400 plus services and our associated risk profiles. This assessment looked at the following areas enabling the Council to produce a risk assessment for each role category:

- How many people the employee carrying out work comes into contact with
  - How easy it would be to identify the people who the employee comes into contact with (i.e., co-workers are low risk versus members of the public which would be high risk)
  - How close the employee carrying out the tasks is in proximity to other people (close physical contact in indoor environments is higher risk)
  - How long the work requires the employee to be in that proximity to others (brief contact versus lengthy contact)
  - What the risk of COVID-19 infection and transmission in the work environment is when compared to the risk outside of work.
  - Whether the work involves regular interaction with people considered at higher risk of severe illness from COVID-19, such as people with underlying health conditions.
14. This tool was externally reviewed by a health and safety consultant to ensure it was adequate and fit for purpose.
15. The HSS team developed the tool and then shared a draft copy for feedback to the following groups: Key WCC Managers, Unions, WCC H&S Reps, wider People and Culture Group and as part of the all-staff consultation.

### **Provision of Security Services**

16. During October 2021, a request for proposals (RFP) for the Provision of Security Services was released as an open tender. This was due to the existing contract expiring and the requirement to test the market, as per Procurement guidelines.
17. Tenders closed on 18 November 2021 and evaluations took place prior to Christmas. Negotiations with the successful supplier have started with an expected start date of 1 March 2022. Further information will be provided in the next reporting period.

#### **Incident Investigations**

18. Two incidents reported were rated as high or extreme risk in this four-month reporting period. These incidents are detailed within the Health and Safety Performance Report in section 5.
19. No full ICAM investigations were required during this reporting period.
20. An incident entered in Risk Manager on 24 December 2021 involved a worker becoming ill following exposure to fungal spores (*Cryptococcus gattii*) in late 2019. Due to the incubation period of the spores, the worker was not diagnosed till December 2021. This was reported to Worksafenz once WCC was made aware due to it meeting the criteria of a notifiable illness.

#### **Local Government Official Information and Meetings Act 1987 (LGOIMA)**

21. The Health, Safety & Security team were required to provide information for eight (8) LGOIMA requests which were received in this reporting period. The types of information requested related to;
  - Protection Framework (Covid) / Traffic Light System
  - Wellbeing Frameworks
  - Vaccine Passports and Mandates
  - Health and Safety Risk Assessments (Covid)
  - Tip Shop
  - CCTV Cameras (surveillance of public outdoor spaces)

#### **Relationships**

22. The Council has several external relationships to support its best practice, knowledge uplift and collaboration. In this reporting period, the following interactions were undertaken.
  - New Zealand Institute of Safety Management (NZISM) is New Zealand's Leading professional association for health and safety practitioners, of which the Senior Health, Safety and Security Business Partners (HSSBP's) for the Council are members. Being a part of this body allows access to all the support and content that this body collates and shares. Through this membership, over the reporting period, the HSSBP's have been able to access case studies, peer support, and informative seminars.
  - Local Government: Connections with other local authorities, especially during various stages of the Covid response have been utilised to ensure consistency with the region's approach and enabled information sharing.

- Taituarā (previously SOLGM) have provided significant information and guidance to Councils during the Covid response, primarily in regard to the Government's Traffic Light Framework, which was announced on 22 October 2021.
- Health & Safety Specialist Consultant – providing peer review/advice as and when required.

## **Resources**

### **Health, Safety and Security Structure Review - Update**

23. Recruitment is underway for the additional roles to increase the Health, Safety and Security Business Unit to support the Council's health, safety and security maturity uplift and reduction of risk exposure to the organisation's business groups. A model of Health, Safety & Security Business Partnering will be implemented to better support business groups in all aspects of health, safety and security.

### **Annual Workplan**

24. The 2021/22 Health, Safety & Security (HSS) Business Plan was signed off and will form the basis of the work for the HSS Business Unit. Key actions will continue to be monitored by the Council's Health and Safety Steering Group as it has been previously and reported at Kāwai Māhirahira - Audit and Risk Subcommittee.

### **Mental Health and Wellbeing**

25. Building off three key areas identified through engagement sessions held in previous reporting periods, the Council has since undertaken additional work to support staff including raising awareness of mental distress, training leaders, and supporting staff to support others experiencing mental distress and developing process transparency in relation to the Council's support mechanisms.

During this reporting period, we can note the following uptake or increases from this reporting period:

- Mental Health First Aid Trained Staff – 22
  - Whare Kura - Supporting your People completions - 5
26. In December, WCC held a Webinar - 'Being Well at WCC with Jacqui McGuire', a registered clinical psychologist. Jacqui spoke about wellbeing in a COVID-19 world, living with COVID-19 in the community, and how to make sure we are looking after our general wellbeing. 182 people joined this webinar and the recording is available for 3 months.

Another webinar was also held on Wednesday 24 November with 'Being Well at WCC with Jess Stuart', an author, coach and international speaker. Jess shared ideas and insights that help us build our resilience, master our mind-set, and develop our confidence to be "our best" without burning out in the process. 143 people joined this webinar and the recording will remain available for 12 months.

27. In February 2022, the Being Well at WCC programme officially commences with planned, regular and ongoing communications and engagements with staff. Further webinars with guest speakers will feature each quarter, with the first 2022 webinar to be held in March. The speaker is yet to be confirmed at this stage.

The Being Well at WCC resource hub will continue to be updated with resources across the six areas of wellbeing. Each month, resources and activities will be

highlighted for teams and individuals in the Hub. The team activity will also be in the Managers' briefing to encourage them to lead by example.

Bimonthly, there will be a Pokapū story focused on an individual or leader in the business talking about their wellbeing/tools used etc. Wellbeing will also frequently be referenced in Tō Te Poi, the Chief Executive's email update to all staff.

A focus will also be placed on our operational teams about how Being Well at WCC will work best in their workplace/space. This programme is not a 'one-size-fits-all', there will be customisation where needed.

### Elected Members' Due Diligence

28. The information below demonstrates elected members' performance against due diligence actions for the 4-month period 1 September 2021 to 31 December 2021.

#### Legislative Due Diligence Requirement

- Acquire and keep up to date with knowledge of work health and safety matters
- Understand nature of operations and hazards and associated risks
- Appropriate resources and processes to eliminate or minimise risks
- Appropriate resources to receive and consider information
- Verify provision and use of resources and processes
- Have processes for compliance with duty or obligation under the HSWA (2015).

Due Diligence	Actual
Attend one health and safety leadership induction workshop(s) per annum, (e.g., Business Leaders forum; 'Leading Safety' refresher; public Health & Safety Seminars)	None during this reporting period. The most recent elected member workshop was in November 2019 on due diligence obligations. Another workshop, facilitated by Emma Brookes, Health and Safety Consultant - PBS Solutions, is scheduled for 1 March 2022. The most recent executive leaders' workshop was held in December 2020, focused on monitoring what matters and taking learnings from the ongoing response to COVID-19.
Participate in site/workplace safety observations with an ELT Member	No health and safety observations occurred in this period due to COVID restrictions and response.
Oversight of Health and Safety Climate survey findings and results	The biennial Health & Safety Climate survey was last undertaken in November 2020 and reported to HSSG ( <i>next scheduled for 2022</i> ).
Receive and review health and safety information on Council health and safety performance through Council's health and safety reporting framework	The most recent reports presented to FARS and CSC are for the periods: 1 May 2021 - 31 August 2021 1 January 2021 – 30 April 2021 1 July 2020 – 31 December 2020 1 July 2019 to 30 June 2020 (annual report).

