



Code of Conduct for Elected Members Inquiry

29 November 2023

Reviewer: Linda Clark

Table of Contents

Introduction	3
Role of the reviewer	3
Report in summary	4
Background to the complaint	6
The complaint	9
The Code of Conduct	10
Excluding the public from debates	11
The information discussed by Council at the 4 October meeting	12
Did councillors breach the Code of Conduct?	13
Hearing from the councillors	14
Did councillors disclose information in breach of their obligations under the Code of Conduct?	15
Did councillors conduct their dealings with each other in ways that maintain public confidence in the office to which they have been elected?	20
Did councillors remember the respect and dignity of their office in their dealings with each other, management and the public?	21
Recommendations	22
Appendix 1: Terms of Reference	24
Appendix 2: Transcript of public debate of Council meeting on 4 October 2023	25
Appendix 3: Relevant media report and public comments	26
Appendix 4: Sample of email correspondence sent to councillors	27
Appendix 5: Media statements published on Scoop.co.nz	28
Appendix 6: Transcript of reported comments by councillors	29
Appendix 7: Letter from councillors	30
Appendix 8: Other communications from councillors	31

Introduction

- 1 On 6 October 2023, Deputy Mayor Laurie Foon made a complaint about five councillors; Diane Calvert, Ray Chung, Iona Pannett, Tony Randle and Nicola Young. The Deputy Mayor's complaint alleges that the five councillors have breached the Elected Members' Code of Conduct (**Code of Conduct**).

Role of the reviewer

- 2 The purpose of this review is to consider the complaint, to inquire into the allegations made about the five councillors and advise whether any breach of the Code of Conduct has occurred. The reviewer's role is limited to providing a report to the Office of the Mayor. It is then for the Mayor, potentially in concert with the Chief Executive, to determine what, if any, steps should be taken in response to the report and/or the complaint.
- 3 The Terms of Reference for this review, which are included as appendix 1 of this report, specifically require me to consider:
- a whether the Code of Conduct requires councillors to keep information discussed at a publicly excluded meeting of the full Council confidential, even if they did not vote in favour of the decision to exclude the public and, if so, what the scope of that confidentiality requirement is;
 - b if the answer to the above is yes, whether a breach of confidentiality occurred in this case;
 - c whether the conduct of councillors following the 4 October 2023 meeting was consistent with the Code of Conduct and in accordance with the obligations it imposes on elected members; and
 - d in the event any breach is identified, what recommendations are appropriate.
- 4 The scope of the review is necessarily limited by the complaint itself. Consequently, this is not a review of the conduct of any councillors not named in the complaint,¹ and nor is it a review of any policy under consideration by the Council or of the Council itself.

Process followed

- 5 To complete this review I considered the following:
- a All Council papers relating to the Council meeting held on 4 October 2023.
 - b All media reports about the meeting held on 4 October 2023, including, but not limited to, those media reports referred to by Cr Foon in her complaint.
 - c Media reports about the future of the Reading Cinema site published prior to 4 October 2023.
 - d Interviews with the complainant and one Council staff member.
 - e Correspondence to and from the named councillors.
- 6 I invited the five councillors named in the complaint to attend an interview or to provide information in writing to the review.
- 7 I sought clarification from Council staff on aspects of the Council's Standing Orders and the process followed in calling for and conducting the Council meeting on 4 October 2023.

¹ Councillors have claimed that the review should also examine the conduct of Mayor Whanau and some Council staff. The complaint does not identify these individuals and they are, therefore, beyond the scope of this review.

- 8 Once a draft report was prepared, in accordance with natural justice, I provided a copy of the draft in confidence to each of the five councillors and to Cr Foon, as the complainant. No one else from Council (either staff or elected members) was provided with a copy of the draft report.
- 9 I have considered any responses provided to the draft before finalising my report.
- 10 Both the draft report and the final report were peer reviewed by a Dentons Kensington Swan partner who also has expertise in the relevant areas of law, prior to its finalisation, in accordance with firm practice.
- 11 Lastly, the named councillors have raised the question of a potential conflict of interest in my appointment as reviewer. I acknowledge that prior to my appointment I have met the Mayor in both a business and personal setting. Mayor Whanau is not the subject of this complaint and I have had no communication with the Mayor, including during the appointment process or at any time during the completion of the review. The Mayor was not provided with a draft of this report prior to its finalisation. I have considered the question raised carefully. No conflict of interest exists.

Report in summary

- 12 The complaint arises out of an apparent breakdown in trust and communication between councillors. The fact that one councillor feels compelled to file a Code of Conduct complaint against fellow councillors should in itself be a matter of concern. As discussed in further detail below, the councillors named in this complaint refused to participate with this review, despite having been provided multiple opportunities to do so. A number of councillors repeatedly described this review as “an attempt to discredit and silence” them.² Cr Pannett sought intervention from the Office of the Ombudsman before the review could be completed;³ the other named councillors alleged the outcome of this review was “predetermined”.⁴
- 13 These responses underscore the extent to which relationships within Council have become strained. An earlier review into Wellington City Council, conducted by Peter Winder in 2021, prior to this current Mayor and council being elected, concluded that Code of Conduct complaints ‘tend to be a symptom that things aren’t going well’.⁵ That observation remains true in this case.
- 14 However, the fact remains that all councils are required to have a Code of Conduct and all councillors in all councils are required to comply with that Code of Conduct. A Code is an instrument designed to improve good governance and to contribute to mutual trust and respect between councillors. It is a fundamental part of the democratic context within which local government operates.
- 15 Councillors are entitled to make complaints and councillors who are the subject of a complaint can expect to have their conduct considered in accordance with the processes outlined in the Code of Conduct. At the same time councillors are entitled to fair treatment and natural justice, which means (in a case such as this) that they should be provided with a copy of the complaint, be provided an opportunity to respond to the complaint, be given adequate time to respond and be provided with an opportunity to correct and/or provide feedback on any draft findings before they are finalised. These steps are the same steps expected of any investigation or inquiry relating to acts or omissions of an individual who is identifiable.
- 16 The events that prompted this complaint are set out later in this report. Suffice to say, the complaint centres on how councillors responded to a proposal about the redevelopment of the Reading Cinema site which was discussed by Council on 4 October 2023.

² Joint letter from Crs Calvert, Randle, Chung and Young to reviewer, 20 November 2023. See appendix 7.

³ Email from Cr Pannett to Linda Young dated 17 November. See appendix 8.

⁴ See note 2.

⁵ Peter Winder, *Wellington City Governance Review*, 18 April 2021 <https://wellington.govt.nz/-/media/your-council/meetings/committees/strategy-and-policy-committee/2021/22-apr/governance-review-of-wellington-city-council.pdf>

17 In summary, this review concludes that:

- a At the meeting on 4 October 2023, councillors were provided with and discussed commercially sensitive and confidential information with the public excluded. The confidential information was the fact that Council staff had been negotiating with the US owners of the Reading Cinema site for Council to purchase the land under the cinema complex and lease it back to Reading International. Key details were leaked to the media the same day.
- b There is insufficient evidence to identify who leaked the information.
- c Following the original leak, five councillors subsequently made comments to reporters and/or online and Cr Randle published a tweet.
- d Of those councillors, four disclosed information that Council as a whole had determined to withhold from the public, in accordance with the applicable legislative process. The information they disclosed (as reported by media) was not substantive but their engagement with media provided credibility to the initial leak and would have given the reporters confidence to publish.
- e There was good reason to withhold the information under the legislation. A majority of councillors had voted to accept the advice of Council staff and withhold it under section 7(2) of the Local Government Official Information and Meetings Act 1987 (**LGOIMA**). All the information related to a commercial negotiation between the Council and the owners of Reading Cinema. Parliament has enacted a specific exemption to permit the withholding of information from the public in precisely these circumstances.⁶ All councillors were bound by the majority vote.
- f The decision to exclude the public from the debate about this negotiation was taken in public, as it should have been. Councillors who opposed excluding the public were provided with an opportunity to articulate why the debate should be held in an open meeting but they were not able to sway their fellow councillors and the majority of councillors voted to exclude.
- g Some councillors appear to have believed that, following the meeting, once details of the 4 October meeting were leaked and published in the media they could freely comment without breaching confidentiality. That is not the case.
- h Some councillors also deny that the information was confidential. It is true that confidentiality can be lost over time, for example 'if it is waived or the information enters the public domain'.⁷ In this case, however, the sensitive features of the proposed deal between Council and the owners of Reading Cinema only became public after the 4 October meeting and after one councillor engaged on social media and councillors spoke with reporters. These acts, by councillors, helped the information enter the public domain.
- i Councillors were free to talk about the decision to exclude the public. They were (and are) free to express their disagreement with that decision. But in doing so they are obligated to take care. Two councillors spoke about the Council's decision to exclude the public in such a way as to cast a shadow over the actions or motivations of other councillors. Those other councillors, who observed their obligations to remain quiet, were unable to respond to these criticisms or provide another perspective in the ensuing public debate.
- j There has been some confusion created by allegations of a lack of transparency in this case. LGOIMA operates on the principle of openness and access to information. However, section 7(2) provides grounds on which the withholding of information is legitimate. Where, as here, a majority of councillors determine, on advice, that one of the grounds of section 7(2) is made out,

⁶ Section 48 of the Local Government Official Information and Meetings Act 1987 allows local authorities to exclude the public from meetings if any of the 'good reasons' for withholding found in section 7 are met. Section 7 allows information to be withheld for commercial reasons or to allow a local authority to carry out negotiations without prejudice or disadvantage.

⁷ Ombudsman's guidance on confidentiality, November 2020.

information can be withheld from the public. It is not correct to describe this as a lack of transparency.

- k Also in response to the issue, comments published in the media by three councillors have either directly or impliedly criticised Council staff's management of the proposal in ways that have appeared to politicise the staff. Council officers are employees who cannot defend themselves from political attack, which is an imbalance councillors should consider.

18 In respect of whether any conduct breached the Code of Conduct, this review finds:

- a Crs Calvert, Young, Chung and Pannett breached the Code by failing to observe confidentiality when they responded to media inquiries.
- b Crs Randle and Young breached the Code by failing to show respect to other councillors when they made comments casting shade on the actions and motivations of fellow councillors who could not speak out in reply.
- c Crs Chung, Calvert and Young breached the Code by criticising Council staff in public statements.

19 Taken together, the way in which the five councillors have criticised the proposal and/or disclosed or confirmed details about it has been inconsistent with their obligation to remember the respect and dignity of their office when dealing with each other and with staff.

20 There are, nonetheless, significant factors which should prompt councillors to reflect and reset. All councillors recognise the city faces a number of serious challenges and all say they are committed to improving the city. To do that, councillors need to work together in the interests of the whole city.

21 The Code of Conduct provides simple guidance on how councillors should behave towards one another. Maintaining confidentiality (in the circumstances set out in the Code) is a key requirement. It is not designed to silence any councillor, nor is it a tactic for avoiding transparency. Rather, it is itself a fundamental aspect of the democratic decision-making process. The obligation exists to protect Council and to allow Council officers to undertake specific, and often difficult, tasks such as negotiating commercial deals in the interests of the city. That was what was proposed here.

22 Likewise, the complaints process provided under the Code of Conduct exists to allow individuals, including councillors, to make a complaint and to have that complaint considered. The Code of Conduct serves no purpose if councillors cannot be held to the standards it sets.

23 The report contains recommendations at paragraph [140].

Background to the complaint

24 In January 2019, the owners of Reading Cinema closed down the Courtenay Place entertainment centre after an engineering assessment identified that the building was a significant structural risk in the event of an earthquake.⁸ The site, which was also closed for several months after the 2016 Kaikōura earthquake, has been mothballed ever since. The adjoining carpark was demolished in 2016 and remains in use as ground level parking space only.

25 Together the cinema complex and the parking site make up 1.4ha of now undeveloped property at a key location in the central city. The question of how this site can be redeveloped and revitalised has been a matter of public debate since Reading Cinema closed.

26 In October 2022 the US owners of Reading travelled to Wellington and met with the newly elected Mayor, officials and economic stakeholders. In documents prepared by officials for the Council meeting of 4 October 2023, it is noted that the "purpose of the visit was to reaffirm their commitment

⁸ The cinema complex is owned by Reading International Inc.

to Wellington and desire to work with Council to accelerate the reinstatement of Reading Courtenay”.⁹

- 27 Following the owners’ visit to Wellington, in December 2022 Council and Reading signed a Memorandum of Collaboration and Understanding (**MOCU**), which set out the general terms on which the parties would attempt to reach a commercial agreement about the site. The MOCU included terms stating that the information was commercially sensitive and was to be kept confidential between the parties.
- 28 Discussions between Reading and Council officials continued throughout 2023. In August 2023, Reading agreed to the key commercial terms of the deal (known as the **Commercial Term Sheet**), with council officers undertaking to obtain councillors’ approval to the Commercial Term Sheet by 30 September 2023. If councillors did not approve the key commercial terms then the MOCU could be terminated.
- 29 Against this background, on 13 September 2023, councillors were provided with a briefing (with public excluded) on the negotiations, at which the need for confidentiality was stressed. Then on 27 September 2023 councillors were given notice of an ordinary meeting scheduled to be held on the afternoon of 4 October 2023. The agenda, circulated to all councillors, indicated that councillors would be asked to consider an urgent matter and, ultimately approve the acquisition of the underlying fee simple estate in the Reading Courtenay Land. This included approval of the key commercial terms outlined in the agenda and a note “that the revenue received by the Council from the ground lease will cover Council’s cost of holding the debt”.
- 30 The agenda included a recommendation that the public be excluded from the discussion of this urgent matter on the following basis:
- a That the discussion was likely to result in disclosure of information for which good reasons for withholding would exist under the Local Government Official Information and Meetings act 1987 (**LGOIMA**), s 48(1)(a).
 - b The ‘good reasons’ were identified as:
 - i that withholding of the information was necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (LGOIMA, s 7(2)(b)(ii)); and
 - ii that withholding of the information was necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (LGOIMA, s 7(2)(i)).
- 31 The agenda identified that the issue to be discussed, with the public excluded, was the ‘City Activation project’, which refers to the Reading Cinema redevelopment. The agenda also identified that councillors would be asked to direct officers to consider releasing the public excluded information (contained in the report for councillors) by 30 November 2023.
- 32 The agenda included a report about the City Activation project. This summarised what Council officers were asking councillors to consider, provided background to the recommended proposal, updated councillors on negotiations between Council officers and the owners of Reading Cinema, set out the key commercial terms of the proposed arrangement (including the price and preferred timings) and provided assessments on:
- a whether the proposal strategically aligned with the Council’s community wellbeing outcomes and priority areas as set out in the Long Term Plan 2021-2031;

⁹ This meeting was not included in the public version of Mayor Whanau’s diary available at <https://wellington.govt.nz/-/media/your-council/about-the-council/mayor-and-councillors/files/mayoral-diary/mayor-tory-whanau-diary-summary-october-2022.pdf>.

- b the financial considerations;
- c the legal considerations; and
- d risk and mitigations.

33 On 28 September 2023, councillors attended a Question and Answer session on the proposal, chaired by Deputy Mayor Laurie Foon. Council staff were present to provide information to councillors and to answer questions from councillors.

