

BRIEFING: DRAFT ANNUAL PLAN 2023- 2024

17 NOVEMBER 2022 – 12.00PM

ATTENDEES

Elected Members: Mayor Barry, Cr Briggs, Cr Dyer, Cr Edwards (via Zoom), Cr Parkin, Deputy Mayor Lewis, Cr Stallinger, Cr Mitchell, Cr Shaw, Cr Tupou, and Cr Morgan.

Community Board members: Frank Vickers (via Zoom), Belinda Moss (via Zoom), and Bruce Spedding

Staff: Jo Miller, Chief Executive; Kara Puketapu-Dentice, Director Economy and Development; Andrea Blackshaw, Director Neighbourhoods and Communities; Jarred Griffiths, Director Strategy and Engagement (via Zoom), Jon Kingsbury, Head of Transport, Marian Radu, Senior Traffic Engineer, and Katherine Davey, Democracy Advisor.

KEY OBJECTIVES OF THE BRIEFING

The purpose of the briefing is to provide a high level overview of the Draft Annual Plan and the financial strategy for the Annual Plan 2023-2024, highlighting the challenges and opportunities facing Council.

PRESENTATION BY THE GROUP CHIEF FINANCIAL OFFICER

Slide 1 (Header): Draft Annual Plan 2023-2024

Slide 2 – Decisions sought 22 November 2022

Slide 3 – Purpose of the Annual Plan

Slide 4 – Approach to the Annual Plan 2023-24

Slide 5 – High level plan and timeline

Slide 6 – Challenges and opportunities facing Lower Hutt

Slide 7 – Challenges and opportunities facing Lower Hutt

Slide 8 – Matters in scope

Slide 9 – Matters in scope

Slide 10 – Financial Strategy

Slide 11 – Key assumptions

Slide 12 – Capital investment plans

Slide 13 – Draft projections

Slide 14 – Balanced budget projection

Slide 15 – LTP – Rates revenue Increase per annum

QUESTIONS AND DISCUSSION POINTS

The Group Chief Financial Officer acknowledged the tight time frame for decision making, she noted that good progress was made at the Council Hui in November 2022, with information provided on the global and local financial situation impacting the annual plan process.

Important dates

- 7 December 2022 – Council briefing.
- 20 December 2022 - Decisions required from Council on budget changes and funding solutions for the Draft Annual Plan (DAP). This could include the options available for when the DAP goes to consultation.
- There is a tight time frame for decisions to be finalised for the final Annual Plan. Rates need to be set for the coming year for adoption in late June 2023.

Rates

- There will be a Council briefing from Quotable Value (QV) on unaudited property data.
- Rates modelling with suburb by suburb data will be presented and this will inform the rates reallocation.
- Queensgate values have gone down slightly but not significantly.
- The current property devaluations do not impact the rating valuations. Legislation states valuations must be done at a set point in time and are based off the QV valuation of property on 1 September 2022. This will inform rates for 1 July 2023.
- Tools are being prepared for ratepayers to calculate their rates. Communication will accompany this to help ratepayers understand the changes.
- Ratepayers can submit a challenge to a change in their rates within six weeks of being advised of their new rating.
- An example of what the rates review will look like for an average residential property whose previous value was \$630,000 and has now increased to \$800,000 (on 1 September 2022). their rates will increase by \$221 /annum from 1 July 2023. Affordability for rate payers is important and has been taken into account.

Projects

- All projects are showing increased costs, and some budget assumptions will need to be reviewed. There is a need to look at long term solutions. These may include the reprioritisation of projects, rates increases, and other savings.
- Inflationary cost changes and capacity are having an impact on project delivery.

- When there are dramatic changes to the cost of a project, there is a template for business units by which each project is assessed and show any changes. With any proposed changes officers need direction from Council.
- If a project is pushed out is inflation adjusted taken into account, any future costs?
 - This is difficult to predict in the current market.
- How do we manage an overheated market, are we doing things at a good time? And is it possible to get information on this and future scenarios?
 - There is significant infrastructure activity across the whole Wellington region. Te Waihangā (New Zealand Infrastructure Commission) is currently working on what type of infrastructure is happening across New Zealand. Data is being gathered and once available will be able to advise and inform Council.
 - Council has not done any analysis of its own, but it is known that there is significant pressure on capacity.
 - Council needs to take into consideration projects which gather money from other organisations and central government. If a project is delayed, Council may lose this support. This will have an impact on the ability to deliver current and future projects.
- Planning for public consultation for the DAP is underway. The Long Term Plan process will have a more in depth review of Council plans.

Staff Salary Increases

- Officers are proposing 5% increase in staff salaries for one year only which will then return to the planned 2.5 % increase. This change is due to market conditions and is consistent with other councils regionally. This is not an across the board 5% pay rise but takes into consideration the living wage, salaries people come into the organisation on and reflect the higher skill levels required in some areas due to the changing nature of business.
- It is acknowledged that Council is not able to compete with central government and the private sector on wages. Though government says there have been no pay increases that is not entirely accurate, and pay inflation is happening in different ways through staff movement between government departments leading to increased pay.
- Where council has been successful with staff satisfaction is with the introduction of birthday and wellbeing leave, creating a better work life balance.

NEXT STEPS

7 December 2022 – Briefing

20 December 2022– Council meeting

BRIEFING MATERIALS



Council briefing
17 November 2022

The briefing closed at 12.45 pm