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Have oversight of Council's Hazard and Risk Register through annual review process	Council have nine critical risk categories and 20 other risk categories.
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**Attachments**

Attachment 1. HSS Periodic Report - Sept 1 - 31 December 2021

# Health, Safety & Security Performance

## Reporting Period 1 September – 31 December 2021

Wellington City Council (WCC) has a responsibility to regularly monitor its Health and Safety (H&S) performance to ensure it is on track to meet both its related Policy expectations and H&S strategy. To monitor its performance, WCC will collect data and use a range of indicators as part of regular reporting protocols.

These measures include a balance of leading and lagging indicators and are selected to outline improving, consistent or deteriorating H&S performance.

### Section 1: Leading indicators

**Leading indicators** involve precursors that may lead to an accident, injury, or disease. They focus on improving health and safety performance and reducing the probability of serious accidents. They can be used to monitor the effectiveness of the health and safety management system before accidents, incidents and failures happen and work towards preventing or controlling their occurrence. Leading indicators are typically specific and linked to an aspect of the H&S management system.

#### 1.1 Leading indicators

Metric	Reporting Period	Same period last year	FYTD
# of health and safety representatives (HSR)	116	102	116
# of representatives trained (HSR) during period	26	0	50
# of physical first aiders trained (SSW Coordinated)	0	0	23
# of mental health first aiders trained	9*	37	29
# of workers trained on personal confrontation (full day)	12	0**	22
# of worker trained on resilience (full day)	10	10	22
# of health and safety heroes	0	0	0
# of elected member workplace engagements	0	7	1
# of executive member workplace engagements	0	6	5
# of random drug and alcohol Test - pass	28	74	45
# of random drug and alcohol Test - fail	0	0	1
# of early intervention physiotherapy (mirimiri) sessions	0	Not used	0
# of early intervention physiotherapy (European method) sessions	8	14	16
# of employee assistance programme hours	239.50	292.95	384

### Points to highlight

Course numbers have been restricted due to Covid and because they cannot be delivered online.

Mental health first aid training was initially offered to People Managers but since opening this up for staff to also attend, there have been regular courses offered and attended.

As part of the Covid response, the wellbeing programme has provided an alternative for staff over and above the historic option of EAP (Employee Assistance Programme) for support. We have experienced high uptake to the wellbeing webinars by staff during the reporting period as outlined in the substantive report.

## 1.2 Critical risk observations

Critical risk observations provide a key opportunity to engage with teams to understand how a specific critical risk is being managed, control measures that require strengthening and the overall level of assurance that the risk is being managed effectively.

Due to Covid restrictions, staff resourcing and prioritising the implementation of both the Traffic Light System and the Vaccination Policy, the critical risk observations were postponed during this reporting period. They will be put back into the plan of work in the new year.

## 1.3 Near miss incident risk break down

Severity	Extreme	High	Moderate	Low
Near miss incidents	0	5	57	237

Related definition: any incident that did not harm people or damage assets or the environment but, in different circumstances, could have done so. \*These events are included within section 5 below.

## Points to highlight

The number of lower risk events highlight the opportunities that exist to control risks without actual harm occurring or a higher level of consequence.

# Health, Safety & Security Performance

## Section 2: Lagging indicators

**Lagging indicators** measure loss events that have already occurred. They quantify WCC's H&S performance in terms of past incident statistics (numbers of incidents, reported accidents, incidences of disease or failures of systems). We use these indicators to measure the outcomes of WCC's management of H&S. Noting, they provide insufficient information to ensure the success of the health and safety management process since they promote reactive rather than proactive management.

### 2.1 Lagging Indicators

Metric	Reporting Period 1 <sup>st</sup> September – 31 <sup>st</sup> December 2021	Same period last year (1 <sup>st</sup> September – 31 <sup>st</sup> December 20)	FYTD
# work related ACC injury claims	30	40	39
# non-work related Well NZ managed claims	3	5	4
Claim costs to date	\$5,285.37	\$75,438.08	\$17,397.13
Number of workdays lost	20	190.375	50.28
Average delay in incident reporting (days)	5.16	4.98	5.18
# Personal Confrontation (#1 Critical Risk) incidents	333	183	433
# non-negative drugs & alcohol tests	0	0	1
# health exposure tests with results over thresholds	0	0	0
# bans issued	2	6	8
# trespass notices issued	5	2	12
# incidents reported to Police	38	34	56

### Points to highlight

The higher value in claims costs for the same period last year is reflective of three high risk/cost claims which combined had costs, to date, of \$63,313.71. One of these claims have been closed and two are still open.

Note, the continuation of the increase in personal confrontation incidents being reported, and as a result, the levels of incidents being reported to the Police and bans issued are increasing or remaining at higher levels than previous time periods.

### 2.2 Reported injury incidents risk breakdown

Severity	Extreme	High	Moderate	Low
Injury events (FA, MT, NE/LTI)	2**	5	125	537

*Definitions: FA = first aid injury, MT = medical. NE/LTI = notifiable event/lost time injury.*

\*These events are included within section 5 below.