34 At the ordinary council meeting held at 1.30pm on 4 October councillors voted 10 – 5 to exclude the public from the part of the meeting where the Reading Cinema proposal would be discussed. This meant all information provided to councillors about the proposal and the discussion of it was rendered confidential. Minutes of this meeting show the discussion on the exclusion vote took approximately four minutes only.¹⁰ A video recording of this part of the meeting is still available to view on the Council’s website,¹¹ and I have included a transcript as appendix two of this report. The councillors who voted against excluding the public were Crs Randle, Pannett, Young, Calvert and Sarah Free. Cr Chung seconded the motion to exclude the public, and voted for it. Following this vote, discussion of the proposal continued. The meeting ended at 3.06pm

35 At 3.08pm on X (formerly Twitter) Cr Randle ‘tweeted’:

Following the announcement of the Town Hall’s huge cost overrun, the Wellington City Council has just made a terrible decision in public excluded (vote: 10 for and 6 against). If the public knew the details of this decision they would be incandescent.

36 At 3.24pm, almost immediately after the council meeting concluded, the NZ Herald published the first media report about the meeting.¹² It stated:¹³

Wellington City councillors have met behind closed doors today about the future of the shut-up Reading Cinema building on Courtenay Pl, the *Herald* understand.

...

It’s understood a multimillion-dollar deal, involving the council buying the land underneath the Reading Cinema, was under consideration.

37 The NZ Herald quoted Crs Pannett, Young and Randle.

38 On the same day, The Post published a story headlined: *Council planning to buy Reading Cinema land to offset earthquake strengthening cost*.¹⁴ This story accurately recorded that Council had voted 10-6 ‘to proceed with due diligence, moving forward the purchase of the land under the earthquake-prone building’.¹⁵ The story went on –

Councillor Tony Randle said he thought residents would be appalled at the decision which was not focused on ‘core services’ at all and was a commercial proposal.

Councillor Ray Chung said he was ‘not very happy’ that the council was doing a commercial deal without telling the public about it and spending money when the finances were dire.

“We shouldn’t be getting involved in this type of thing,” he said.

39 The following day there was further media coverage of the proposal. The Post updated its initial story to include:

¹⁰ Ordinary Meeting of Council, 4 October 2023, Minutes, page 8. The minutes record that the meeting went into public excluded at 1:34pm.

¹¹ Available at: <https://wellington.govt.nz/your-council/meetings/committees/council/2023/10/04>.

¹² The media reports quoted in this report are provided in full at appendix three of this report.

¹³ Georgina Campbell “Wellington City Council meeting on Reading Cinema’s future held in secret” *The New Zealand Herald* (online ed, Auckland, 4 October 2023).

¹⁴ Erin Gourley “Council planning to buy Reading Cinema land to offset earthquake strengthening cost” *The Post* (online ed, Wellington, 4 October 2023).

¹⁵ The first vote to exclude the public was 10-5. The vote on the proposal itself, taken after the public had been excluded, was 10-6.

The council plans to purchase the land from Reading International, in order to fund the required seismic strengthening work and encourage the complex to open.

...

It's not clear what purchase price is being considered or when the deal is likely to go through. The papers for the meeting said public information would be officially released on November 30.

- 40 On 5 October 2023, Mayor Whanau issued a statement in which she stated, 'the leaking of information from a publicly excluded meeting is unacceptable'.
- 41 On 6 October 2023, Cr Young participated in a radio interview on Newstalk ZB and said:
- It is a multi-million-dollar US NASDAQ listed company. And of course, councillors are not going to be completely quiet.
- 42 On the same day Cr Chung commented online on the Scoop news site. He said:
- The vote on Wednesday wasn't a vote to proceed with this deal but a vote to proceed with the Due Diligence process where we'll find out more about this proposal and other relevant information.
- 43 Cr Calvert added a further comment to that online thread, referring to the vote and what would happen next.
- 44 On 6 October 2023, Deputy Mayor Laurie Foon filed the complaint which is the subject of this review.
- 45 On 18 October 2023, The Post ran a further story in which it quoted 'multiple sources' confirming that under the proposed deal Council would pay \$32m for the Reading Cinema land.

The complaint

- 46 The complaint is principally, but not exclusively, about the leaking of confidential information. In particular:
- a Ms Foon alleges that specific details of the City Activation project, the voting record and commentary about the proposal have been disclosed to media, contrary to Council agreeing by majority decision to exclude the public from access to this information.
 - b Crs Randle, Chung, Pannett, Young and Calvert are named in the complaint as having each spoken to media about the proposal on the day or days after Council discussed it with the public excluded.
 - c Ms Foon also alleges Cr Randle:
 - i photographed the AV screen with the confidential report visible during the Council meeting and a member of staff heard Cr Randle say that he was going to publicly release details about the item; and
 - ii published a tweet on X (formerly Twitter) disclosing the voting result and criticising the Council decision and also shared a NZ Herald report's tweet linked to an article speculating about Reading Cinema.
- 47 The complaint alleges the conduct of councillors breached the Code of Conduct and in particular breached the following obligations:¹⁶

¹⁶ Wellington City Council Code of Conduct for Elected Members, 2015, at pp 4 and 5.

- a In the course of their duties members will receive information that they need to treat as confidential. Confidential information includes information that officers have judged there is good reason to withhold under sections 6 and 7 of the LGOIMA. This will often be information that is either commercially sensitive or is personal to a particular individual or organisation.
- b Elected members should be aware that failure to observe confidentiality will impede the performance of Council by inhibiting information flows and undermining public confidence in Council. Failure to observe these provisions may also expose Council to prosecution under the Privacy Act 2000 and/or civil litigation.
- c Elected members will conduct their dealings with each other in ways that maintain public confidence in the office to which they have been elected.
- d Elected members should remember the respect and dignity of their office in their dealings with each other, management and the public.
- e Media comments must observe the other requirements of the Code.

The Code of Conduct

- 48 Every council must have a Code of Conduct.¹⁷ To comply with the Local Government Act 2002 (**LGA**) the Code of Conduct must set out the understandings and expectations adopted by the local authority about the manner in which elected members may conduct themselves while acting in their capacity as councillors, including –
- a behaviour towards one another, staff and the public; and
 - b disclosure of information, including but not limited to the provision of any document to elected members that:
 - i is received by or is in the possession of an elected member in his or her capacity as an elected member; and
 - ii relates to the ability of the local authority to give effect to any provision of the LGA.
- 49 Local Government New Zealand (**LGNZ**) has described the codes as being an ‘important part of building community confidence in our system and processes’.¹⁸ In particular LGNZ states codes contribute to:
- a good governance of the city, district or region;
 - b effective decision making and community engagement;
 - c the credibility and accountability of the local authority to its communities; and
 - d a culture of mutual trust and respect between members of the local authority and with management.
- 50 According to LGNZ, “codes of conduct are not a means of preventing members from expressing their personal views provided they are clearly signalled as personal views. Rather, the code is designed to promote robust debate and the expression of all views by providing a framework to ensure that debate is conducted in a civil and respectful way”.¹⁹
- 51 The Wellington City Council adopted its latest Code of Conduct in 2003, although the version now in use is dated 2015. The Code is currently due to be reviewed.

¹⁷ Local Government Act 2002, Sch 7, Part 1, cl 15.

¹⁸ Te Tikanga Whanonga a LGNZ: the Local Government Code of Conduct, October 2022, p 4.

¹⁹ Ibid., p 5.

52 Under the LGA, Sch 7, cl 15(4) a member of a local authority *must* comply with their council's Code of Conduct.

Excluding the public from debates

53 At the heart of this complaint is the issue of public access to information, particularly information that is material to the city's development and/or the Council's finances. Those councillors who are named in the complaint say the people of Wellington should be provided with all information about decisions that involve Council spending. The councillors who voted in favour of withholding information about the Reading Cinema site did so because they accepted the information was commercially sensitive, commercial negotiations were underway and that LGOIMA permits information being withheld from the public in those circumstances.

54 As a starting point, information should be made available to the public unless there is a good reason for withholding it.²⁰ The law requires this, but also anticipates that in certain circumstances good reasons for withholding information will exist.

55 Council's own Standing Orders provide guidance as to how this should work in practice;

- a except as otherwise provided by Part 7 of LGOIMA every council meeting shall be open to the public (Standing Orders (**SO**) 13.1); and
- b all information provided to members at local authority meetings must be available to the public and news media unless any item included on the agenda refers to any matter reasonably expected to be discussed with the public excluded (SO 13.2).

56 In reality, information about Council meetings is readily available. The Council's website includes links to meeting agendas, reports and minutes and Council and committee meetings are recorded, with videos available on YouTube via the website.²¹ The recording of the 4 October 2023 meeting remains available for anyone to see.

57 However, it is common practice for some debates to be held with the public excluded. Every agenda of a full Council meeting in 2023 has contained at least one item Council officials recommended be heard without the public present.

58 The times when the law allows Council to exclude the public are set out in section 7(2) of LGOIMA. They include:

- a where disclosure of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;²²
- b to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information –
 - i would be likely to prejudice the supply of similar information, or information from the same source and it is in the public interest that such information should continue to be supplied; or
 - ii would be likely to otherwise damage the public interest;²³
- c to enable a local authority holding the information to carry out, without prejudice or disadvantage, commercial activities;²⁴or

²⁰ LGOIMA, s 5.

²¹ See, for example the public record of the 4 October 2023 meeting available at <https://wellington.govt.nz/your-council/meetings/committees/council/2023/10/04>.

²² LGOIMA, s 7(2)(b)(ii).

²³ LGOIMA, s 7(2)(c).

²⁴ LGOIMA, s 7 (2)(h).

- d to enable a local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).²⁵

59 Where Council officers intend recommending the public be excluded, Standing Orders set out a clear process in accordance with section 48 of LGOIMA:

- a The prospect of the public being excluded must be indicated on the agenda papers, along with the general subject.²⁶
- b A majority of councillors must support a resolution to exclude the public from all or part of a meeting, but only on one or more of the grounds specified in section 48 of the LGOIMA.²⁷
- c The resolution to exclude the public must be taken in open meeting, with texts of the resolution available to the public.²⁸

60 In addition, each proposal to exclude public from any part of a Council meeting must be approved by the Council's General Counsel to ensure that the legal grounds for withholding information are met.

61 If, as happened here, a majority of councillors vote in favour of a resolution to exclude the public then under Standing Orders (and subject to LGOIMA) no councillor can disclose to anyone other than another councillor or Council officer:

- a any information, documents or reports which were presented to the meeting (or part of the meeting) subject to the exclusion resolution;²⁹ and
- b any discussions, deliberations or recommendations of any committee or subcommittee which are to be dealt with subsequently by the Council in public-excluded sessions.³⁰

62 The moratorium remains in place until either of the following occur:

- a The date specified for public release of information in the resolution to exclude the public passes. The Standing Orders require each public excluded meeting to consider and agree by resolution what (if any) and when certain information can be made public, as occurred in this case.³¹
- b Alternatively, under Standing Orders the Chief Executive can release information that was considered with the public excluded, where it is determined good reasons to withhold no longer exist. If this occurs the Chief Executive is required to inform the members of the meeting of the information that was released.³²

The information discussed by Council at the 4 October meeting

63 The information discussed by councillors at the 4 October meeting which is relevant to this review is the fact that:

- a Council was proposing to buy the land under the Reading Cinema and lease it back to the company;
- b Reading International would use the funds to develop the site;
- c The proposed purchase price was \$32m, with the money being funded by debt;

²⁵ LGOIMA, s 7(2)(i).

²⁶ SO, cl 13.4.

²⁷ SO, cl 14.1.

²⁸ SO, cl 14.3.

²⁹ SO, cl 14.5 (emphasis added).

³⁰ SO, cl 14.5.

³¹ SO, cl 14.6. See also Ordinary Meeting of Council, 4 October 2023, Minutes, page 7. The Minutes record that Council resolved to direct officials to consider the release of the publicly excluded information by 30 November 2023.

³² SO, cl 14.6.

- d Council staff had already been negotiating this proposal, and were now to be delegated to conclude negotiations with Reading International.
- 64 The information disclosed in preparation for and at the 4 October 2023 meeting of councillors was commercially sensitive information. It related to negotiations with a publicly listed company. The purpose of disclosing the information to councillors was to update them on the progress of those negotiations and to seek the support of Council for the development option recommended by Council officers.
- 65 As noted above, in December 2022 Council officers signed a MOCU with the owners of the Reading Cinema site, designed to facilitate negotiations between the two parties about options to fund and redevelop the site. The agreement of Council was required to progress the discussions to the next stage.
- 66 Under the MOCU both parties acknowledged that they would be sharing information and documentation which is likely to be commercially sensitive.
- 67 Reading Courtenay Central Limited (the owners of the site) are owned by a publicly listed company (Reading International Inc) which has various disclosure requirements under US federal and state law and under the rules of the NASDAQ. It might have been the case that the information to be discussed, and any agreement, would have triggered those disclosure obligations. Certainly, it would be usual for commercially sensitive information relating to a listed company to remain subject to strict confidentiality requirements up until the time a deal was concluded.
- 68 There is significant public interest in what happens to the Reading Cinema site. It faces directly onto Courtenay Place and there has been, in recent times, considerable public debate about the safety of this part of the city, particularly after dark. While the Reading Cinema site remains unused, a central part of Courtenay Place also remains undeveloped and, potentially, less safe.
- 69 Notwithstanding the general public interest in the future of the site, the nature of the negotiations mean that the information provided to councillors about the Reading Cinema redevelopment was lawfully able to be withheld under LGOIMA, s 7(2)(b)(ii), s 7(2)(i) and potentially s 7(2)(c).
- 70 When Council officers are engaged in commercial negotiations they are acting on behalf of and in the interests of ratepayers. Having information which discloses their bargaining position made public will, or may, weaken their ability to bargain effectively on the city's behalf. Equally the party they are bargaining with will expect information provided during any negotiation to remain confidential until the conclusion of any deal.

Did councillors breach the Code of Conduct?

- 71 The Deputy Mayor asserts a number of facts on which her complaint is based. Having reviewed the video recording of the 4 October meeting, media reports of the meeting and interviewed Ms Foon and Council staff, this review confirms that, as Ms Foon alleges:
- a Information about the City Activation project, the voting record and commentary were released into the public domain.
 - b Crs Chung, Randle, Pannett, Calvert and Young gave media interviews about the 4 October meeting.
 - c A Council staff member saw Cr Randle take a screen shot of information about the Reading Cinema proposal during the Council meeting and also heard him say, 'I will be talking to the public about this'.
 - d Cr Randle posted a tweet on X (as noted above) on 4 October, publishing the voting numbers of the resolution taken during the publicly excluded part of the Council meeting.

72 The question then is whether any of these elements constitutes a breach of the Code.

Hearing from the councillors

73 An important part of any complaint process is that any councillor faced with a complaint has the opportunity to be heard and is treated fairly.

74 The five councillors named by the Deputy Mayor were informed of the complaint on 12 October 2023 by email. On 12 October I also wrote to each of them, providing each with a copy of the Terms of Reference for this review and inviting each to participate in an interview or, if they preferred, to provide a written response to the allegations made. I have included copies of emails sent to the councillors at appendix four.

