

Background

Council's Holding Company owns a property company. That company invested in a company, HWCP Management Limited for the purposes of consolidating the land holdings in the inner city to enable its development.

Due to the structure and nature of the investment, Council management at that time considered it was not necessary to undertake consultation as part of that process.

Subsequently, HWCP determined that it would prefer to undertake the development role itself, and has requested Council contribute funds towards the development of the inner city.

Council had not considered any application to provide funding before the completion of the 2018-28 Long- Term Plan. As a result, there is no allocation of funding for the development of the inner city allocated in that document.

Council has recently resolved to not consult on the 2019/20 annual plan as there are no significant or material differences from Year Two of the 2018-28 Long-term Plan. In making this decision Council noted that other matters being considered by Council *such as Council's investment in the City Block is a critical piece of work for Invercargill's future and it is matters like this that we want to ensure our community put their energy into. The resources and time saved through bypassing formal consultation for the 2019/20 Annual Plan can be reallocated into planning for this future development.*

At the same time Council has resolved that any funds invested by the property company in HWCP will remain available for HWCP to complete the development of the inner city.

Council has also resolved that it will undertake consultation as soon as is practicable ... taking into consideration the status of the application by HWCP Management Limited for resource consent and other matters deemed appropriate.

Council's role in the application

It is fair to say that to date Council has been a passive participant as shareholder in the current application. That is for a few reasons, which would include Council's own lack of experience in assessing applications of anything like this size, the regulatory team's desire to ensure an appropriate level of separation, as you know is required, and it would be fair to say that the wheels of Council and wheels of business do not always turn at the same speed.

It is expected that if, following consultation, Council makes a decision to invest further funds it will take a more active role in these matters.

Council's Consultation Considerations

As you would appreciate, Council has to manage the potential, actual and perceived conflicts, which arise as part owner of the applicant and with responsibility for the implementation of the District Plan.

Council has taken steps, by the appointment of yourselves as Commissioners, to remove the actual conflict of interest.

Council is also conscious of managing the perceived conflict of interest that may arise if it were to undertake consultation on further investment by it in HWCP Management Limited during the resource consent process. This was a consideration in the timing of any consultation by Council as noted in the resolution above.

Council recognises this opportunity for what it is: unique. Two socially minded, successful entrepreneurs giving of their time and money to drive such significant change in the inner city is incredibly rare. The face of Invercargill continues to develop through the efforts of HW Richardson Group and the investments they have made.

Council as providing direction to Invercargill

Council has a further role in providing direction to Invercargill, noting that this direction is contained in policies and other documents such as the District Plan. Council notes the comments made in relation to that document.

Council does not have a policy to charge development contributions.

Council in its 2018-28 Long term Plan has identified a p273, its role, irrespective of any role as an investor in HWCP Management Limited, in the revitalisation of the city centre. It has stated that:

Council has been working to strengthen Invercargill's city centre through the adoption and implementation of a Retail Strategy. The Retail Strategy incorporates past reports by Kobus Mentz, Craig Pocock, the CBD Renewal Project and recommendations from the Southland Regional development Strategy (SoRDS). Council continues to work with other stakeholders in identifying the location of key building infrastructure and the timing of street improvements. We use rates to fund loan servicing for this work.

While the LTP showed no specific allocation of funding for this work Council did receive and consider submissions as to the impact of providing streetscaping. It recognised that it would need to provide for that but felt it needed to allow the consent processes to take place for both ILT Hotel development and HWCP.

Council has again recently confirmed its position that it will *expend the funds necessary to ensure that the development of the inner city... is integrated into the surrounding blocks.*

I would finish with making one other observation. As an incoming Chief Executive, you look across the organisation. You've all had experience working with local authorities, and you'll appreciate that there were some matters which demanded my immediate attention. I also needed to address the organisational structure. I am confident that elected members now feel confident in the advice they are receiving and are supportive of HWCP and the process required to consider further investment.