\*\* incident relating to Vaccine mandate x 2 likely needs re-adjusting

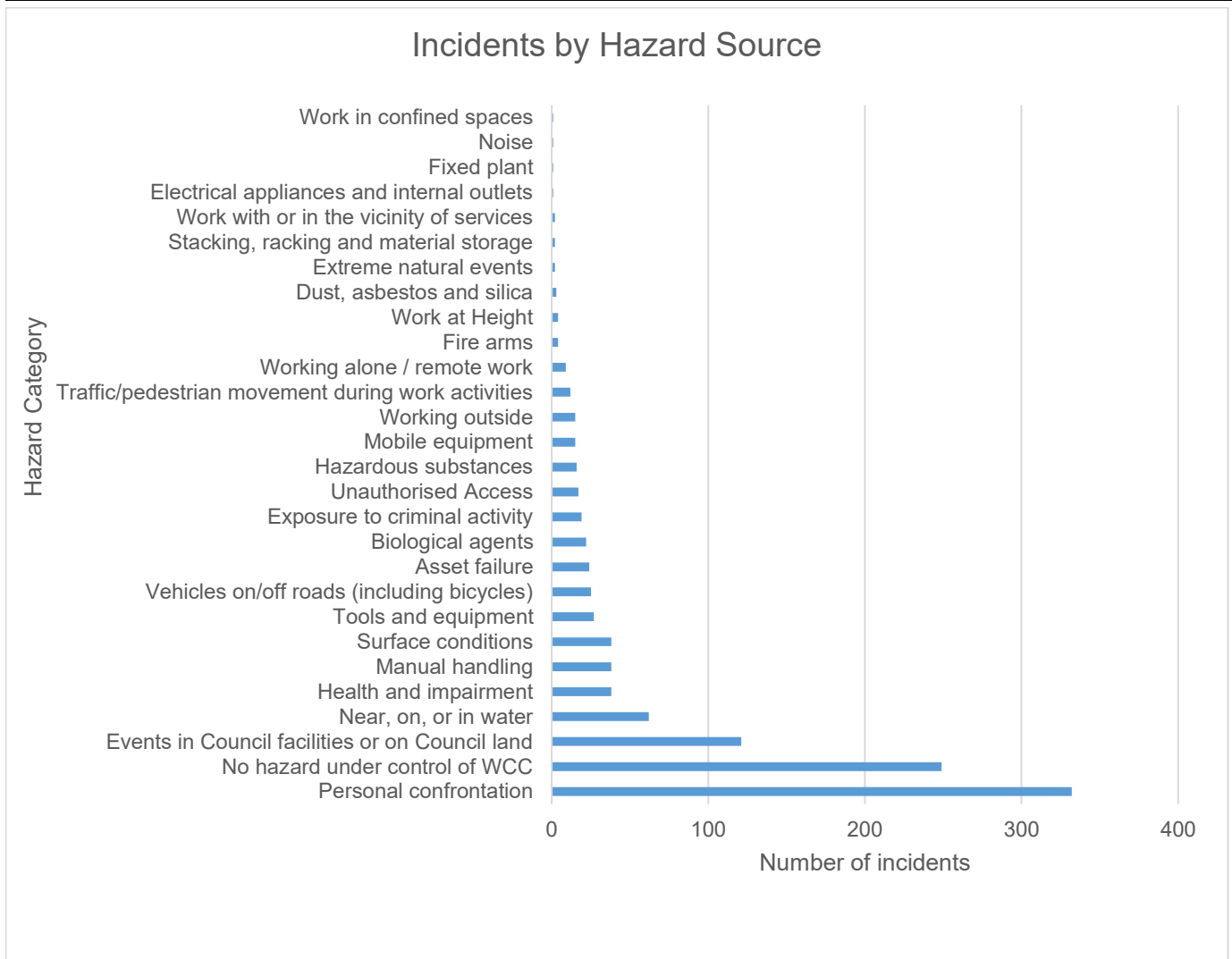


## Points to highlight

The proportion of higher risk incidents to lower risk events highlights the opportunities that exist to control risks without a higher level of consequence occurring.

Both incidents recorded as extreme severity relate to reported physiological harm due to WCC mandating Covid vaccinations (both incidents were reported by the same worker).

## 2.3 Report injury incidents by hazard source



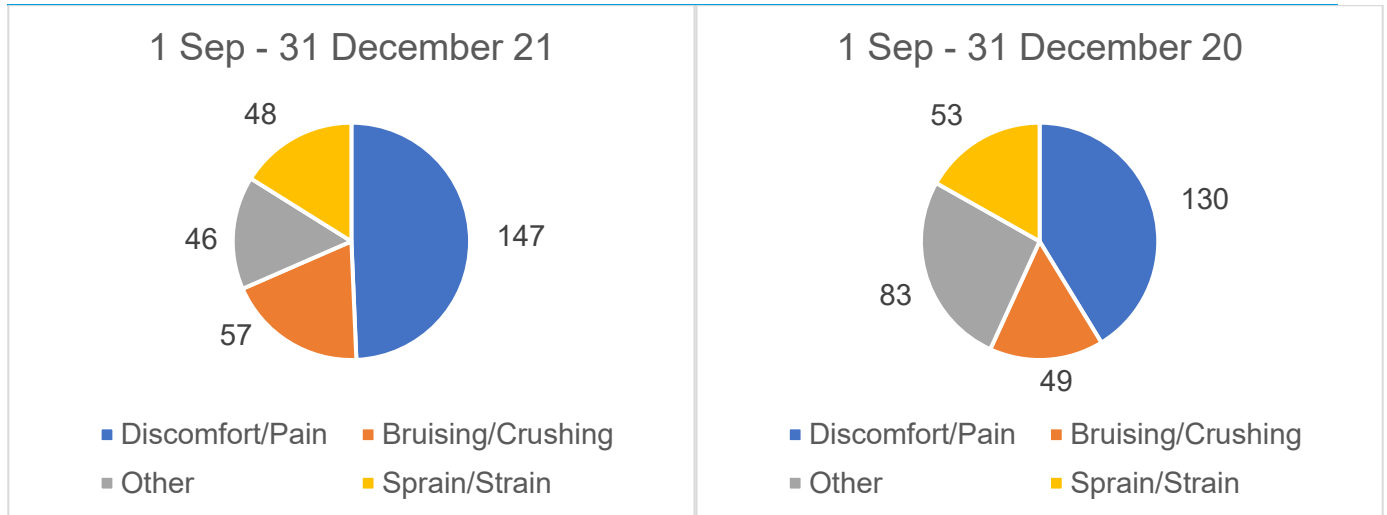
## Points to highlight

Personal confrontation remains WCC's top hazard and is consistent with previous reporting periods.

## 2.4 Reported injury type breakdown (top 4)

(Percentage of total worker injuries reported)






Please note, the below graphs represent the top 4 injury types reported over the reporting period



### Points to highlight

Discomfort and pain remain the top injury type reported on for this reporting period. Early reporting of pain and discomfort is encouraged as it presents an opportunity for staff to receive early intervention treatment before the discomfort or pain become more significant (and costly) or lead to an injury.

## 2.5 Role Type Incident Report Breakdown

Role type	Reporting period		Same period last year	
 Worker	NM	167	NM	91
	FA	213	FA	112
	MT	47	MT	57
	NE/LTI	1	NE/LTI	1
 Public	NM	107	NM	194
	FA	330	FA	288
	MT	27	MT	35
	NE/LTI	0	NE/LTI	3
 Tenant	NM	2	NM	2
	FA	3	FA	0
	MT	1	MT	1
	NE/LTI	0	NE/LTI	0
 Contractor	NM	22	NM	10
	FA	36	FA	16
	MT	7	MT	5
	NE/LTI	0	NE/LTI	0
 Volunteer	NM	0	NM	0
	FA	6	FA	1
	MT	0	MT	0

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	NE/LTI	0	NE/LTI	0
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Related definitions: NM = near miss, FA = first aid injury, MT = medical.  
NE/LTI = notifiable event/lost time injury.

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## Points to highlight

There is a significant increase in near miss reporting for WCC workers as well as contractors. WCC managers and contract managers have made a conscious effort to ensure staff and contractors are reporting all types of incidents which has led to the increase of reporting seen. There has been an increase in first aid incidents reported, however the trend is showing a decrease in medical treatment incidents.

The worker incident categorised as notifiable event/illness in the above graph relates to a worker becoming ill following exposure to fungal spores. This was reported to WorksafeNZ.