75 Cr Pannett was the only councillor to reply, stating she was 'happy to meet' and that she 'didn't leak information'. Cr Pannett indicated she needed time to consider how she would engage with the review. An interview time was initially scheduled and then deferred, as Cr Pannett sought further information about the scope and process of the review. On 17 October I provided Cr Pannett with a list of issues I intended to ask questions about. This included what she understood confidentiality obligations to mean and whether she considered confidential information was leaked.

76 On 20 October 2023, I wrote to the five councillors again, repeating the initial invitation for them to participate in this review. I advised the councillors that the inquiry was underway and asking them to indicate if they intended to make themselves available for an interview or otherwise participate.

77 On 26 October 2023, I wrote to all five councillors again informing them that I would proceed to draft my report if I had not heard from them by 1 November 2023. I again received no response other than from Cr Pannett who indicated that she was taking further advice and seeking further information from the Council's General Counsel.

78 On 1 November, I received:

- a an email from Cr Pannett providing a written response to Deputy Mayor Foon's complaint. I discuss this further below at paragraph [84]; and
- b a letter signed by the remaining four councillors, advising that they would not participate in the review, stating:

Given these allegations are obviously designed as an attempt to silence and discredit a third of elected members, we will not be participating in this political and biased attack.³³

79 A copy of this statement and an earlier media statement issued by four of the councillors on 13 October is included at appendix five.

80 I consider that my attempts to hear from the councillors named in the complaint before preparing a draft are more than sufficient to meet the requirements of natural justice. Natural justice requires persons be given notice of what is said about them, which was met by the provision of Deputy Mayor Foon's complaint, and that they be given an opportunity to reply, which I have done by email contact on three separate occasions.³⁴

81 In addition, on 13 November 2023, I provided the complainant and all five named councillors with a confidential draft report. Each councillor was invited to provide any comments or feedback to me in writing for my consideration before the report was finalised. No one else was provided with the draft report and each councillor was asked not to copy, share or publish any part of the draft report.³⁵

³³ See appendix 8.

³⁴ See, for example *O'Regan v Lousich* [1995] 2 NZLR 620 at 631.

³⁵ On 14 November 2023, the day after the draft report was provided to the selected councillors, the media reported the key findings. I consider this a breach of confidentiality but it is beyond the scope of this review and therefore I make no further comment on it.

- 82 This last phase of the review ensured that all councillors had a chance to respond to any criticism about them contained in the report.
- 83 On 20 November 2023, I received a written response from Crs Calvert, Chung, Randle and Young. A copy of this letter is included as appendix 7. The letter contained no substantive response to my draft report, and instead articulated a number of concerns about my appointment, the decision to conduct an independent reviewer and the scope of the review. The letter contained the following specific feedback relevant to my draft report:
- a that the inquiry did not test “the definition of ‘confidential’ information”, referring to Ombudsman guidance about confidentiality under sections 9(2)(ba) of the Official Information Act 1982 and 7(2)(c) of LGOIMA;
 - b “assumptions made that councillors were discussing the Reading deal with media were incorrect, as many of the comments referred to the dire state of Council finances and officers’ refusal to release non-commercially sensitive information on the city’s looming financial crisis”; and
 - c that the “recommendations show little substance and are biased”.
- 84 On 21 November 2023, I received a letter from Cr Pannett in which she again denies disclosing any confidential information. A copy of this letter is included at appendix 8. Cr Pannett’s specific feedback included that:
- a any comments she made were in response to information that “colleagues, including the Mayor, had chosen to make public”;
 - b the draft report selectively includes public statements from some councillors but omits to include the statement of the Mayor, which gives the “distinct impression of bias”; and
 - c a request that a further “additional review of this report needs to be undertaken” by a “suitably qualified lawyer who has expertise in confidentiality”.
- 85 The Code of Conduct does not contain any provision to compel any councillor to cooperate with an inquiry into any breach. In this case, each councillor was entitled not to participate with the review, although this has impacted my ability to inquire into some aspects of the allegations contained in the complaint, but not all.
- 86 It was, however, disappointing that councillors opted to openly criticise the review both before they saw the draft report and again following receipt of the draft report and while I was considering their feedback. The final report differs from the draft report in several significant respects, as is often the case in a review of this kind.

Did councillors disclose information in breach of their obligations under the Code of Conduct?

Was the information confidential?

- 87 The five councillors’ position appears to be that the information about the Reading Cinema proposal was not confidential information, either because:
- a it was common knowledge; or
 - b others had already spoken about it; and
 - c (in the case of Cr Pannett) a journalist had told her ‘the story was public’.
- 88 At the suggestion of Cr Pannett I have reviewed media coverage going back some years about Council’s involvement with Reading Cinema to test the proposition that the deal with Reading International was “common knowledge”. The key reports prior to 4 October 2023 are:

- a On 29 November 2022, the President and Chief Executive of Reading International spoke to The Post, stating that the company intended to complete a total renovation of the site. The story quoted Mayor Whanau, saying “Council had remained in contact with the company to urge it to carry out earthquake strengthening work and re-open the cinema complex”.
- b On 7 June 2023, the NZ Herald published a story quoting Mayor Whanau saying that she hoped that “soon we can make an announcement on Reading and that will be a very exciting thing”. The same story quoted former Mayor Andy Foster saying there were “conversations about the future of the building in his time and probably with former Mayor Lester as well”.
- 89 The first mention of Council buying the land underneath Reading Cinema is in the media report on 4 October 2023, after the Council meeting. The first mention of the \$32m price tag was on 18 October 2023.
- 90 Therefore, at the time councillors met on 4 October 2023, there had been no media coverage indicating Council was considering purchasing the land and leasing it back to Reading Cinema, nor any suggestion that Council was considering borrowing to facilitate such a commercial deal. Council staff’s negotiations with the US company had been conducted in private, as anticipated in the MOCU. The named councillors have provided no evidence to support the proposition that this information was “common knowledge” at any time prior to when Council met to discuss it.
- 91 The feedback provided jointly by four of the named councillors referred to a ‘comprehensive guide’ published by the Office of the Ombudsmen titled “Confidentiality – A guide to section 9(2)(ba) of the OIA and section 7(2)(c) of the LGOIMA”. The councillors stated that the guide “seems not to have been considered and/or referenced” by me or “even the Chief Executive, who should have been aware of the guide given its relevance to local government”.
- 92 This guide provides specific commentary on the application of specific withholding grounds which were not relied on to exclude the public in the 4 October meeting.³⁶ It is not a guide to the application of confidentiality more generally. As such, I did not consider it when drafting my report.
- 93 Relevant here is the wording of the Code of Conduct about confidentiality, which says:³⁷
- In the course of their duties members will receive information that they need to treat as confidential. Confidential information includes information that officers have judged there is good reason to withhold under sections 6 and 7 of the Local Government Official Information and Meetings Act 1987. This will often be information that is either commercially sensitive or is personal to a particular individual or organisation.
- 94 In this case, the information was confidential because:
- a Officers had judged there was good reason to withhold under sections 7(2)(b)(ii) and 7(2)(i) of LGOIMA.
- b Council had passed a resolution agreeing that the information should remain out of the public domain until at least 30 November 2023.
- c It was ‘confidential’ in the traditional sense of the word – ‘intended to be kept secret’.³⁸
- 95 I discuss the question of confidentiality when certain details are already in the public domain later in this report. However, I note that the Ombudsman’s guidance, referred to by the councillors, tasks an agency with considering whether information was subject to an ‘obligation of confidence’.
- 96 The resolution councillors passed on 4 October 2023 directed officers to consider release of public excluded information by 30 November 2023. Until such time as officers conducted this assessment

³⁶ The guidance relates to LGOIMA, s 7(2)(c). Councillors voted to exclude the public based on ss 7(2)(b)(ii) and 7(2)(j).

³⁷ Wellington City Council Code of Conduct for Elected Members, 2015, at p 5.

³⁸ Concise Oxford English Dictionary, Eleventh Edition,

any provision of information contained in the report was a breach of confidentiality as defined in the Code of Conduct.

- 97 Under the Council's Standing Orders confidentiality extended to any information, documents or reports which were presented to the meeting after the vote to exclude.

Who leaked the information about the Reading Cinema proposal to media?

- 98 Any councillor who deliberately leaks public excluded information breaches the Code of Conduct. In such a case the individual has decided to share the information and taken active steps to do so, even though the information is confidential. Such a deliberate action would be a serious breach.
- 99 A staff member confirmed they saw Cr Randle take a screen shot on his phone of a key information slide presented to the Council meeting and, further, that they heard him say he intended to talk publicly 'about this'. Due to Cr Randle's refusal to participate in this review I have not heard his response to this allegation and in feedback provided he has not addressed this allegation directly. He has had the opportunity to do so. The staff member is clear in their recollection of both what they saw and heard.
- 100 The initial 'leak', as published by The Post on 4 October, was the fact that Council was planning to buy Reading Cinema land to offset the company's earthquake strengthening costs.
- 101 Without further evidence, this review makes no finding as to which, if any, councillor leaked that information to the media. Clearly, someone did. Cr Randle's tweet published at 3.08pm (just two minutes after the meeting concluded) provided information about how Council had voted and also provided what might be considered 'breadcrumbs' for any interested reporter to follow. His reference to the public being "incandescent" if they knew the details was provocative, but not in itself evidence that he leaked information about the proposal. His decision to disclose the vote itself was also provocative. It clearly signalled that there was disagreement between councillors on the issue, which again invited reporters to pursue 'the story' and also increased the likelihood that councillors would be asked to comment.
- 102 I have also considered whether releasing the voting numbers is itself a breach of confidentiality. This is not a straight-forward proposition. Standing Orders 14.5 applies to 'any information, documents or reports which were presented to the meeting'. Technically, the outcome of any vote following consideration of that information and discussion of it would seem to fall outside the definition. However, I accept that such a strict interpretation risks undermining the confidentiality of any discussion which occurs with the public excluded.
- 103 In this case, I have stopped short of finding Cr Randle's tweet to be a leak of the confidential information presented to councillors. Whether a tweet of this nature, given the context, is consistent with other obligations under the Code of Conduct is discussed later in this report.

Did councillors engagement with reporters following the leak breach confidentiality?

- 104 Of the councillors named in the complaint, all five were quoted in media reports either on the day of the Council meeting or in the days following. A table setting out reported comments is attached at appendix six of this report.
- 105 A review of the statements published by media shows that:
- a Cr Randle confirmed that the issue under discussion was the Reading Cinema proposal when he engaged with reporters and, as noted above, published the voting result of the resolution. He also criticised the nature of the proposed deal. Other reported comments by him were largely a repeat of a statement he made at the 4 October meeting prior to the public being excluded and while he was arguing against the motion to exclude the public.

- b Cr Chung confirmed that the issue under discussion was the Reading Cinema proposal when he engaged in online comments. He disclosed the nature of the resolution considered behind closed doors was to proceed with a due diligence process. He also commented critically of Council getting involved in “this kind of commercial deal”. He confirmed that the information provided to councillors was highly confidential.
- c Cr Young confirmed that the issue under discussion was the Reading Cinema proposal and, further, that it was a “property deal”. She criticised the proposal at a high level, going so far as to describe it as “mysterious” and say “I don’t like the smell of this”. Other criticisms she made about the lack of openness and the impact on Council’s credibility were comments she made at the 4 October meeting prior to the public being excluded.
- d Cr Calvert criticised the decision to exclude the public from the information and confirmed in an online comment that the sole item discussed at the 4 October meeting was the City Activation project (which Cr Chung in the same online thread had identified as the Reading Cinema project). She is quoted criticising the lack of transparency and saying “when we know significant information we must be prepared to share it”.
- e Cr Pannett confirmed that the issue under discussion was the Reading Cinema proposal and referred to “giving money to a foreign company”. Her other reported criticisms about the lack of transparency were statements she made at the 4 October meeting prior to the public being excluded.

106 There have been other media reports since the announcement of this review, including the report as noted above on 18 October 2023 accurately reporting the amount Council was prepared to pay up to purchase the land. As already noted, four of the councillors have also issued two media statements.

107 Elected councillors are entitled to speak freely and publicly on issues that concern them and their city. Speaking with local media is an important way for councillors to share their views with the community, especially on issues of high public interest.

108 However, their rights to speak freely are subject to the limitation that ‘media comments must observe the other requirements of the Code of Conduct’.³⁹ The High Court has determined this is a justified and reasonable limit on the entitlement of any councillor to freely express their personal views in the media at any time.⁴⁰

109 When it comes to responding to a reporter’s question or call, councillors need to ask themselves whether the information they are sharing is confidential (particularly if it is subject to a resolution of a full Council that the information be public excluded). If it is, then they need to ‘observe’ the confidentiality of any information they receive in their capacity as elected members. A councillor can always offer a ‘no comment’ to a curious reporter.

110 Cr Pannett’s position is that when she answered a reporter’s questions, ‘the story’ was already in the public domain. The other councillors likewise appear to assert that the information was already known. For the reasons set out earlier in this report I reject this proposition.

111 ‘The story’ was the land purchase deal. This was the subject of the commercial negotiations. It was the information captured by LGOIMA ss 7(2)(b)(ii) and (2)(i). It was not information that was known outside Council until someone leaked it on 4 October. What followed that leak was entirely predictable. Reporters called councillors seeking confirmation and comment. In engaging with reporters, councillors needed to step carefully.

112 Councillors were free to speak out about the decision to exclude the public because that discussion happened in an open meeting. But they could not disclose any ‘information, documents or reports’ from the public excluded part of the meeting since Council had agreed that information was

³⁹ Wellington City Council Code of Conduct for Elected Members, 2015, at p 5.

⁴⁰ *Goulden v Wellington City Council*, HC CIV-2004-485-1 (21 April 2006), at [73].

confidential, commercially sensitive and covered by section 7(2) of LGOIMA. The excluded information includes any discussion of the 'information, documents or reports', since to do otherwise would be to render the confidentiality meaningless.

- 113 It is evident that the named councillors feel aggrieved to be the subject of a complaint. Cr Pannett says she was told by a journalist that "the story was public". The other four councillors say any criticism of their speaking out is an attempt to silence them. Again, both propositions are rejected.
- 114 In this case, the information that constituted 'the story' entered the public domain at some time during the afternoon of 4 October. Before the first media story broke, councillors were responding to reporters and providing a breadcrumb trail of information which had not previously been publicly known. They were, at the time, bound to keep that information confidential. The Code of Conduct requires councillors to both maintain the confidentiality and to consider the fact that failure to observe confidentiality will impede the performance of Council by inhibiting information flows and undermining public confidence in the Council.
- 115 Events since 4 October 2023 demonstrate just how easily public confidence can be undermined over matters of confidentiality.
- 116 In their media statement of 1 November 2023, Crs Randle, Chung, Calvert and Young stated that part of the role of an elected member is to monitor "the performance of the Council against its stated objectives and policies and prudent stewardship of ratepayers' monies". They further describe themselves as wanting "a higher level of accountability around Council business". Complying with the Code of Conduct should in no way impede any councillor doing precisely that.
- 117 During the debate to exclude the public Crs Randle, Chung, Young, Calvert and Pannett all spoke, expressing concern about the significance of what Council was about to discuss, the lack of transparency and the impact excluding the public would have on the Council's credibility. Those councillors were free to repeat those comments after the meeting.
- 118 However, some councillors went further:
- a Cr Young referred to this being a property deal with the owner of Reading Cinema. Prior to this there had been no media reports suggesting that Council was contemplating any 'property deal' or purchase of the Reading Cinema site.
 - b Cr Chung referred to the vote being about whether to proceed with the due diligence process. Prior to this there had been no media reports suggesting that Council staff were involved in a commercial negotiation.
 - c Cr Calvert confirmed details of what had been discussed in the public excluded session.
 - d Cr Pannett confirmed the Reading Cinema proposal involved "giving money to a foreign company". Prior to this there had been no media reports suggesting that Council would contribute any money towards the Reading redevelopment.
- 119 I accept that councillors may have been commenting in reply to information put to them by a reporter. Cr Chung was replying to comments made by others (ie. not councillors) on an online site. I also accept that taken in isolation the councillors' comments (as published by media or online) are not substantive, but in each case identified above, the councillors provided previously unknown information, gave credibility to the initial leak and would have given the reporters confidence to publish. The reports published in both NZ Herald and The Post suggest that all five councillors made themselves available to speak with media about a proposal they knew was protected by confidentiality. The Code of Conduct required them not to breach the confidentiality. The published media reports show that Cr Chung, Young, Calvert and Pannett went too far in their comments to reporters and therefore breached the Code.