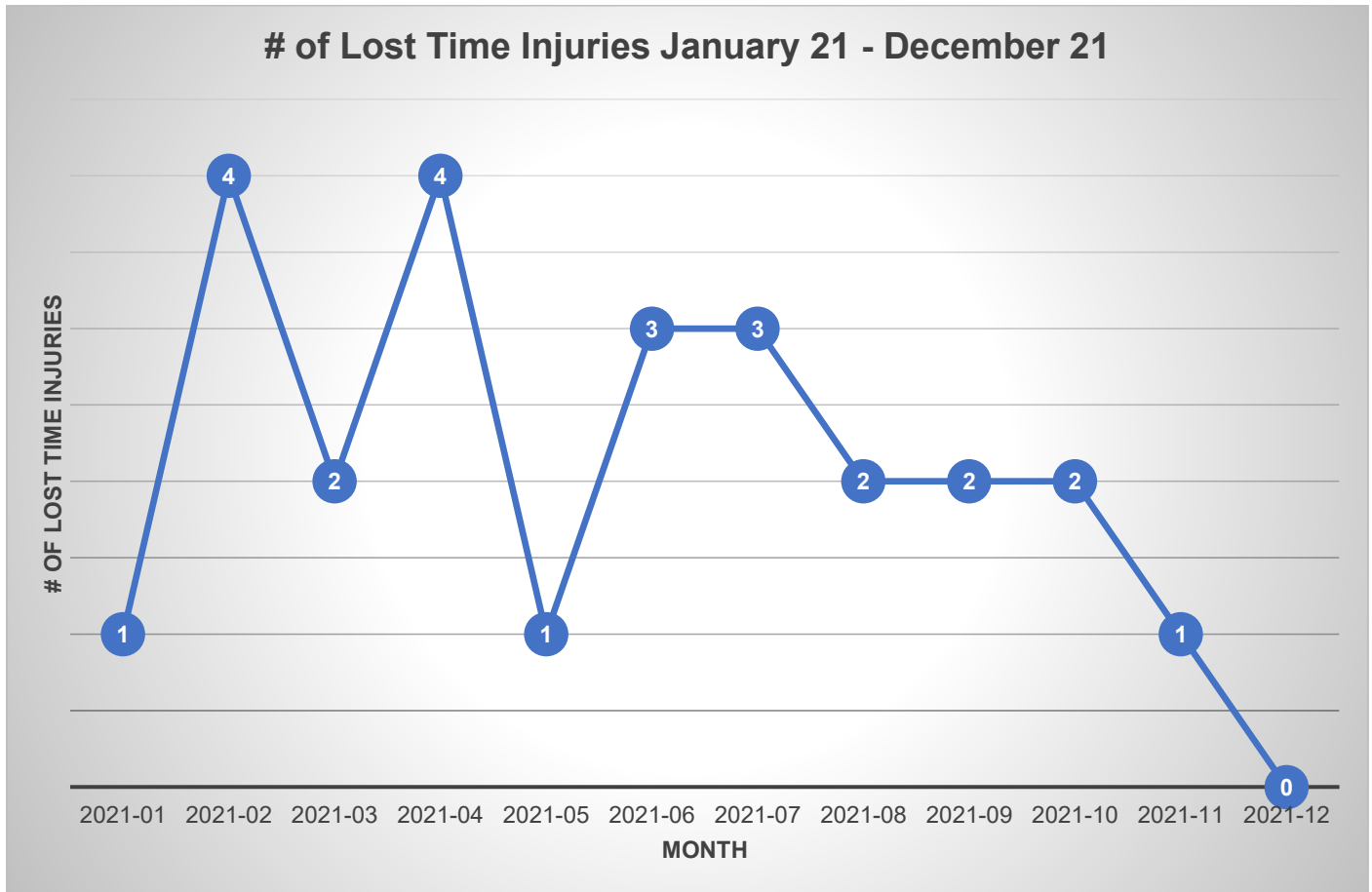
## Section 3: Graph indicators – lost time injuries, near miss reporting and employee assistance programme usage.

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### 3.1 Lost Time Injuries

The following graph shows the number of lost time injuries per month by employees (excluding contractors) for the reporting period 1 January 2021 – December 2021.

A **lost time injury (LTI)** is an event that results in a fatality, permanent disability, or time lost from work. It could be as little as one day or a shift off work being lost, or months of rehabilitation. It can arise from a small incident, like a paper cut, or from a notifiable event such as a fall from height.



## Points to highlight

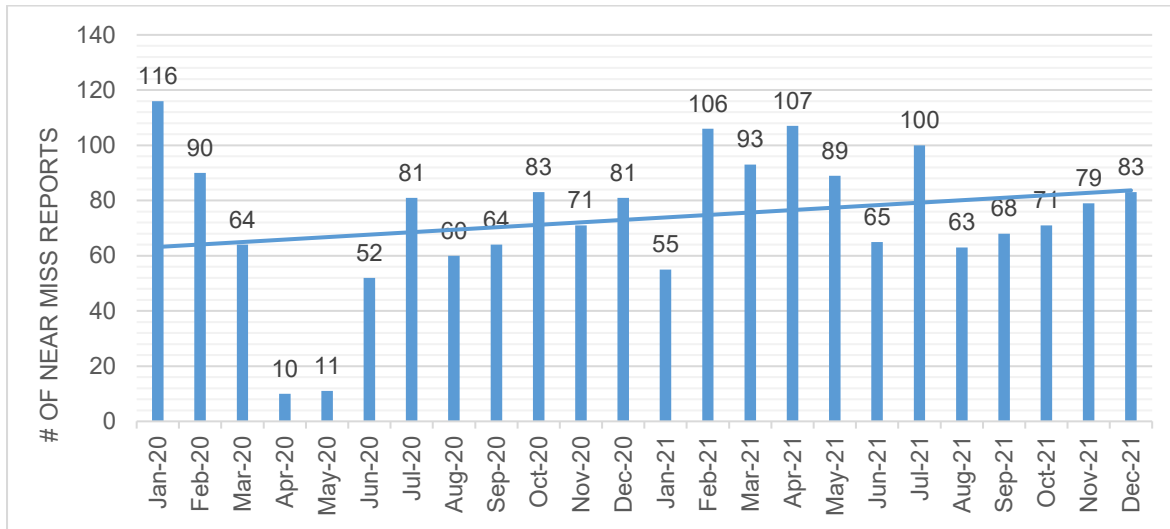
Key points to note in relation to lost time injuries include:

- The number of injuries that were reported during September and October, resulting in lost time, remained consistent and have continued to decrease since November.
- Alternative duties (lighter work tasks) in gradual return to work plans has proved valuable and has led to an increase in wellbeing for those injured staff who are away for longer periods of time.
- Rehabilitation has proved to be an integral part of the process for dealing with injury or illness. It has been recognised that rehabilitation should commence as soon as possible following injury or illness.
- Our goal is to ensure that our employees are able to return early to safe, meaningful and productive work from both work and non-work injuries.

## 3.2 Near Miss Reporting

The following shows near misses reported for the reporting period 1 January 2020 – 31 December 2021. A **near miss** is an unplanned event that did not result in injury, illness, or damage – but had the potential to do so.

Collecting near-miss reports helps create a culture that seeks to identify and control hazards, which will reduce risks and the potential for harm.