120 My findings distinguish the general comments and criticisms made by councillors with the comments listed at paragraph [118] above.

Did councillors conduct their dealings with each other in ways that maintain public confidence in the office to which they have been elected?

121 When asked what motivated her to make the complaint, the Deputy Mayor said that councillors' behaviour after the meeting of 4 October 'crossed the line':

To deliberately do something that in our Code of Conduct is a black and white. When you sign your vow to the city, you take on the Code of Conduct, and you abide by that Code of Conduct, because your role in office is serious. And for me what has been done... will have severe implications on the city going forward.

122 As noted above, Cr Pannett denies she acted 'deliberately' in the way the Deputy Mayor describes. The other four councillors in their media statement of 1 November categorise Ms Foon's complaint as an "attempt to silence and discredit a third of Council's elected members".

123 However, Ms Foon is entitled to use the Code of Conduct's complaints process. It exists to be a standard for all councillors. Further, it is established that:

- a Council officers explained to councillors that the information about the Reading Cinema proposal was commercially sensitive and why this was so;
- b Parliament has provided a specific exemption to allow councils to withhold from the public information related to commercial negotiations while they are underway; and
- c a majority of councillors voted in favour of public exclusion on that basis.

124 Local authorities rely on majority decisions being determinative. All councillors must accept this, even those individuals who vote in the minority on any issue. Usually, councillors in the minority can still freely criticise and comment on the issue at hand. But where, as here, the majority votes to withhold commercially sensitive or confidential information from the public, the minority's freedom to speak out is limited.

125 It is not the case, as Cr Calvert said in one interview, that "when we know significant information we must be prepared to share it and not wait until we've dotted the i's and crossed the t's".

126 The presumption will always be that all information is publicly available. But where, as here, a majority accept that good reasons exist to limit publication the minority must abide by the majority decision. A resolution to exclude the public would be an exercise in futility if those who did not support it were free to talk after the vote. Likewise, confidentiality can wane over time but it cannot fall away entirely as soon as someone leaks if, as here, the information was not generally known prior to the leak.

127 In this case:

- a Cr Randle's decision to publish a tweet within minutes of the meeting concluding was disrespectful. Notably, in his public comments Cr Randle said "I understand the reasons why it's in public excluded". Yet still he chose to alert the public to the Council's discussions and divisions in a provocative manner.
- b Cr Randle's tweet also disclosed the voting record. While I have stopped short of finding this to be a breach of confidentiality in and of itself, councillors would be entitled to expect the voting record of a public excluded debate to also be kept confidential (at least until such time as the information was made public). Revealing the split voting record also indicated to reporters that there was a potential story to look into and question councillors on. The Code of Conduct specifically asks councillors to be aware that failing to observe confidentiality risks undermining

public confidence in the Council.⁴¹ Revealing the voting record in the absence of any other narrative presented a risk that public confidence would be undermined.

- c Likewise, Cr Randle's assertion that the public would be "incandescent" when they learned what was being discussed suggested that other councillors were acting in some way against the interests of ratepayers. This is a serious but logical inference from his tweet.
- d Cr Young's comments that the proposal (or some part of it) was "mysterious" and that "I don't like the smell of this" also suggested that councillors who supported the exclusion of the public and/or the proposal itself were acting against the interests of ratepayers or, alternately, that they did not have good reason to withhold the information. These are serious but logical inferences from her comments.

128 In her interview with the review, Deputy Mayor Foon expressed concern about the impact on the ability of Council to negotiate commercial deals in future.

If we are not respected as a Council because we cannot contain information, I do not see how we can go forward in good faith with possible partners to make good opportunities or deals for the city that will progress it in the best interests of the ratepayer.

129 The Deputy Mayor also noted that those councillors who had spoken about the proposal had been critical of it. On the other hand, the majority of councillors were unable to explain why they believed the deal would be good for the city because they abided by the decision to keep the information confidential. The Deputy Mayor said this had resulted in a one-sided narrative which in turn, she claimed, risks and harms the proposal and undermines the Council's credibility.

130 Crs Randle, Chung, Calvert, Young and Pannett appear to have genuine concerns about the financial implications of the Reading Cinema proposal. This would be consistent with other public statements they have made on other issues unrelated to this review.

131 However, by engaging in public debate on the proposal, and in some cases fuelling it, councillors appear to have disregarded the impact this would have on public confidence in all elected members. Their genuine concern for the city's financial situation does not override the obligations they have to remain silent about information currently being withheld from the public.

132 Where, as here, certain councillors have either breached confidentiality or spoken about it in such a way as to cast a shadow over their colleagues, then they are conducting their dealings with other councillors in a way that does not maintain confidence in councillors.

133 Based on their published comments, Crs Randle and Young breached this provision of the Code of Conduct.

Did councillors remember the respect and dignity of their office in their dealings with each other, management and the public?

134 In respect of the named councillors dealings with each other, paragraphs [96] to [108] apply.

135 In respect of their dealings with management, on a number of occasions councillors have publicly made statements that are either directly or impliedly critical of Council staff. For example:

- a in his comments published in an online news site Cr Chung wrote about being given more information about the due diligence process at some time in the future, "assuming the Council officers give it to us in its entirety";
- b Cr Young said, "Council do not know anything about the deal." And later, "We haven't a clue what is going on actually."

⁴¹ Wellington City Council Code of Conduct for Elected Members, 2015, at p 5.

- c Cr Calvert wrote in online comments that “a number of councillors continue to be very concerned about the content, timing and transparency of the public information provided to date and continue to seek further information and assurance”.

- 136 It is notable that in the media reports none of the named councillors challenge the application of section 7 of LGOIMA. Nor are they reported as saying that the information being withheld is not, or should not be considered, commercially sensitive. This is, after all, the reason Council staff recommended the information should be withheld, a recommendation the majority of councillors accepted.
- 137 Instead, the inference from the comments identified above and from the more high-level criticism of Council’s approach to the Reading Cinema negotiation is that staff have in some way kept councillors in the dark. This is a dangerous proposition, particularly when councillors who support the proposal have not been able to set out other perspectives and provide balance to the public debate.
- 138 As with all politics, elected members ought to distinguish between political opponents and salaried officials. In the rough and tumble of political debate other councillors are fair game, but Council employees are not. They have no platform to defend themselves.
- 139 In this case, as set out earlier in this report, Council staff correctly identified that the information to be debated by Council on 4 October was covered by section 7 of LGOIMA. In cases where the legal exceptions to openness apply, officers were correct to recommend that the public be excluded. Obviously, they took no part in the vote that ultimately determined that Council would exclude the public. The information provided to councillors with the agenda, and in the Q and A workshop held earlier, provided the key aspects of the proposal, which councillors would need to make an informed decision. In addition, Council officers were on hand and available to answer any questions if required.
- 140 The inferred criticism of Council staff by Cr Chung, Young and Calvert is unfortunate. The Code requires councillors to respect the fact that Council officers are employees. In this case, those three councillors have over-stepped by including Council staff in their public criticism of both the withholding of certain information and the proposal itself. This is a breach of the Code.

Recommendations

- 141 The Code of Conduct provides that breaches of the Code are to be managed by the Mayor, in concert with the Chief Executive (where appropriate). The Mayor can, if the identified breach is considered serious enough or if there is an allegation of repeated breaches, refer the matter to Council. That is not my recommendation.
- 142 Maintaining confidentiality is a key requirement of the Code. It is essential if Council officers are to undertake specific tasks such as negotiating commercial deals in the interests of the city, which was/is the intention in this case.
- 143 Likewise, being respectful of other councillors and of staff is a basic requirement if any council is to work effectively.
- 144 Notwithstanding either of those factors, this complaint is a symptom of a breakdown in trust and confidence between councillors. To give everyone the opportunity, in the interests of the city, to reflect and reset my recommendations would be that:
- a the Mayor notes this report;
 - b refresher training be provided to all councillors (including the Mayor and Deputy Mayor) on sections 6 and 7 of LGOIMA, including practical guidance on where it is appropriate to withhold information from the public, in what circumstances it might be in the public interest to do so and how to maintain confidentiality in circumstances where information is being withheld; and

- c a workshop of all councillors (including the Mayor and Deputy Mayor) is convened, under the stewardship of an independent trained facilitator, in which this complaint can be discussed and all grievances about it aired. This workshop should be held with the public excluded.

145 I acknowledge that councillors have already received training in LGOIMA. However, my inquiry found that councillors would clearly benefit from a refresher.

146 In addition, Council should consider expediting its planned review of its Code of Conduct. Doing so would provide all councillors with an opportunity to contribute to a new updated Code. The updated version should set out the precise steps to follow when any complaint is made, so there can be no confusion about what to expect if councillors become the subject of a complaint.

Code of Conduct for Elected Members Inquiry | Terms of Reference

Background

1. On 6 October 2023 Deputy Mayor Laurie Foon made a complaint about a number of Councillors allegedly breaching Council's Code of Conduct. The complaint alleged breaches of the Code of Conduct related to:
 - (a) The elected members' obligations to confidentiality, where they receive confidential information in the course of their duties;
 - (b) The elected members' obligations to be aware that failure to observe confidentiality will impede the performance of council by inhibiting information flows and undermining public confidence in the council;
 - (c) The elected members' obligations to remember the respect and dignity of their office in their dealings with other elected members, managers and the public;
 - (d) The elected members' obligations to conduct their dealings with other elected members in ways that maintain public confidence in the office to which they have been elected; and
 - (e) The elected members' obligations to avoid criticizing any employee in any way, but especially in ways that reflect on the competence and integrity of the employee.
2. In particular, the complaint identifies the alleged publication of specific details of a publicly excluded agenda item in the media and on social media.
3. Under the Code of Conduct for Elected Members, the Mayor (in concert with the Chief Executive where appropriate) must consider each allegation in a manner that is fair to all parties involved in the allegation.
4. The Chief Executive has appointed Dentons Kensington Swan partner Linda Clark as the external reviewer (the "**reviewer**") to undertake an inquiry into the complaint.

Purpose

5. The purpose of this inquiry is to consider the complaint made by the Deputy Mayor ("**complainant**"), inquire into the alleged leaking of confidential information and the other alleged conduct and determine whether any breach of the Code of Conduct for Elected Members (the "**Code**") has occurred.
6. The councillors named in the complaint are Crs Ray Chung, Iona Pannett, Tony Randle, Diane Calvert and Nicola Young ("**respondents**"),
7. Specifically, this inquiry will consider:
 - (a) whether the Code requires Councillors to keep information discussed at a publicly excluded meeting of the full council confidential, even if they did not vote in favour of the decision to exclude the public, and if so, what the scope of that confidentiality requirement is;
 - (b) if yes, whether a breach of confidentiality occurred in this case (in relation to the named respondents);
 - (c) whether the conduct of Councillors following the 4 October 2023 meeting was consistent with the Code and in accordance with the obligations it imposes on elected members; and
 - (d) in the event any breach is identified, what recommendations are appropriate in

respect of any Councillor found to have breached the Code.

8. A copy of the complaint is attached.

Summary of complaint

9. On 4 October 2023 a full Council of Wellington City Council (“**Council**”) resolved to hear the agenda item “City Activation” with public excluded under section 48 of the Local Government Official Information and Meetings Act 1987 (**LGOIMA**). The meeting was to discuss a proposed deal related to the earthquake prone building identified as the Reading Cinema complex on Courtenay Place.
10. Five Councillors voted against the decision to exclude the public from the discussion.
11. A news article was published on the *NZ Herald* shortly after the meeting concluded. The article included otherwise confidential information, notably that the Council met to consider ‘a multimillion-dollar deal, involving the Council buying the land underneath the Reading Cinema’. Further news reports have published further details about the public excluded meeting of Council.
12. The complaint alleged a number of breaches of Council’s Code of Conduct, including, that ‘specific details of the proposal, the voting record, and commentary have been disclosed to media’.
13. The complaint specifically alleges that:
 - (a) Cr Randle photographed the AV screen with the confidential report visible;
 - (b) a member of staff heard Cr Randle say that that he was going to publicly release details about the item;
 - (c) Cr Randle made an online comment on ‘X’ (formerly Twitter) disclosing the voting record;
 - (d) confidential information was shared with a *NZ Herald* reporter and with *the Post* about the agenda item;
 - (e) Councillors Ray Chung, Iona Pannett, Tony Randle and Nicola Young have publicly commented on the confidential matter; and
 - (f) on this basis, ‘it would appear that one or more Councillors have leaked confidential information’.
14. The complainant asks for these matters to be ‘investigated and addressed’.
15. The reviewer will undertake an inquiry into the complaint.

Process

16. Section 3 of the Code sets out the process to be followed by the Mayor and the Chief Executive in relation to any alleged breach by Elected Members of the Code of Conduct. The reviewer shall carry out this review in accordance with this section of the Code.
17. In particular, the reviewer shall ensure that:
 - (a) due process is respected; and
 - (b) the Respondents are given the opportunity to consider and respond to any allegations made against them.
18. In addition to Section 3 of the Code, the reviewer shall comply with the steps below.
19. The reviewer will undertake an inquiry into the complaint and prepare a report for the Mayor, regarding that inquiry, who will share it with the Chief Executive.

20. In preparing that report the reviewer will:
 - (a) conduct a detailed 'desktop review' of all relevant documentation held by Council about the meeting of the full Council held on 4 October 2023;
 - (b) interview the complainant and respondents, as well as any Councillors they consider may be able to assist the review; and
 - (c) interview the staff member who is alleged to have overhead Cr Randle.
21. In addition, the reviewer may, if they consider it necessary in the circumstances:
 - (a) consult with the complainant, respondents and affected parties; and /or
 - (b) interview other potentially relevant witnesses / affected parties; and/or
 - (c) require the production of relevant documents or information from the complainant, respondent and affected parties (including Wellington City Council); and/or
 - (d) refer to any relevant documentation.
22. Consultations and/or interviews will be digitally recorded and transcribed. The reviewer will delete all recordings and transcriptions 30 days after the report has been provided to the Mayor.
23. The reviewer may include in the report any recommendations to the Mayor in relation to the inquiry.
24. Upon receipt of the report, the Mayor may refer the matter to Council for consideration and determination.

Deliverable for reviewer

25. The reviewer is to provide a report setting out the findings and recommendations (if any) to be presented to the Mayor by 27 November 2023.

Attachments:

- (a) Letter of complaint dated 6 October 2023
- (b) Code of Conduct for Elected Members dated October 2015
- (c) Extracts of media reports related to the 4 October 2023 meeting
- (d) Council agenda, report for meeting on 4 October 2023
- (e) Questions and Answers relating to meeting on 4 October 2023

Appendix 2: Transcript of public debate of Council meeting on 4 October 2023

Speaker	Transcription
Mayor Whanau	1.6 – all items are on the agenda. There's no public participation and for public excluded we recommend, the officers recommend that the public is excluded from the following part of the proceedings of this meeting. I will move the motion, who will second? Councillor Chung. Any debate? Debate? Yeah.
Councillor Chung	Yes thank you. This is an important decision that the Council is making today and it's, I understand fully the reasons why it's in public excluded. But I do have to say that I think that us dealing with this at this time is really a bad move for the Council. We have a Council meeting on the 25 th of October, it was certainly more appropriate towards this. I know that when we do get to debate we will explore the reason for the timing for this, but I just want to say to people that I don't believe that this should be dealt with at this point, and for this reason I'm going to vote against it going into public excluded.
Mayor Whanau	Thank you Councillor. Councillor Pannett.
Councillor Pannett	Thank you. Well it won't surprise you that I'm not in support of this and part of my concern is that this is not transparent. It is not clear when the information will be made public. It does have an impact on the public for a number of reasons which we can discuss if this vote probably goes through. And I think the paper has not been entirely clear on how we will be transparent about something that's got actually very significant implications. So I won't be supporting, kia ora.
Mayor Whanau	Thank you Councillor. Councillor Calvert.
Councillor Calvert	I'll keep this brief, but ditto to Councillor Randall and Councillor Pannett basically.
Mayor Whanau	Cool.
Councillor Calvert	I won't be supporting it.
Councillor Young	I also don't support it going to public excluded. I'm concerned that we are losing all credibility with Wellingtonians because of the unexpected happenings such as the town hall cost blow-out, and I think we need to be open and transparent because otherwise people just think we're a bunch of – there are various words I could use, so I'll be voting against.
Mayor Whanau	Okay, thank you Councillor. Councillor Free.
Councillor Free	Yes I just want to say that for all the reasons already expressed, I will not, also not be supporting going into publicly excluded.
Mayor Whanau	And I think that's it. My right of reply, I respect everyone's decision and views on this, the reason I support it is the commercial and sensitive nature of the deal. When things go public it adds more cost and such and such. Look, I hear you and all good. So let's take it to a vote. Now this is taking it to public excluded. And that has passed. Thank you everyone. We just need a minute to [end of link].

Appendix 3: Media reports and public comments

ADVERTISEMENT/ WHAKATAIRANGA

WHAKATAIRANGA KI PUNA

Council planning to buy Reading Cinema land to offset earthquake strengthening cost



Erin Gourley | October 4, 2023



Thursday, November 2, 2023

The Wellington City Council is preparing to buy the land under the Reading Cinema building on Courtenay Place.

The Post understands that in a behind-closed-doors meeting this afternoon the council voted 10 to 6 to proceed with due diligence, moving forward the purchase of the land under the earthquake-prone building.

The public-excluded item was described on the agenda of the meeting as a “City Activation” project.

Moving to purchase the land, owned by Reading International, is intended to help it fund earthquake strengthening work. The building shut abruptly in 2019 after its seismic rating fell.

It was not clear how much the council is paying in terms of purchase price, although councillors were clear it was nowhere near as much as the recent Town Hall cost overrun of \$147m.

Councillor Tony Randle said he thought residents would be appalled at the decision which was not focused on “core services” at all and was a commercial proposal.

Councillor Ray Chung said he was “not very happy” that the council was doing a commercial deal without telling the public about it and spending money when the finances were dire.

“We shouldn’t be getting involved in this type of thing,” he said.

Mayor Tory Whanau was not happy that information about the public-excluded meeting was leaked, saying it was “getting really boring” and created an environment where the public did not have the full picture of the council’s decision-making.

She would have more detail to share in coming weeks about Courtenay Place, which “undoubtedly” needed the most rejuvenation.

Thursday, November 2, 2023

Whanau said at the end of last year that the council was in close contact with the building owners to urge Reading to strengthen the building.

- The Post

Share



More from The Post



Wellington mayor's secret meeting with multi-millionaire cinema bosses

Just days after she was elected, Tory Whanau was laying the ground work for what would become a \$32m deal land deal with the Nasdaq-listed company that owns the disused Reading Cinemas complex.

The 90s throwback on every designers' moodboard this summer

Just one skirt, with many possibilities ...

Thursday, November 2, 2023

[Contact us](#)

[About us](#)

[FAQ](#)

[Editorial code of practice and ethics](#)

[Advertise with us](#)

[The Post e-reader](#)

[Stuff.co.nz](#)

BREAKING NEWS?

Send your photos, videos and tip-offs to newstips@stuff.co.nz, or call us on 0800 697 8833



[Terms & Conditions](#) [Privacy](#)

Copyright © 2023 Stuff



Tony Randle - WCC Councillor

@Wellingtoncomm · [Follow](#)



Following the announcement of the Town Hall's huge cost overrun, the Wellington City Council has just made a terrible decision in public excluded (vote: 10 for and 6 against). If the public knew the details of this decision they would be incandescent.

3:08 PM · Oct 4, 2023



66

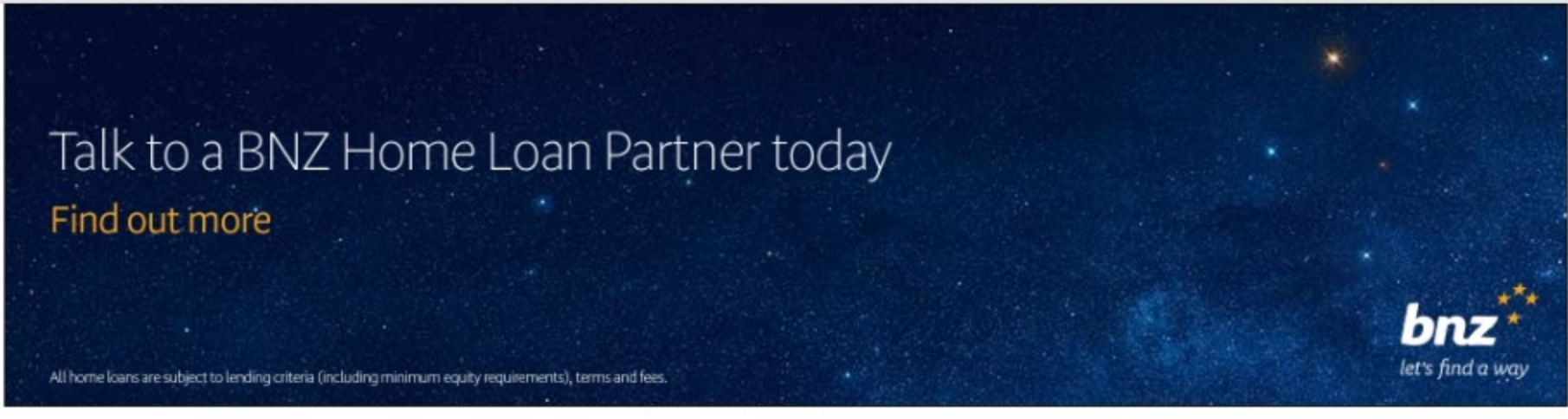


Reply



Share

[Read 12 replies](#)



WELLINGTON

Wellington City Council's closed-door meeting over Reading Cinemas ruffles feathers

05/10/2023 William Terite



Watch: Newshub understands Wellington City Council held a closed-door meeting on Wednesday to buy the land under the abandoned, earthquake-prone Reading Cinemas. Credits: Newshub.

A stoush has broken out at Wellington City Council over a meeting that was held behind closed doors.

It's understood the council met to discuss buying an abandoned cinema just days after mayor Tori Whanau revealed a multi-million dollar budget blowout on another property project.

Related News



Reading Cinemas Wellington closing after damage in 2016 earthquake



Wellington City Council faces up to \$147m town hall budget blow-out

It looks like something you'd see in a post-apocalyptic movie, but Reading Cinemas on Wellington's Courtenay Place has sat idle since it was deemed earthquake prone in 2019.

"It looks like someplace that's haunted in a ghost movie," one city dweller told Newshub.

"There's not really much here. It's a pretty ignored building," said another passer-by.

Newshub understands the council met in secret on Wednesday to discuss buying the land, owned by Readings Limited.

It comes just one day after Wellington Council reported a \$147 million budget blowout on its nearby Town Hall project - with ballooning costs due to additional faults found within the building.

"I think there is a divide in the Council between those who see that we are in a different place financially," said councillor Tony Randle.

"We haven't been as transparent as we should be with Wellingtonians, we have a significant financial hole, and we just continue making it worse," councillor Diane Calvert told Newshub.

Mayor Whanau said in a statement that the details are being kept private because of the complicated and sensitive nature of the deal.

She also said it's getting boring that some councillors continue to speak to media.

"I'm sorry if democracy is becoming boring to her but she needs to take the criticism," Randle said.

"I'm getting bored with the Wellington City Council not listening to Wellingtonians," Calvert shot back.

So, we asked some Wellingtonians what they want.

"I think if they're going to try and save it, they should have it out in the open," one local woman told Newshub.

"If there's nothing happening with it, then it might be a good idea to buy it up, do something with it, utilise the property," another person said.

Details are set to be made public later next month, so perhaps the end credits haven't rolled on this old cinema just yet.

Newshub.



Sign up to receive news updates

Email address

By subscribing you agree to our Terms of Access and Privacy Policy

Advertise your business with a trusted local news service Newshub.

THE ROCK PRESENTS blink182 AUSTRALIAN / NEW ZEALAND TOUR 2024 WITH SPECIAL GUESTS RISE AGAINST 23 FEB AUCKLAND SPARK ARENA LIVE NATION

StreamFreeNow now Six Four Parents seek missing teen & expose corruption Stream Free

Fever Pitch Football's transformative decade of money & stars Stream Free

Downey's Dream Cars Downey restores classic cars Stream Free

Little token. Big impact. GOOD HOOD



Council wants to buy land to fund Reading 'eyesore'

Erin Gourley | October 5, 2023



Switch on with The Post

Subscribe now and stay on the political pulse.

Subscribe now

Already a member? Log in with your Stuff account

The prominent Reading Cinemas building has been shut since 2019, when it was found to be earthquake prone. (File photo) JERICHO ROCK-ARCHER / THE POST

The purchase of land under the Reading Cinema building was the subject of a secret meeting in Wellington yesterday afternoon.

The City Council held the meeting to discuss a "City Activation project", voting 10 to 5 to exclude the public from the discussion.

The Post understands that the meeting was about purchasing the land under the prominent Reading Cinemas complex on Courtenay Place, also known as Courtenay Central.

The council plans to purchase the land from Reading International, in order to fund the required seismic strengthening work and encourage the complex to reopen.

The building has been criticised as a dead spot and a "blight" on the city, among other empty buildings like the Amora Hotel. Courtenay Central was suddenly declared earthquake prone and evacuated in 2019 after serious concerns were raised in a seismic assessment.

It's not clear what purchase price is being considered or when the deal is likely to go through. The papers for the meeting said public information would be officially released on November 30.

Reading International owns 1.4 hectares of inner-city land around the complex, including a large carpark. The extent of the council's planned purchase has not been confirmed.

Mayor Tory Whanau said she believed the council needed to take a "bold approach" to rejuvenate areas of the city including Courtenay Place.

"We have been working away at just that and I hope to have more detail in the coming weeks regarding the Courtenay Precinct, which undoubtedly is the area that most requires action.

"We cannot make any comment about the specifics but want to be clear that any proposed decision is fiscally prudent and driven by huge benefit to the city centre."

Councillor Ray Chung questioned whether the council should be getting involved in this type of commercial deal saying it was a "nicety".

Iona Pannett said the Reading Cinemas building was an "eyesore" and there was a strong need to revitalise the central city, but she had questions about giving money to a foreign company. Owners of other earthquake-prone buildings in the city would have potentially greater need for support, she said.

John Apanowicz said getting the city's empty buildings – including Courtenay Central, the Amora Hotel, and the Civic Square precinct – back into use was one of his key priorities as a councillor.

On X, formerly known as Twitter, Tony Randle said he believed residents would be "incandescent" if they knew the details of the deal. Councillors voted 10 to 6 to move ahead, he said.

He would prefer that the council focus on fixing what's broken, and did not see the deal as core to the function of the city.

As the council voted to exclude the public, Whanau said she supported the discussions being kept private because of "the complicated and sensitive nature of the deal".

Councillor Nicola Young said she was concerned the council was losing "all credibility" because of increasing budgets on projects such as the Town Hall strengthening.

"We have to be open and transparent because otherwise people will think we are a bunch of ... there are various words I could use."

The leaked information about the meeting ruffled some feathers. Whanau put out a statement saying it was "getting really boring" that some councillors were talking to the media about confidential meetings.

"It creates an environment where the public does not have the full picture and lose faith in our processes and decision making."

She would make a public announcement once there were firm details to share.

The Post understands the council voted to proceed with due diligence on the purchase.

How they voted on excluding the public from the Reading Cinemas discussion:

For: Tory Whanau, Nureddin Abdurahman, John Apanowicz, Tim Brown, Ray Chung, Laurie Foon, Rebecca Matthews, Ben McNulty, Teri O'Neill, Tamatha Paul.

Against: Diane Calvert, Sarah Free, Iona Pannett, Tony Randle, Nicola Young.

- The Post

Share    

More from The Post



Council planning to buy Reading Cinema land to offset owner's seismic costs

The Post understands the purchase of the land, owned by Reading International, is intended to help fund earthquake strengthening work on the empty building.



Apartment pre-sales at 10-year low

One of Ockham Residential's big inner-city Auckland developments has been put on hold, so what does that say about the new build apartment market?



The ideology that has sucked the life from our politics

OPINION: Why does the major parties and their leaders seem like place holders, while we wait in dwindling hope of the real thing coming along? Why does the current campaign feel like a ghost election?



Dead man's partner staves off estranged daughter's attempt to change inheritance

She had increased her share of her mother's estate and then made moves towards challenging her father's wishes too.



Letters to the Editor: October 9

Pushback against a property investor's arguments, and some helpful suggestions for our politicians are among the letters line-up today.



How to hand over property knowledge

Managing large, multi-faceted properties requires location-specific knowledge, but it is often lost when managers change.

Wellington City Council meeting on Reading Cinema's future held in secret

By [Georgina Campbell](#)

4 Oct, 2023 03:24 PM ⌚ 4 mins to read

Wellington City councillors have met behind closed doors today about the future of the shut-up Reading Cinema building on Courtenay Pl, the *Herald* understands.

The building was closed in early 2019 after an earthquake risk was discovered. A carpark next to the cinema building was earlier demolished following the 2016 Kaikōura earthquake and nothing has been built on the site since.