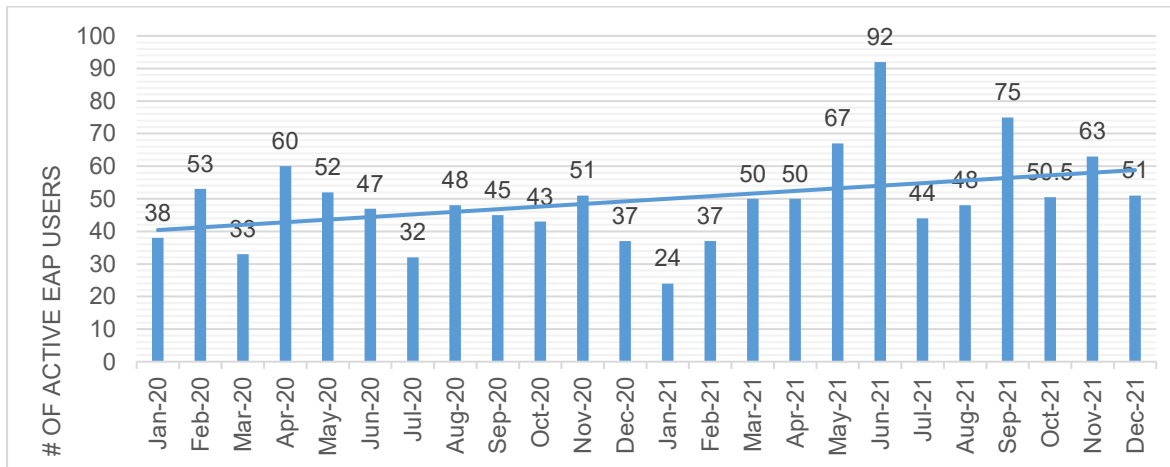


### Points to highlight

There is a positive uplift in near miss reporting from workers and contractors since August 2021, although this uplift does not reach previous reporting levels. The Health, Safety & Security team will continue to provide regular encouragement around reporting through regular engagement channels internally.

### 3.3 Employee Assistance Programme (EAP) Usage

The following shows the total number of active EAP users for the reporting period 1 January 2020 – 31 December 2021.



### Points to highlight

Since an initial jump in numbers in June 2021, EAP usage has been consistent since. The top three presenting issues were personal relationships (in personal life), depression/anxiety/emotional issues and stress in personal life.

### Section 4: Information Sources:

- Data pulled from Risk Manager reporting system (internal), EAP provider reporting, WellNZ third party injury management provider.

## Section 5: Serious Incidents (including high potential near misses)

A serious incident is an event that has resulted in or had the potential to result to cause serious harm via illness, injury (or both).

Key for acronyms: KPI - Key Person Involved; MOP - Member of Public; LG - Life Guard; DM - Duty Manager; OP - Operations Manager; PO - Parking officer

Date of Incident	Business Group/Team	Location	#	Brief Details of Incident/ High Potential Incident (VERBATIM / AS REPORTED)	Corrective Action	Corrective Action Status	Near Miss	Critical Risk (Nasty Nine)	High Potential
7/09/2021	MOB	Level 7	1238193	<p>Decision for the Johnsonville Market 2 Morgan Street was issued yesterday. CP rang KP demanding that I answer questions about the decision, claiming that it was invalid due to legal procedural errors. I informed CP that this was not a matter that I could comment on, and invited CP to send any questions or comments to us via email. Otherwise I could not discuss any matters concerning the decision with him. CP became very angry, loudly informing me that under the Treaty of Waitangi he had a right to receive a verbal answer from me, and that I must comment on what he was saying. I hung up.</p> <p>A few minutes later CP rang again, aggressively demanding that I answer his questions. By now I was in a very shaken state. I do believe that, following earlier experiences that I have had surrounding dealings with CP, that I have signs of Post Traumatic Stress Disorder. As soon as I realise that I am dealing with him my blood pressure increases, I have trouble breathing, and I start to panic, reverting to a "flight" mode where I want to get away ASAP.</p> <p>With the second call I simply kept repeating that I could not answer his questions, and that he needed to send them in via email. CP kept yelling at me that he had a right to receive a verbal answer, and did not want to send any questions in via email. I may have raised my voice at one point in responding to CP, though I was never rude. I did inform him that I considered that his behaviour towards me was "bullying". CP informed me that "many people are listening to this call". That further increased my stress levels. I interpreted him as stating that he was "live streaming" or otherwise broadcasting the call to the public. I hung up the phone.</p> <p>The experience has left me distressed and shaken. Even preparing this entry in Risk Manager has proved very distressing.</p> <p><b>Immediate Actions Taken</b> Contacted my Manager. Placed my phone setting on Do Not Disturb to avoid any further calls from CP.</p>	New CP caller number blocked staff informed to disconnect future calls	Simple investigation - closed	NA	personal confrontation	Yes
2/09/2021	Transport and Infrastructure	Footpaths or roads	1237723	<p>Stop/Go traffic control in place in the Ngaio Gorge. Cyclist had ridden onto the footpath to avoid the queue at the uphill set of lights, travelling downhill. He then travelled down the hill in the pedestrian walkway through the first half of the site before crossing over the live lane and proceeding down the hill through the second half of the site in the live lane. As he had not travelled through the lights at the top, the TC staff had not accounted for him in the line of traffic. The last vehicle had been received from the flow of downhill traffic and the downhill TC changed his light to green, sending the flow of traffic uphill. The cyclist travelling downhill (and now against the flow of traffic) has collided with the first car in the uphill flow on a blind corner.</p> <p><b>Immediate Actions Taken</b> Traffic has been stopped and the crew have attended with first aid. Police and Ambulance have been called to attend. A diversion has been established around the incident to allow traffic to flow again. Police attended site and took statements. Ambulance attended to cyclist, who appears to have a shoulder injury. Cyclist taken to Wellington Hospital.</p>	Simple investigation	Closed	NA	Vehicles, traffic & mobile plant	Yes
8/11/2021	Parks, Sport and Recreation	WRAC	1247926	<p>KPI2 has been insisting that KPI get the vaccine saying that it is the best thing to fight against covid. KPI2 has no legal standing as an entity that should advise healthcare. KPI received multiple emails from KPI2 stating that KPI should get vaccinated and that it is the right thing to do.</p> <p>KPI2 then threatened that KPI could fall under the government mandate on 05/11/21</p> <p>KPI filled out a serious event harassment claim to which KPI has had no response as of yet. KPI2 stated again that KPI should get the vax without any regard for my personal situation. Also insisting that it was to protect other which is a</p>	None	Awaiting full investigation	NA	personal confrontation	Yes