It has become a symbol of the tired state of Courtenay Pl - a street that's traditionally been a key part of the city's nightlife and entertainment offerings.

A full city council meeting was held this afternoon with just one item on the agenda, titled "city activation project".

It's understood a multimillion-dollar deal, involving the council buying the land underneath the Reading Cinema, was under consideration.

It was discussed in a public-excluded part of the meeting. Reasons given for this included allowing the local authority to carry on negotiations, including commercial and industrial negotiations, without prejudice or disadvantage.

Wellington Mayor Tory Whanau said it was "getting really boring" that some of her councillors continued to speak to the media about confidential council meetings.

"It creates an environment where the public does not have the full picture and loses faith in our processes and decision-making," Whanau said.

"I was elected with a strong majority on the platform of delivering critical infrastructure for the city and reviving the city centre to show we are open for business."

Whanau said this required a bold approach to address the areas of the city that required rejuvenation.

"We have been working away at just that and I hope to have more detail in the coming weeks regarding the Courtenay Precinct, which undoubtedly is the area that most requires

action.

“I will be speaking publicly about where we are up to once we have firm details to share, which is what locals deserve: a good process and the full picture, rather than undermining petty politics.”

Not all councillors agreed the deal should be discussed in secret, but they were overruled by their peers.

Cr Iona Pannett said at the beginning of the meeting she was concerned about the lack of transparency.

“It is not clear when the information will be made public. It does have an impact on the public for a number of reasons.”

She said it will have “very significant implications”.

Cr Nicola Young said the council needed to be open.

“I’m concerned that we are losing all credibility with Wellingtonians because of the unexpected happenings such as the Town Hall cost blowout.”

Yesterday it was revealed the [cost of earthquake-strengthening and redeveloping Wellington’s Town Hall has rocketed](#) from \$182 million to a possible \$329m.

The cost escalation will be considered and voted on at another full council meeting on October 25.

Cr Tony Randle also opposed today’s meeting being held in secret.

“This is an important decision that the council is making today and I understand fully the reasons why it’s in public excluded but I do have to say, I think that us dealing with this at this time is really a bad move for the council.”

Whanau, who chaired today’s meeting, disagreed because of the “commercial and sensitive nature of the deal”.

In June, Whanau said she hoped the council could soon make an announcement on the future of the Reading Cinema.

“That will be a very exciting thing,” she said at the time.

At a press conference yesterday about the Town Hall budget blowout, Wellington City Council chief executive Barbara McKerrow was asked what was happening with the Reading Cinema.

“We are working hard with the owners of Reading Cinema,” McKerrow said.

In an annual return filed in March this year, Reading Cinemas Courtenay Central Limited reported the company was re-evaluating the property for redevelopment as an entertainment-themed urban centre with a major food and grocery component.

“We are currently working on a comprehensive plan for the redevelopment of this property featuring a variety of uses to compliment and build upon the “destination quality” of this location.”

Georgina Campbell is a Wellington-based reporter who has a particular interest in local government, transport, and seismic issues. She joined the *Herald* in 2019 after working as a broadcast journalist.



12:00pm 4:00pm

LISTEN LIVE ON

HOME ON AIR WELLINGTON WELLINGTON MORNINGS WITH NICK MILLS AUDIO

Nicola Young: It's time we seriously thought about demolishing the Central Library

ON AIR WELLINGTON

Fri, 6 Oct 2023, 12:46PM

iHeart
Friday Faceoff: Nicola Young and Brigitte Morten - Wellington Mornings wit...
Wellington Mornings with Nick Mills

+ FOLLOW THE PODCAST ON iHeartRADIO



Wellington City Councillor Nicola Young and Political Commentator Brigitte Morten. Image / Newstalk ZB

Wellington City Councillor Nicola Young and Political Commentator Brigitte Morten join Nick Mills for Friday Faceoff.

Together they discuss the race for Wellington Central, Winston Peters potentially making a comeback, the Town Hall's budget blowout, the council considering investing in the Reading Cinemas complex, and Mayor Tory Whanau hitting out at National and ACT.

LISTEN ABOVE



GET THE iHeartRADIO APP Take your Radio, Podcasts and Music with you

AUDIO

Politics Wednesday: Nicola Willis and Ginny...
Tory Whanau hits back at accusations of billion...

Father shares harrowing custody battle through Oranga Tamariki

PROMOTED CONTENT

Recommended by Outbrain

PROMOTED
1 Teaspoon Before Bed Can Burn Belly Fat Like Never Before
Her Life & Health

PROMOTED
New Cleaning Tool Breaks All Sales Records in New Zealand
gadgets4-you.com

PROMOTED
New Zealand Citizens Can Apply for Canadian Citizenship.
Find out if you qualify
canadaims.org

PROMOTED
If You Are Above 61, You Have To Play This Game. No Install!
Forge of Empires

PROMOTED
(Slides) Remember Her? Take A Deep Breath Before You See How She Looks.
Funtripe

PROMOTED
Windows Users Didn't Know This Simple Trick (Do It Now)
This Simple Trick is the first step to having a faster, safer and more efficient PC
Safe Tech Tips

PROMOTED
Matthew Perry's ex-fiancee says 'he caused pain like I've never known'
NZ Herald Entertainment

PROMOTED
'Something's wrong': Former international referee reviews Rugby...
Newstalk ZB - New Zealand's p...

PROMOTED
National's Nicola Willis says Tory Whanau is 'living in another reality'...
Newstalk ZB - New Zealand's p...

CONNECT WITH WELLINGTON MORNINGS

SIGN UP FOR NEWSLETTERS

AIR NEW ZEALAND

Book your ticket to Aussie today

BOOK NOW

A STAR ALLIANCE MEMBER

LATEST

- 3 minutes ago
Second petition calls on Gore District Council CEO to resign
- 11 minutes ago
Jarden expert: How is domestic and global supply shaping up?
- 17 minutes ago
Fitbit Charge 6 - Bridging the Gap Between Watch and Tracker?
- 25 minutes ago
Donald Trump Jr testifies he had nothing to do with financials at fraud trial
- 29 minutes ago
Juliana Herrera murder: Corrections vows to improve community notifications
- 30 minutes ago
Tim Beveridge: The responsibility should go back the families and communities themselves

TRENDING

- FBI director warns about threats to Americans after Hamas attack on Israel
- Former referee: Did officiating ruin rugby's big showpiece?
- Sean Fitzpatrick recaps the AB's devastating Rugby World Cup final loss
- Juliana Herrera murder: Corrections vows to improve community notifications
- Jason Walls: Chris Bishop technically isn't wrong in emotive emails

Recommended by Outbrain

Advertisement

LATEST VIDEO

- CRIME
Juliana Herrera murder: Corrections vows to improve community notifications
- NATIONAL
Exclusive: Ruthless Empire's mum speaks out, says she was not involved in his death

LATEST AUDIO

- OPINION
Tim Beveridge: The responsibility should go back the families and communities themselves
- OPINION
John MacDonald: The muppets have spoiled the fireworks party

Shows Early Edition with Kate Hawkesby The Mike Hosking Breakfast Kerre Woodham Mornings Simon Barnett and James Daniels Afternoons Heather du Plessis-Allan Drive MORE SHOWS Playlists Mike Hosking's Favourites Heather du Plessis-Allan's Hits Kate Hawkesby's Top Picks Kerre Woodham's Morning Music Simon Barnett's Soundtrack MORE PLAYLISTS	News National Election 2023 World Politics Business MORE NEWS	On Demand Week On Demand News on Demand Listen via Alexa & Smart Speakers Listen from Overseas Traffic Updates MORE ON DEMAND	Podcasts The Leighton Smith Podcast The Mike Hosking Breakfast Podcast Early Edition Podcast News Fix Behind the List with Barry Soper MORE PODCASTS	ZB PLUS Philip Crump Fran O'Sullivan Bruce Cotterill Jamie Mackay Katherine Rich MORE ZB PLUS	What's On Submit community notices	Lifestyle Movies Travel Recipes Books Music MORE LIFESTYLE	Contact Contact Us Form Be the reporter Subscribe to our newsletter Advertise with Us Make a complaint MORE CONTACT INFORMATION
--	---	--	---	--	--	---	--



Follow Us

Frequencies

Auckland 89.4 FM, 1080 AM	New Plymouth 96.4 FM
Wellington 89.3 FM, 1035 AM	Northland 1026 AM, 1215 AM, 105.1 FM
Christchurch 100.1 FM, 1098 AM, 1017 AM	Oamaru 1395 AM
Alexandra 95.1 FM	Queenstown 89.6 FM
Ashburton 98.1 FM, 873 AM	Rotorua 747 AM
Blenheim 92.1 FM	Southland 864 AM
Dunedin 1044 AM	Taupo 96.0 FM
Gisborne 945 AM	Tauranga 90.2 FM, 1008 AM
Greymouth 103.5 FM, 105.9 FM	Timaru 1152 AM
Hawke's Bay 90.3 FM, 1278 AM	Tokoroa 1413 AM
Hokitika 105.9 FM	Waikato 97.0 FM, 1296 AM
Kapiti 89.5 FM	Wanaka 90.6 FM
Manawatu 100.2 FM, 927 AM	Whanganui 1197 AM
Masterton 846 AM	Westport 95.7 FM, 1287 AM
Nelson 106.4 FM, 1341 AM	

Relevant excerpts of NewstalkZB interview with Councillor Nicola Young 6 October 2023

Speaker	Transcription
Nick	What is really going on there? I know you can't speak about it, you were sworn to secrecy and you went into the little room and the lights went down and you said yes let's right some more cheques. But what can you tell our listeners with what is happening with Reading cinemas.
Cr Young	Well what I would say is the Mayor has been talking about this and dropping hints for quite some time about doing a deal with Reading. It is a multi-million-dollar US NASDEC listed company. And of course, councillors are not going to be completely quiet, they haven't said much. Georgina Campbell Herald and Newstalk she has been joining the dots because there have been just so many hints have been dropped she just follows the breadcrumb trail largely, but Wellington has had a number of people and companies that have been successful in property deals but the Wellington City Council is not one of them. I think this deal needs some sunlight. Is the regeneration of Courtnay place which we know is pretty grotty more important than fixing our pipes because I don't think so? I think because it is so mysterious, there is a lot of speculation, some of it is right some of it is wrong. I just think I don't like the smell of this. Nor do the ratepayers, so many people have contacted me outraged about it.
Nick	Bridget if you had Wellington City Council as one of your clients and they came to you and said we are looking at investing putting some of our Council's money into helping an American multi national company as Nicola has just said – would you advise him that that would be a good decision to do
Bridget	<p>Look without seeing the deal I can give any advice but I think when I look at it as a whole I can understand why you possibly have to keep some of it secret from a commercial point of view – absolutely you don't want to play your hand about much you could possibly spend or how much you could put in or – it all makes total sense it happens at every level of Government.</p> <p>The bit I think that is really missing for me and the bit that makes me outraged about this is the decision about where we want to put our resources hasn't been discussed with the community. I think without a doubt most people went to last years local government election expecting that this was going to be a Council that is meant to come in and invest in fixing the pipes under the road. It wasn't an election about what to do about a big empty space on Courtenay Place that has owners – they are not the Wellington City Council – that has owners that have responsibilities and they are not doing that and you have got to stop and you have to still bring the community with you. You have a duty to consult. You have a duty to engage with your stakeholders and that seems to be completely and utterly missing from this debate.</p>
Nick	Nicola is there a Plan b with this site?
Cr Young	I am constrained in what I can say. I would just say I went onto their holdings company report on council whatever you call them and they have renovated or built 6 cinemas in Australia in the past year and they have sold a big parcel of land so its not like they are a charity. I am very concerned. Is there a plan B? I think there might be but I haven't heard anything from Council. Wellington people talk.

	Council do not know anything this has all been done in secrecy from us as well. We only know what we heard the other day.
Nick	Can I just ask you if things change? Because I think it was June or July I had Mayor Tory Whanau in the studio and she said I have got some exciting news but I cant quite tell you but we are nearly there. We are nearly there with Reading Picture Theatre. Why is it now four months later June July August September October – five months later and we are still no closer.
Cr Young	How would I know?
Nick	You are on the Council
Cr Young	We don't know anything. This has all been done in secrecy from us as well. We only know what we heard the other day.
Bridget	You have to wonder if the Council you know the people we elect to hold the Council to account nobody in the community knows. Did we elect a dictatorship? What is happening here? That we don't actually know what is being done with rate payers money. It is pretty disgusting
Nick	And I apologise for sniggering because it is almost because when you described it like that it was almost laughable
Bridget	I know – this is – we think in New Zealand we don't have these sort of schemes where everything or the power or money is locked up with one person or a couple of people who are in the know but this deal stinks of everything like that – it is absolutely not the way that we do business. Not the way particularly Wellington and New Zealand – highly educated, engaged community – that's not how we should be treated.
Nicola	Especially when the Councillors are elected to be City Governors and we are not governing. We haven't got a clue what is going on actually.

WELLINGTON BUSINESS



Councillors vote on secret deal for land under Reading Cinema building

October 5, 2023 49 comments

Wellington.Scoop
Wellington City councillors met behind closed doors yesterday to vote on "a deal" for the future of the Reading Cinema building on Courtenay Place, which has been closed for four years.

The NZ Herald reported:

A full city council meeting was held with just one item on the agenda titled "city activation project". It's understood a multi-million dollar deal involving the future of the building was under consideration. It was discussed with the public excluded - reasons given for this included allowing the local authority to carry on negotiations, including commercial and industrial negotiations, without prejudice or disadvantage.

Not all councillors agreed it should be discussed in secret, but they were overruled by their peers.

Cr Tony Randle tweeted later:



The Herald quoted Cr Iona Pannett as saying: "It is not clear when the information will be made public. It does have an impact on the public for a number of reasons." Cr Nicola Young said the council needed to be open. "I'm concerned that we are losing all credibility with Wellingtonians because of the unexpected happenings such as the Town Hall cost blowout."

Wellington Mayor Tony Whanau, who chaired yesterday's meeting, was quoted by the Herald as saying secrecy was necessary because of the "commercial and sensitive nature of the deal."

And what is the secret deal?

The Post reports today that the city council voted 10 to 6 to proceed with due diligence with a plan to purchase the land under the earthquake-prone building.

The council voted to move ahead with a plan to fund the empty complex's redevelopment, by purchasing the land from Reading International... It's not clear what purchase price is being considered or when the deal is likely to go through. The papers for the meeting said public information would be officially released on November 30.

The land but not the building?

The Post reckons the purchase of the land is intended to help its wealthy American owners pay for earthquake strengthening work which would encourage them to reopen the cinemas. But why does a big American company need financial help from a cash-strapped city council? And how can the council - with buildings of its own that are yellow stickered and in need of strengthening - afford it?

The Post quotes Cr Pannett as saying she has questions about giving money to a foreign company. Owners of other earthquake-prone buildings in the city would have potentially greater need for support, she said.

And Mayor Whanau, somewhat defensively as the secrecy continues, said:

"We cannot make any comment about the specifics but want to be clear that any proposed decision is fiscally prudent and driven by huge benefit to the city centre."

Fiscally prudent to help a large American company with redevelopment costs?

More from the Mayor in a report from RNZ:

"The reasons why some issues are discussed in confidence are clear and already in the public domain. It's because of commercial confidence, the detail or what is being discussed is preliminary, or both. This is not unique to Wellington City Council."