				<p>blatant lie that KPI2 provided no evidence for. KPI was put under huge psychological harm by their employer. This has caused sleepless nights and logistical issues around family stability surrounding income. This has also put under threat KPI's routine. KPI is a duty manager and is in charge of timesheets. A very trusted position. KPI2 sent an email today 08/11/21 stating that KPI would fall under the mandate. This has caused an increase in psychological harm as KPI2 is coercing KPI to get an experimental medical treatment(check out the Nuremberg code) in order to maintain job stability. This is a serious harm event that has put KPI under a situation of shame in the workplace for being potentially let go of for nothing to do with performance and is causing a huge disruption at my family home</p> <p><b>Immediate Actions Taken</b> KPI filled out this incident report and will be responding with a letter to management addressing the email KPI2 sent</p>					
2/12/2021	Parks, Sport and recreation	WRAC	12529050	<p>On 01/12/21 KPI2 confirmed that they would follow through with a vaccine mandate for all staff at WRAC. KPI2 does not have to do this by law. KPI2 is implementing this of its own volition. KPI2 is stating that it will look to redeploy staff if they don't show their vaccine certificates but terminate their contracts where not possible KPI2 has insisted that staff will be put on leave without pay for an undetermined amount of time if staff don't comply in handing over their proof of vaccination. This means that those staff are being held onto by the WCC which makes it harder for staff to seek new employment or benefits while the council decides not to pay them for an undetermined amount of time. KPI2 has offered no apologies for its conduct over such measures. KPI2 is stating that perfectly competent employees will be losing their jobs over a matter not once mentioned in KPI's contract <b>Immediate Actions Taken</b> The "mandate" that KPI2 is implementing directly affects KPI. KPI has been unwilling to disclose any personal information on vaccine status thus far. KPI2 has repeatedly attempted to coerce KPI into seeking medical treatment. KPI is stressed, anxious and scared that over the coming weeks, if KPI chooses not to handover private medical records, that KPI's contract will be terminated and/or be put on leave without pay for an undetermined amount of time. KPI feels stressed that he will not be able to support his household and keep up with payments as a result of potentially being put on unpaid leave. KPI is stressed and upset that this has happened during the Christmas period. This has caused a loss of sleep, and a decrease in mood. KPI2 has not responded to or clarified any information I have sought regarding this medical treatment. I send a letter to which I got no reply. Asking, what I thought were valid questions regarding the medical treatment. This combination of bad faith treatment and coercion as well as the potential loss of employment and or income has put KPI under intense pressure over financial stability and has increased stress at home. KPI feels that he will be ostracised and or ignored if he questions KPI2's policies as evidenced thus far. KPI's situation has been ongoing since the first council proposed mandate which they retracted after finding out it wasn't legal. KPI is yet to see a health and safety risk assessment going into the science of the vaccine mandate vs not implementing it.</p>	None	awaiting full investigation	NA	NA	Yes

10/10/2021	Parks, Sport, and recreation	Botanical gardens	1243738	<p>KPI was working at the education pavilion finishing off a small building/landscaping project started the week before. KPI had finished the work and was packing up the tools and tidying the area. In the area were several large boulders that were to be used as part of the installation. I had shifted them around earlier, so I had room to work and was kicking them back into place with my feet. I kicked and rolled the largest one back towards its original position (next to the bath installation and a large support beam holding up the outdoor shade cloth) KPI reach out with hand to stop its momentum, in touching it I shifted its momentum and it roll awkwardly in the other direction and pinning KPI's right finger against the large steel support holding up the shade cloth next to me.</p> <p>Instant Crushing pain and laceration when pulling hand out in automatic reaction causing it to bleed</p> <p><b>Immediate Actions Taken</b> First aid applied immediately. TL contacted and advised of trip to A&amp;E TL Locked up site</p>	<p>TL working through Injury management process with KPI</p> <p>TL review working alone procedures PSRHSLAD providing support where needed</p>	Awaiting closure	NA	Manual Handling	Yes
31/10/2019	Parks, Sport and Recreation	Botanic Gardens	1256517	<p>Sequoia sempervirens branches had failed and were lying on the ground, Used a chainsaw to cut them into smaller pieces to transport offsite. The branches were green.</p> <p>Noticed while cutting that the internal temperature of the branches was extremely high. There were fungal spores noticed on the leaves of the branches, but none noted on the wood itself.</p> <p>Moved the cut sections to the RTV and transported them to the Lower Yard to be disposed of.</p> <p><b>Immediate Actions Taken</b> Cryptococcus gattii can incubate for up to 18 months. Symptoms of infection appeared in 2021, 6 months prior to being diagnosed, these included extreme and frequent headaches and a persistent cough. MRI,CT scan and lumbar puncture diagnosed Cryptococcus gattii infection. Admitted to hospital for 2 weeks, infusions for 5-9 hours per day for 4 weeks. Oral medication for 6-12 months and continued monitoring by CT scan and MRI every 3 months</p>	Work safe notified 24/12/2021	Awaiting simple investigation	NA	NA	Yes
30/09/2021	City Housing	Newtown Park Apartments	1242616	<p>KP and KP1 were on level 4 Block A checking a noise complaint and we could hear thumping and screaming coming from flat A404. I approached the door, and I could hear fighting, screaming and thumping. I called the police straight away and described the incident to the call taker. As I was talking to the police, someone came out of the flat. A male bleeding. I could see he had a broken nose and was covering his face with a disposable mask. He walked past next to me and towards Kerry, then he knocked on the door of the neighbour at A405. No answer, so he waited for the lift. I was on the phone to police and Kerry was next to me. Two tenants from other apartments came out and were watching the situation. The man left but there was still noise coming from the flat. Kerry and I notified CH managers, Emerge (as they holds the tenancy) and support workers for the tenant at DCM. The support workers arrived but did not feel it was safe for them to enter the apartment without the presence of police officers. We were waiting outside of the block for the police to arrive.</p> <p><b>Immediate Actions Taken</b> Police were phoned and PPC's were called in to clean the blood Support workers from DCM were also contacted to support the tenants</p>	None	Closed	NA	Personal confrontation	Yes



8/12/2021	City Housing	Hanson Court apartments	1254371	<p>Ventia Voids specialist attended vacated property to scope, the Voids specialist had not been advised the previous tenant had died in the property and biohazards (blood &amp; Body fluids) had been found including a maggot infestation.</p> <p><b>Immediate Actions Taken</b></p> <ul style="list-style-type: none"> <li>- Voids specialist does not carry specific biohazard PPE so left site.</li> <li>- Biohazard's subcontractor is required to do a clean before anyone else enters the site</li> </ul>	None	Closed	NA	NA	Yes
28/12/2021	Parks, Sport and Recreation	Freyberg Pool	1256663	<p>KPI who had received previous ban letter ignored letter and removed from site with police assistance loitering in car park, waiting for staff to finish shift. When staff left for the day hoping in cars to leave KPI followed staff around CBD tailgating and pulling the fingers.</p> <p><b>Immediate Actions Taken</b></p> <ul style="list-style-type: none"> <li>-Staff Immediately phone police and OM</li> <li>-Police directed staff in car to central police station</li> <li>- 2 staff in car left police report at station</li> </ul>	29/12/2021 OM in comms with senior leadership during this.. Security alerted and request for security on site for next 3 days has been put through.	Awaiting closure	NA	Personal Confrontation	Yes
22/12/2021	Customer Experience	Arapaki	1256176	<p>The Library and the Service Centre were in a team meeting in the main meeting room. KP noticed that something was happening at the main door. And expressed KPI was getting attacked. KPI2 waited for police to arrive and muttered he would come back with a gun and shoot you</p> <p><b>Immediate Actions Taken</b></p> <ul style="list-style-type: none"> <li>-pulled Duress alarm</li> <li>-phoned the police</li> <li>-KPI2 went to walk away and had left his wallet</li> <li>-KP approached KPI2 with wallet and asked him to come back and wait for police</li> <li>-Police arrived and issued trespass notice to KPI2 and checked on team</li> </ul>	Awaiting simple investigation	Not yet completed	NA	Personal confrontation	Yes
04/12/2021	Parks, Sport & Recreation	Keith Spry Pool	1254150	<p>Was rotawashing teaching pool when it stopped working.</p> <p>Tamati went to 'fix' it and it shocked his fingers and up his arm</p> <p><b>Immediate Actions Taken</b></p> <p>Turned rotawash off immediately</p>	13/12/2021- Rotowash has been checked by electrician and operations manager is purchasing more plug protectors as per "All Pools safe use of electrical equipment"	Closed	NA	Asset Failure	yes
25/12/2021	Parks, Sport & Recreation	Keith Spry Pool	1256588	<p>While completing plant checks, staff member discovered the tubing from the teaching pool dosing pump had come away from the injection point. This resulted in a considerable chlorine leak spill on the plant room floor.</p> <p><b>Immediate Actions Taken</b></p> <ul style="list-style-type: none"> <li>Turned off dosing pump.</li> <li>Used bucket to catch excess chlorine</li> <li>Contacted contractor to fix injection point</li> <li>Cleaned up spilt chlorine with spill kit as per policy, checking no chlorine had entered drains</li> </ul>	None	In progress	NA	Asset Failure	Yes