She said the deal being discussed would help rejuvenate the area at no cost to ratepayers. "It's something I campaigned on and am passionate about delivering for Wellington. I will be speaking publicly as soon as details are finalised so Wellingtonians can get a full, clear picture of what will happen."

She makes it clear. First finalise the secret deal, and only then tell the city what has been done.

- Get your team onto Scoop Pro
- Become a Wellington.Scoop Supporter
- Wellington.Scoop on Twitter

Latest Wellington news

- Police saved pregnant woman's life when they killed man in Newlands last year
- Two vehicles crash on The Terrace
- "A political and biased attack" by the mayor, say four city councillors
- Legal dispute about uncompleted work on Transmission Gully
- Oranga Tamariki investigating its decisions about baby who died
- Merger of Wairarapa's three councils "inevitable"
- Creative NZ refuses support for Rodger Fox Big Band
- Progress on shared pathway between Ngauranga and Petone
- "Plenty of fat that can be trimmed" at Hutt City Council
- "Upfront and honest" Hutt councillors start work on Long Term Plan
- Wellington keeps top place as NZ's most creative city
- Selling the city's airport shares - option considered by mayor
- Kāpiti lowering speed limit in Paekākāriki to 30km/h
- Wellington 16-year-old wins choral composition competition
- Replanting and landscaping Shelly Bay



Supporters



Become a Wellington.Scoop Supporter >



Recent comments

- D'Eserre: Anika Shanaya: "Get with the programme or get out of the way." This might just be plausible...
- Janet: There are no regressive forces in Wellington Anika, just ratepayers who are struggling to stay on to...
- Toni: Are we about to see another Shelly Bay debacle with the Reading agreement, the secret meetings and d...
- Claire: Anika what are your priorities? Reality tells us that fiscal prudence is the most important thing. N...
- Anika Shanaya: I don't have much sympathy for these four council members. All they do is represent the views of r...
- Te Kupu: New Zealand Taxpayers' Union: Right-wing whiners!...
- Newtown: I just wish that all councillors would focus on the big picture instead of the eternal bickering we...
- All the Aspirational Apteryx: What's this about ...
- Kara: I remember listening to Rodger Fox's band in the 1980s. Good to hear they are still making excellen...
- Sebastian: Yip "plenty of fat could be trimmed" at (local) govt level...



AJ and Helene Ritchie: The vote on Wednesday wasn't a vote to proceed with this deal but a vote to proceed with the Due Diligence process where we'll find out more about this proposal and other relevant information. The vote on whether to proceed with this is after the Due Diligence is completed and we get a better understanding of the issues. The date will be advised to us after we have time to digest the Due Diligence, assuming the council officers give it to us in its entirety, which I see no reason why they wouldn't, and I believe that this will be a public meeting open to everyone. I'd also like to clarify why I voted for this meeting to go into Public Excluded. Anyone following my voting record will know that I believe in total transparency and have spoken up that I don't believe we genuinely consult enough to understand and do what our constituents want, with many decisions made on a party line and ideology and there are numerous examples of this – from the pedestrian crossing on Cobham Drive where 93% of submitters didn't want it yet it was built, and the Johnsonville community with their 1,300 submissions that were ignored. Prior to this PX vote, the council officers said the information that we're about to be briefed on is highly confidential and at this point, should not be released as there'll be speculation as there has been. This is why I departed from my norm, as I wanted to hear and receive further information that will assist in my decision on how to vote on this proposal: as always, I'm happy for anyone to contact me to discuss their viewpoints on this matter. As always, I'm very concerned about the dire state of our finances and how we should be ensuring that any money we spend is used wisely and for the greatest benefit for all Wellingtonians. We have councillors and the mayor who maintain we're not in a financial crisis because they want to continue with "business as usual" and continue spending, increasing rates and the cost of living in Wellington. So it may be semantics but I believe we are in a financial crisis and this is no time to be spending ratepayers' money unwisely just to make themselves look good.

Cr Diane Calvert, 6. October 2023, 13:10



I need to clarify some of what Cr Chung has provided .

We had a confidential meeting on Tuesday 3rd October about the Town Hall project. It then turned out it wasn't so confidential, as the Mayor & CEO had arranged a stand-up media briefing. In any event, it was stated that a formal paper would be brought to the Council on 25th October (presumably in public?).

All that councillors have been provided with in respect of the Town Hall is the formal media release. We weren't given a hard/soft copy of the slide pack that had been shown to us in the 'confidential briefing'.

The extraordinary Council meeting on Wednesday 4th October had one item on the agenda - 'city activation'. There was no reference or resolution to bringing this matter back before the Council meeting on 25th October. Councillors and the public are due to be informed about the long term forecasted finances & available spend along with the draft 22/23 Annual Report, at a committee meeting on 9th November.

A number of Councillors including myself and Ray continue to be very concerned about the content, timing and transparency of the public information provided to date and continue to seek further information and assurance.

Wellington councillor frustrated Reading Cinemas meeting held behind closed doors

5:57 pm on 5 October 2023

[Ashleigh McCaull \(/authors/ashleigh-mccaull\)](#)

[✉ ashleigh.mccaull@rnz.co.nz \(mailto:ashleigh.mccaull@rnz.co.nz?\)](mailto:ashleigh.mccaull@rnz.co.nz)

[subject=Wellington%20councillor%20frustrated%20Reading%20Cinemas%20meeting%20held%20behind%20closed%20doors](#)



The Reading Cinemas building on Courtenay Place in Wellington in April 2020, when it had already been closed for about a year after being deemed earthquake prone. Photo: CC 4.0 BY-SA / Tom Ackroyd (https://commons.wikimedia.org/wiki/File:Reading_Cinemas.jpg)

Frustration is growing at Wellington City Council after a meeting behind closed doors to discuss the future of the Reading Cinemas building.

The movie theatre on Courtenay Place has been closed since 2019 after it was deemed earthquake prone and needed to be strengthened.

RNZ understands part of the meeting discussed a multimillion-dollar deal where the council is considering buying land underneath Reading Cinemas.

It comes after revelations the Town Hall's budget blow out could cost a further \$182 million to rate payers. Initially expected to cost \$32m to fix, the budget could now cost up to \$329m.

In Wednesday's meeting councillors voted 10 to six on excluding details from the public around Reading Cinemas' future.

Councillors say they are conflicted about the information being publicly excluded because they believe rate payers deserve to know what their money is being spent on.

Councillor Diane Calvert said she did not believe the council was giving Wellingtonians enough transparency into council's spending.

"I don't believe so at this stage, it is their money and it's also their debt so we need to be much more open and when we know significant information we must be prepared to share it not wait until we've dotted the i's and crossed the t's," Calvert said.

Wellingtonians RNZ spoke to agreed.

Weltec student Toby Nakshbandi said the public had a right to know details.

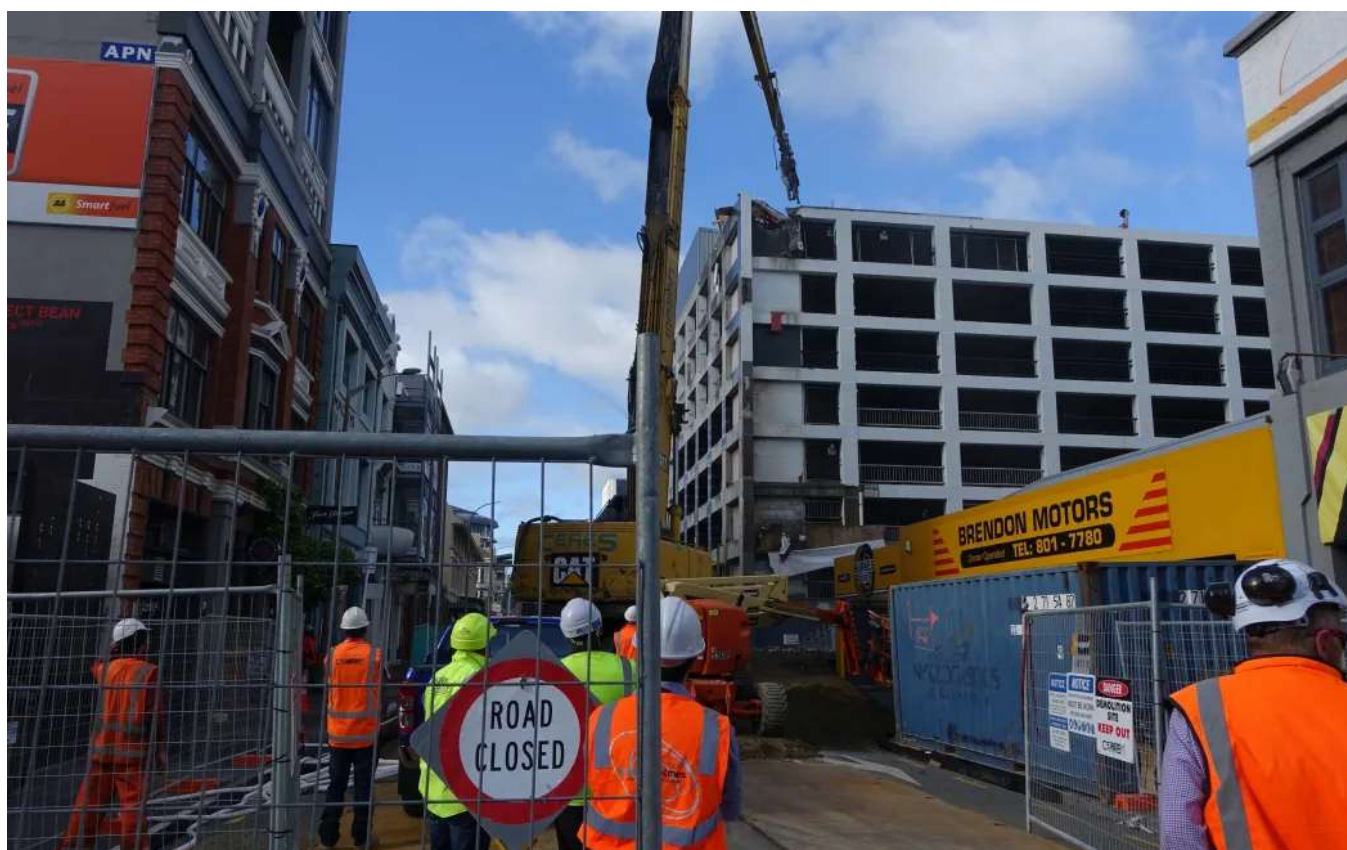
"You're paying rent to something and you should know what your money is going to. If they're telling people that they shouldn't know what is going on then that's just kinda crap," Nakshbandi said.

Fellow Weltec student Ezra Gillon echoed this.

"I think that's really sketchy, it doesn't really make sense and I don't see a real reason as to why they would do that. As a rate payer, as someone who pays money to the government we do have a right to know what's going on," Gillon said.

Second year architecture student Luke Sutton said the building was currently a wasted opportunity and no longer served a purpose.

"Especially in a place that acts as a bit of a community hub or at least has done in the past, sort of a space like that I suppose is pretty important for people to know what's happening in the future and what the plans for it are," Sutton said.



The Reading Cinemas' carpark was demolished in 2017 after it was found to have structural damage following the 2016 Kaikōura earthquake. Photo: RNZ / Max Towle

Retailer worker Jayda Scott said she had fond memories of the cinema and would love to see the area revamped.

"I'd like to see how it was before [as] the entrance to Courtenay Place, a bunch of shops on the inside, food stalls, something that will bring a bunch of traffic into Courtenay Place because at the moment it's pretty dead," Scott said.

On the other hand, councillors fear releasing too many details could backfire on Wellingtonians and the council because of the commercial and sensitive nature of the deal.

One of the issues councillors face is that Reading Cinemas is owned by an American-based corporation.

Councillors RNZ has spoken to have described the Reading Cinemas building which is on privately-owned land as an eyesore and they want to revitalise the area.

Wellington Mayor Tory Whanau declined an interview with RNZ's *Midday Report* but in a statement said sharing the details was unhelpful.

"The leaking of information from a publicly excluded meeting is unacceptable. The reasons why some issues are discussed in confidence are clear and already in the public domain. It's because of commercial confidence, the detail or what is being discussed is preliminary, or both. This is not unique to Wellington City Council."

She said the deal currently being discussed would help rejuvenate the area at no cost to ratepayers.

"It's something I campaigned on and am passionate about delivering for Wellington," Whanau said.

"I will be speaking publicly as soon as details are finalised so Wellingtonians can get a full, clear picture of what will happen."

Appendix 4: Sample of email correspondence sent to Councillors

King, Lucinda

From: Clark, Linda
Sent: Thursday, 12 October 2023 8:52 p.m.
To: [REDACTED]
Subject: Independent review - alleged breach of code of conduct [KS-KSNational.FID614340]
Attachments: 2023.10.11 - final TOR.PDF; Collation of links and articles - Code of Conduct.pdf; 2023-10-04 Agenda Council.PDF; 2023-10-04 Agenda PX Council.PDF; City Activation Project - PX report.PDF; 2023-10-04 QA Council.PDF; 2023.10.5 - RNZ Article _Wellington councillor frustrated Reading Cinemas meeting held behind closed doors_.PDF; 2023.10.4 NZHerald Article _Wellington City Council meeting on Reading Cinema_s future held in secret_.PDF; 2023.10.5 Newshub Article _Wellington City Council_s closed-door meeting over Reading Cinema ruffles feathers_.PDF; 2023.10.06 Code of Conduct complaint.PDF; 2023.09.14 Wellington City Council told to drastically cut capital spending amid 'financial crisis' - NZ Herald.pdf; 2023.10.6 - Newstalk ZB Nicola Young_ It's time we seriously thought about demolishing the Central Library.pdf; 2023.10.05 Wellington.Scoop » Councillors vote on secret deal for land under Reading Cinema building.pdf; elected-codeofconduct.PDF

Tēnā koe Councillor [REDACTED]

On 10 October 2023 I was appointed by chief executive Barbara McKerrow to conduct an independent review into a complaint made by Deputy Mayor Laurie Foon about the alleged disclosure of confidential information after a public excluded Council meeting on 4 October 2023 and other matters. A copy of the complaint is **attached**. As you will see, you are one of five Councillors named in the complaint.

I wanted to contact you directly to introduce myself and the review.

I am a partner in Dentons Kensington Swan's public law and litigation team based in Wellington. I regularly work with local authorities on a range of issues and disputes and, in addition, I am an experienced reviewer and investigator. My review will be conducted in accordance with the **attached** Terms of Reference, which refers to a number of supporting documents, which are also **attached** to this email.

Interviews

I invite you to participate in my review and respond to the allegations in the complaint. You are welcome to do so in whatever form you prefer. This may be by participating in an interview, providing a written response and/or providing other documents or supporting information.

As a first step, I would like to schedule a time to meet with you next week, preferably in person. An Associate in my team will be in touch with you separately to confirm this and to arrange a suitable time. You are entitled to have a support person or representative attend the interview – please let us know if you intend to bring a support person prior to the interview if possible.

All interviews and briefings will be recorded and a transcript will be prepared. The recordings and transcripts are for the sole purpose of assisting me to prepare my report. They will remain confidential to my review team (i.e. they will not be provided to the chief executive, Mayor or Council) and will be destroyed 30 days after the review is completed and the final report is provided to the Mayor. The same applies for any written responses or documents you may provide.