20/10/2021	Parks, Sport & recreation	Otari Native Bush	1245435	<p>The whole team was working loading materials onto the tractor at the service entrance. This job was outside the garage; however, a little bit of stone had rolled into the garage. Garage entrance. We were just finishing the job and Cheyney walked under the garage door to get something, she said she noticed it was lower and went to touch the roller door when the door unroller onto her, hitting her on her forehead.</p> <p><b>Immediate Actions Taken</b></p> <p>I took KP to the mess room, cleaned up the small cut on her head and put a plaster on it. The swelling had started immediately so I found some ice for her to ice the wound. She was feeling okay and was thinking to go back to work. We sat down and gave her a sugary tea. She wasn't showing signs of concussion, but we decided it was best for her to visit the afterhours of Adelaide road and then drop her home.</p> <p>Since the incident the garage door has been left closed and the main door and side door has been closed with danger tape. staff have been informed not to enter the area. The garage is scheduled for demolition within the next couple of weeks.</p>	<p>Otari team have closed the garage door and the main door and side door and have put danger tape in place to stop people entering.</p> <p>All staff have been informed of roller door hazard.</p> <p>Garage to be demolished in coming weeks and</p> <p>The garage is currently empty</p> <p>Update SSW team on KPI recovery.</p>	In Progress	NA	Asset Failure	Yes
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## **WATER ACTIVITY RATES SETTINGS**

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### **Kōrero taunaki**

### **Summary of considerations**

#### **Purpose**

1. This report to Kāwai Māhirahira - Audit and Risk Subcommittee is to notify the committee of an error in the rates settings for 2021/22 in relation to the targeted rates for the Water Activities, specifically the rates charged on water use per cubic meter of water, and the fixed charge for those connections.

#### **Strategic alignment with community wellbeing outcomes and priority areas**

Aligns with the following strategies and priority areas:

- |  |   |
|--|---|
| <b>Strategic alignment with priority objective areas from Long-term Plan 2021–2031</b> | <input type="checkbox"/> Sustainable, natural eco city  |
|  | <input type="checkbox"/> People friendly, compact, safe and accessible capital city                 |
|  | <input type="checkbox"/> Innovative, inclusive and creative city                                    |
|  | <input type="checkbox"/> Dynamic and sustainable economy  |
|  | <input checked="" type="checkbox"/> Functioning, resilient and reliable three waters infrastructure |
|  | <input checked="" type="checkbox"/> Affordable, resilient and safe place to live                    |
|  | <input type="checkbox"/> Safe, resilient and reliable core transport infrastructure network         |
|  | <input type="checkbox"/> Fit-for-purpose community, creative and cultural spaces                    |
|  | <input type="checkbox"/> Accelerating zero-carbon and waste-free transition                         |
|  | <input type="checkbox"/> Strong partnerships with mana whenua                                       |

#### **Relevant Previous decisions**

#### **Significance**

The decision is **rated medium significance** in accordance with schedule 1 of the Council's Significance and Engagement Policy.

#### **Financial considerations**

- |                              |  |   |
|------------------------------|--|---|
| <input type="checkbox"/> Nil | <input type="checkbox"/> Budgetary provision in Annual Plan / Long-term Plan | <input checked="" type="checkbox"/> Unbudgeted \$3m |
|------------------------------|--|---|

2. An error has been identified in the Rates Setting process for Water Activities that were adopted at Council on 30<sup>th</sup> June 2021 for the 2021/22 financial year.
3. The material error relates to the rates set for metered water volumetric charges (both commercial and Base). The rates were set erroneously as the same charge as the 2019/20 Annual Plan rather than the increased, updated charges required to fund the 2021/22 Water Activities.
4. The material error relates to the volumetric charges so the total annual impact will depend on water consumption for metered accounts. The revenue loss will be \$3 million if water consumption for metered accounts at year end is as budgeted.
5. This error creates a risk that Council will not collect enough revenue to cover operational costs in the current year. However, the resulting revenue loss may be offset through operational underspend or if water volumes are higher than budgeted.

**Risk**

|  Low      |  Medium      |  High      |  Extreme

6. The overall risk to council is a reduction in revenue intended to be collected in the 2021/22 Rating year of \$3 million, should the water usage be at budgeted volumes.

Author	Elizabeth Steel, Funding Manager
Authoriser	Sara Hay, Chief Financial Officer

## **Taunakitanga**

### **Officers' Recommendations**

Officers recommend the following motion

That Kāwai Māhirahira - Audit and Risk Subcommittee:

- 1) Receive the information
- 2) Recommend to Council to approve debt funding the revenue loss, if necessary, resulting from the errors in rates settings. This rate setting errors were for both volumetric usage and water meter fixed charges.
- 3) Note in paragraphs 8 and 12 the actions taken to date and future processes to ensure this error does not happen again.

## **Whakarāpopoto**

### **Executive Summary**

7. This report is to notify the committee of an error in the 2021/22 Rates settings relating to the rate charged per cubic metre and the fixed charge for rating units on water meters. The published rate used for consumption was \$2.435/m<sup>3</sup>, however the intended rate to generate the required revenue was \$2.88/m<sup>3</sup>. The rate for the fixed charge per water meter connection was \$135.96 while the intended fixed charge was \$160.68.
8. This error in the rates setting could result in \$3million revenue loss for Council in the current financial year depending on actual water usage for metred accounts versus budgeted volumes.
9. This error occurred in the last step of the process when links to the water calculation Excel model were not updated correctly and remained linked to the 2019/20 Excel model.
10. Options have been considered regarding Council's ability to reset or replace the rates or to accept the error. Debt funding any shortfall is recommended given the administrative efficiencies available, over the costs and uncertainties of initiating a statutory process to replace the rates settings. Not explicitly debt funding any shortfall lacks sufficient transparency.
11. Process and systems improvements have been made to prevent this or similar errors from occurring in the future. An independent third party is being engaged to provide quality assurance that the improved processes and systems will work as intended. In addition to these measures, a Senior New Zealand Local Government and Rates expert has been seconded from Auckland Council to work alongside staff to improve overall capabilities and systems.

## **Takenga mai**

## Background

12. Under the Local Government (Rating) Act 2002 (the Act) rates are required to be set for each year commencing 1 July ending 30 June that year. This is to collect the required rates to fund Council's operating budget for that year, in line with what the Council's Revenue and Financing Policy outlines will be funded through rates.
13. The calculation of the rating dollar for the 2021/22 rates settings was, as previous years, completed in six Excel models and then the Rates Funding Statement is used to set the rates in the pathway system. The Rates Funding statement shows the rating dollar excluding GST for every type of rate which is presented to Council for rates setting approval and printed in the Long Term Plan document.
14. All calculations in the rates models are correct and have been reconciled through a number of built in cross-checks. However the formula pulling through the correctly calculated water meter rates/m<sup>3</sup> and water meter fixed charges in to the final Rate Funding Statement tab were not relinked to the correct years calculation, rather the link remained to the 2019/20 years calculated worksheets.
15. Existing reconciliation and peer review processes failed to identify this error. These have now been reviewed and updated with the support of a Senior New Zealand Local Government and Rates expert seconded from Auckland Council. A new rates modelling system (IBIS Pro) has also been implemented with the intention of replacing the existing Excel models. This year, both the new system and Excel will be used in parallel for the 2022/23 Annual Plan. Following external, quality assurance, the Excel Model will be retired.

## Kōrerorero

### Discussion

16. Using the budgeted volumes at the published rate of \$2.435 Council would receive \$16.4m revenue via Water Targeted rates. This is \$3million lower than required to fund the operation of activity 2.3 Water.
17. Using the budgeted number of water meters the calculated fixed charge was \$160.68 to generate the required revenue. The fixed charge in the rates setting of \$135.96 generates a loss \$94,000 against budget.
18. The calculated and budgeted water volume usage for 2021/22 used to calculate the water rate was 6.735 million cubic meters of water. This is a 2% reduction on the 2020/21 usage of 6.873 million cubic meters.
19. The below table shows the difference in impact on the rate payer. Demonstrating that under the published Water Targeted rate settings there was a regression in the rates charge when the correct rate should have reflected a 4% increase.

Impact on Rate Payers	20/21 strike	21/22 strike	% change	Correct 21/22 charge	% change
Fixed Charge \$/connection	\$153.93	\$135.96	-12%	\$160.68	4%
\$/m <sup>3</sup> volume usage	\$2.77	\$2.23	-19%	\$2.88	4%

20. The above table shows the impacts for this current year. It is important to note that those ratepayers that are being undercharged this financial year, will experience a greater increase next year when comparing 2021/22 with 2022/23 Water Targeted rate. The

exact increase will be known once the 2022/23 Annual Plan is adopted by Council in June.

## **Kōwhiringa**

### **Options**

19. Officers recommend debt funding any resulting unmet revenue for 2021/22 and to repay this over 10 years through the Water Activity. This would increase the cost of the Water Activity each year of the 10-year repayment period by up to \$300,000 plus any interest costs.
20. Debt funding the lost revenue is not significant enough to cause any change to the debt to revenue ratio or materially affect interest requirements when modelled across the current LTP.
21. There are three other possible options, which are either not available, or not recommended.
  - Resetting rates under section 119 of the Act is unavailable, given that addressing the error will increase the amount of rates assessed to any rating unit, which is prohibited under that section.
  - Replacing rates under sections 120 to 130 of the Act enables Councils to replace rates. There is some doubt as to whether this option is available from a legal perspective, however (if applicable) it involves a Special Consultative Process, involving all ratepayers. Once the rates are replaced, the Secretary for Local Government must be notified, and all ratepayers receive notice of the change.
  - Doing nothing is an option, however this lacks transparency, and would ultimately see debt funding being used in any event.
22. Given that the sums involved represent less than 1% of total rates collected, and the administrative cost and time for undertaking a Special Consultative Procedure along with other operational requirements, it is recommended that any unmet revenue is debt funded. Any interest costs would similarly be funded.
23. Operational impacts of replacing the rates would be unable to be met within current resourcing levels. Potential stresses on resourcing from COVID-19 risks further support the recommendation that conducting a rates replacement is not feasible.

## **Whai whakaaro ki ngā whakataunga**

### **Considerations for decision-making**

#### **Alignment with Council's strategies and policies**

24. All rates are calculated to meet the approved strategies and policies' funding requirements of council. The rates strike resolution presented to Council to be used in the rates strike for that year also reflects the Revenue and Financing Policy determining where the burden of funding each activity should fall on each rating category.

#### **Engagement and Consultation**

25. To date there has been no engagement with the public or ratepayers directly affected.

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### **Implications for Māori**

26. There are no known implications for Māori other than those who are currently being charged water meter fixed and volumetric charges. This error is a finance issue does not contravene any Te Tiriti o Waitangi principals.

### **Financial implications**

27. The expected water meter revenue deficit is expected to be approximately \$3million depending on volume usage. If the resulting deficit is debt funded then there will be immaterial impacts on both the debt to revenue ratio and interest costs.

### **Legal considerations**

28. There are limited statutory processes available. The 30 June 2021 setting of the rates is lawful, given that the error arises out of what was intended, rather than an error in calculation, or representation.

### **Risks and mitigations**

29. There is a reputational risk with ratepayers who may receive an increase above the average rates increase on their metered water charges due to the fact the percentage increase will be comparing the new rate with that of 2019/20. This increase will be proactively communicated with relevant ratepayers.
30. Any process with human input presents future risk. There are controls now in place and in the process of implementation to mitigate these risks through new system use and improved processes.
31. There is a risk that the expected revenue deficit could be both more or less depending on actual water volume usage recorded by the 30<sup>th</sup> June 2022. There are limited risk mitigation options other than future volume be budgeted on a seasonalised basis. Officers are in the process of undertaking work to understand these trends.

### **Disability and accessibility impact**

32. There are no specific disability or accessibility impacts.

### **Climate Change impact and considerations**

33. All rates are set in accordance with all Council policies and strategy's and include the funding of climate change outcomes. While the rates strike error itself does not impact on climate change goals for Council, the use of water meters encourages low use of water by those rate payers as they are paying a rate per cubic meter for water use.

### **Communications Plan**

34. The Annual Plan process will be leveraged to communicate the extra increase in next year's water rate which will show a compound of three years increases.

### **Health and Safety Impact considered**

35. While there are no specific health and safety issues to be considered. It does include risks to health, safety, and wellbeing of WCC staff and also to the people of Wellington as well as our mitigations for these risks.



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**Ngā mahinga e whai ake nei**

**Next actions**

36. Committee recommends to council that the expected revenue deficit be funded through debt and repaid through subsequent rating years.
37. Officers prepare Annual plans in accordance with this decision.

**Attachments**

Nil