In order to protect the integrity of the review, I also request that all review participants keep the content of our interviews confidential and do not discuss the interviews with colleagues before or after the interview has taken place.

Timing and natural justice

I intend to complete all interviews before the end of October 2023. After you have been interviewed either me, or one of my team, may contact you for follow up or further clarification.

Should my report contain any comments that may be considered adverse to you, you will be given the opportunity to provide comment on a draft report. As you can see from the terms of reference I am working to a tight timeframe with a deadline of 27 November 2023. I sincerely hope you will agree to cooperate with this process.

You are welcome to get in touch at any point if you have any questions.

Ngā mihi
Linda



Linda Clark
Partner

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +64 4 915 0862 | M +64 27 490 7942
linda.clark@dentons.com
[Bio](#) | [Website](#)

Dentons Kensington Swan
40 Bowen Street, Pipitea, Wellington, 6011, New Zealand

[Zaanouni Law Firm & Associates](#) > [LuatViet](#) > [Fernanda Lopes & Associados](#) > [Guevara & Gutierrez](#) > [Paz Horowitz Abogados](#) > [Sirote](#) > [Adepetun Caxton-Martins Agbor & Segun](#) > [Davis Brown](#) > [East African Law Chambers](#) > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. Dentons records and stores emails sent to us or our affiliates in keeping with our internal policies and procedures. Dentons Kensington Swan is a partnership governed by New Zealand law. Please see [dentons.com](https://www.dentons.com) for Legal Notices.

King, Lucinda

From: Clark, Linda
Sent: Friday, 20 October 2023 4:26 p.m.
To: [REDACTED]
Cc: King, Lucinda
Subject: Code of conduct complaint [KS-KSNational.FID614340]

Importance: High

FilingDate: 24/10/2023 10:01:00 a.m.

Tēnā koe Councillor

You will hopefully have received my email of 10 October 2023 introducing myself and the independent inquiry I have been engaged to complete into a complaint made by Deputy Laurie Foon. You should also have received a separate request for an interview with you on 13 October 2023. The inquiry is now underway and you will see from the Terms of Reference that I am required provide a final report to the Mayor by 27 November 2023.

As you will be aware, the Local Government Act 2002 requires local authorities to adopt a code of conduct for members. Under Schedule 7, Part 1, cl 15(4) of the LGA, elected members must comply with the code of conduct. Wellington City Council's code of conduct provides a process for the council to receive and assess complaints made under it. This anticipates that members named in complaints will be heard.

Against this background, can you please let me know if you intend to make yourself available for an interview? If you do not intend to make yourself available, that is your right, but I would be grateful if you could please let me know as such. As noted in my original email you are also able to provide a written response to the allegations contained in Deputy Mayor Foon's complaint although if that is your preference it may assist for have a preliminary meeting.

I am very happy to discuss any questions you may have prior to any interview or to assist you in determining whether you intend to participate. My contact details are below.

Ngā mihi
Linda



Linda Clark
Partner

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +64 4 915 0862 | M +64 27 490 7942
linda.clark@dentons.com
[Bio](#) | [Website](#)

Dentons Kensington Swan
40 Bowen Street, Pipitea, Wellington, 6011, New Zealand

[Zaanouni Law Firm & Associates](#) > [LuatViet](#) > [Fernanda Lopes & Associados](#) > [Guevara & Gutierrez](#) > [Paz Horowitz Abogados](#) > [Sirote](#) > [Adepetun Caxton-Martins Agbor & Segun](#) > [Davis Brown](#) > [East African Law Chambers](#) > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. Dentons records and stores emails sent to us or our affiliates in keeping with our internal policies and procedures.

King, Lucinda

From: Clark, Linda
Sent: Thursday, 26 October 2023 5:29 p.m.
To: [REDACTED]
Cc: King, Lucinda
Subject: Code of conduct complaint [KS-KSNational.FID614340]

Importance: High

Kia ora Councillor,

I last wrote to you on 20 October 2023, extending an invitation for you to provide information to the review which I am conducting into the complaint made by Deputy Mayor Foon. As you know, you are one of the councillors named in that complaint.

I have now requested your cooperation on 13 October and 20 October but have received no response.

I invite you to please consider making yourself available for an interview or, alternately, providing a written statement in response to the issues raised in Ms Foon's complaint. If I do not hear from you by COB 1 November 2023 (next Wednesday) I will commence drafting my report without input from you. Should the report contain any adverse comments about you I will, of course, provide you with a draft report at a later date and seek comment from you at that time.

Regards,

Linda



Linda Clark
Partner

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +64 4 915 0862 | M +64 27 490 7942
linda.clark@dentons.com
[Bio](#) | [Website](#)

Dentons Kensington Swan
40 Bowen Street, Pipitea, Wellington, 6011, New Zealand

[Zaanouni Law Firm & Associates](#) > [LuatViet](#) > [Fernanda Lopes & Associados](#) > [Guevara & Gutierrez](#) > [Paz Horowitz Abogados](#) > [Sirote](#) > [Adepetun Caxton-Martins Agbor & Segun](#) > [Davis Brown](#) > [East African Law Chambers](#) > For more information on the firms that have come together to form Dentons, go to [dentons.com/legacyfirms](https://www.dentons.com/legacyfirms)

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. Dentons records and stores emails sent to us or our affiliates in keeping with our internal policies and procedures. Dentons Kensington Swan is a partnership governed by New Zealand law. Please see [dentons.com](https://www.dentons.com) for Legal Notices.

King, Lucinda

From: Clark, Linda
Sent: Wednesday, 1 November 2023 4:49 p.m.
To: [REDACTED]
Cc: King, Lucinda
Subject: Code of Conduct Allegations [KS-KSNational.FID614340]

Importance: High

Kia ora [REDACTED],

I am sorry to receive notification that you do not intend to participate with this complaints process. The Code of Conduct does not require you to participate but I had hoped you would be prepared to do so. It would be helpful to hear your perspective on the issues raised by the Deputy Mayor's complaint. I note the Code itself anticipates that those named in any complaint should be provided with an opportunity to be heard.

I am concerned to see the reference in your correspondence to this being a 'political and biased attack'. As an experienced reviewer, my role is to inquire into the alleged breaches identified in the complaint and to form a view as to whether those named in the complaint have – by their conduct – breached the expectations set out in the Code. I have not discussed either the complaint or my inquiry with the Mayor and any contact with Council staff has been for the purpose of managing the logistics of preparing the Terms of Reference and the review process.

My focus is on the key Code of Conduct expectations set out in the complaint, which are:

- In the course of their duties members will receive information that they need to treat as confidential. Confidential information includes information that officers have judged there is good reason to withhold under sections 6 and 7 of the LGOIMA. This will often be information that is either commercially sensitive or is personal to a particular individual or organisation.
- Elected members should be aware that failure to observe confidentiality will impede the performance of council by inhibiting information flows and undermining public confidence in the council. Failure to observe these provisions may also expose council to prosecution under the Privacy Act 2020 and/or civil litigation.
- Elected members will conduct their dealings with each other in ways that maintain public confidence in the office to which they have been elected.
- Elected members should remember the respect and dignity of their office in their dealings with each other, management and the public.
- Media comments must observe the other requirements of the Code.

I come to this task with an open mind and understanding that in accordance with the principles of natural justice you are to be given every opportunity to be heard. If you have information which you believe is relevant to my inquiries it would be helpful to have that brought to my attention and I remain available to receive and consider it.

My intention now is to prepare a draft report. Again, in accordance with natural justice, if the draft report contains any statements that are critical of you I will provide you with a copy and an opportunity to provide feedback which I will consider before finalising the report.

Regards,

Linda

 **Linda Clark**
Partner

What's Next? The answer is Talent. With more than 20,000 people, 12,000 lawyers and 200 locations, Dentons has the talent for what you need, where you need it.

D +64 4 915 0862 | M +64 27 490 7942
linda.clark@dentons.com
Bio | Website

Dentons Kensington Swan
40 Bowen Street, Pipitea, Wellington, 6011, New Zealand

Zaanouni Law Firm & Associates > LuatViet > Fernanda Lopes & Associados > Guevara & Gutierrez > Paz Horowitz Abogados > Sirote > Adepetun Caxton-Martins Agbor & Segun > Davis Brown > East African Law Chambers > For more information on the firms that have come together to form Dentons, go to dentons.com/legacyfirms

Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. This email may be confidential and protected by legal privilege. If you are not the intended recipient, disclosure, copying, distribution and use are prohibited; please notify us immediately and delete this email from your systems. Dentons records and stores emails sent to us or our affiliates in keeping with our internal policies and procedures. Dentons Kensington Swan is a partnership governed by New Zealand law. Please see dentons.com for Legal Notices.

From: [REDACTED]
Sent: Wednesday, 1 November 2023 2:39 p.m.
To: Clark, Linda <linda.clark@dentons.com>
Subject: Code of Conduct Allegations

[WARNING: EXTERNAL SENDER]

Please find attached our formal response to the code of conduct investigation, you are conducting on behalf of the Mayor and WCC Chief Executive, against five councillors. Also attached is our public statement released on October 13, 2023 that is referenced in our response.

[REDACTED]

WCC investigating five councillors about leak of secret information

October 13, 2023 **20 comments**



RNZ photo

Wellington.Scoop

Five Wellington City Councillors have been issued with a 'Code of Conduct' complaint by Mayor Tory Whanau, following the public-excluded Council meeting on October 4 when 'city activation' was the only item on the agenda. The Code of Conduct complaint focuses primarily on alleged breaches of confidentiality.

The councillors, all independents, are Diane Calvert, Ray Chung, Tony Randle, Nicola Young and one other councillor. They represent almost one third of the Council.

The Council's chief executive Barbara McKerrow has appointed a high-profile senior Wellington lawyer to investigate the mayor's complaint.

'The mayor and chief executive are trying to silence and discredit the independent councillors, the ones who are most concerned about the city's finances. It is an orchestrated attack on democracy,' said Cr Diane Calvert.

The complaint also refers to the councillors' vocal concerns about the [Town Hall's cost blow-out](#) and the [financial challenges](#) facing Wellington.

'Council should be spending every dollar on fixing our water infrastructure, instead of hiring an expensive lawyer,' said Cr Nicola Young. 'The mayor hasn't even talked with

us about this. It's also inconsistent. After the recent confidential discussion on the Town Hall's cost blow-out, the Mayor and CEO immediately held a press conference. '

The councillors say:

"For months, the Mayor has been talking publicly about a possible deal with the Reading owners. The Mayor left a clear breadcrumb trail about a deal with Reading Cinema, making it easy for the media to identify the project – so why is she attacking and blaming us?"

"Shortly after the Council meeting on October 4, the media reported that the decision was about the Council providing [financial support to rebuild the Reading cinema](#). These reports included quotes from the Mayor about the re-development of Courtenay Place."

RNZ reports a statement from mayor Whanau saying she had received a complaint alleging breaches of the Code of Conduct. She said she received the complaint from deputy mayor Laurie Foon.

"To assist me in my consideration of these allegations I have initiated an independent review to establish if any breach has occurred.

"That review will be undertaken by Linda Clark, partner at law firm Dentons Kensington Swan."

“A political and biased attack” by the mayor, say four city councillors

November 1, 2023 **19 comments**

Media release from four Wellington City Councillors

Four of the five independent councillors targeted by the Mayor Whanau and Deputy Mayor Foon with a [code of conduct complaint](#), have responded formally to the Mayor and her appointed investigator (Linda Clark from Dentons Kensington Swan).

We were surprised to receive the initial communication from the Mayor and the investigator as no one (Mayor, Deputy Mayor, or Chief Executive) had discussed these allegations with us, nor sought any comment from us. Neither the Mayor nor the Chief Executive has provided us with any support yet have continued to use the significant resources of the Council against us.

The evidence provided by the investigator for the code of conduct allegations is purely circumstantial, very loose and certainly not sufficient to launch an investigation of this nature.

The Mayor and Deputy Mayor are using Council resources to target the elected members whose views don't conform with the politics of the Mayor, and who want a higher level of accountability around Council business. The Mayor is also clearly pursuing an attack on democracy against councillors carrying out their role as elected members, which includes monitoring the performance of the Council against its stated objectives and policies and prudent stewardship of ratepayers' monies.

It was distressing to hear the Mayor speak on Newstalk ZB on Monday about councillors leaking information, which points to her predetermination of the outcome of the “independent review”. She also discussed her prior association with investigator Linda Clark, showing an obvious conflict. Once again, the Mayor herself discussed the proposed Reading deal.

We have been overwhelmed with public support since the allegations became known. The Mayor, however, continues to undermine us in an attempt to reduce our ability to carry out our duties as elected members representing a significant number of Wellingtonians.

As these allegations from the Mayor and Deputy Mayor are evidently designed to attempt to silence and discredit a third of Council's elected members, we have advised

them we will not be participating in this political and biased attack – and certainly not one that irresponsibly uses ratepayer funding.

Councillor Diane Calvert

Councillor Ray Chung

Councillor Tony Randle

Councillor Nicola Young

Appendix 6: Transcript of reported comments by councillors

Cr Tony Randle	The Post, <i>Council planning to buy Reading Cinema land to offset earthquake strengthening cost</i> , 4 October 2023	<p>‘Councillor Tony Randle said he thought residents would be appalled at the decision which was not focused on “core services” at all and was a commercial proposal’.</p> <p>‘Cr Tony Randle also opposed today’s meeting being held in secret. “This is an important decision that the council is making today and I understand fully the reasons why it’s in public excluded but I do have to say, I think us dealing with this at this time is a bad move for the council”’.</p>
	Tweet on X dated 4 October 2023, 3:08pm	Following the announcement of the Town Hall’s huge cost overrun, the Wellington City Council has just made a terrible decision in public excluded (vote:10 for and 6 against). ¹ If the public knew the details of this decision they would be incandescent’
	Newshub, <i>Wellington City Council’s closed-door meeting over Reading Cinema ruffles feathers</i> , 5 October 2023	“‘I think there is a divide in the Council between those who see that we are in a different place financially,” said councillor Tony Randle.’
Cr Iona Pannett	The Post, <i>Council wants to buy land to fund Reading ‘eyesore’</i> , 5 October 2023	<p>‘Iona Pannett said the Reading Cinemas building was an “eyesore” and there was a strong need to revitalise the central city, but she had questions about giving money to a foreign company. Owners of other earthquake-prone buildings in the city would have potentially greater need for support, she said.’</p> <p>‘Cr Iona Pannett said at the beginning of the meeting she was concerned about the lack of transparency. “It is not clear when the information will be made public. It does have an impact on the public for a number of reasons.” She said it will have “very significant implications”.’</p>
Cr Nicola Young	NZ Herald, <i>Wellington City Council meeting on Reading Cinema’s future held in secret</i> , 4 October 2023	‘Cr Nicola Young said the council needed to be open. “I’m concerned that we are losing all credibility with Wellingtonians because of the unexpected happenings such as the Town Hall cost blowout”’.
	The Post, <i>Council wants to buy land to fund Reading ‘eyesore’</i> , 5 October 2023	Councillor Nicola Young said she was concerned the council was losing “all credibility” because of increasing budgets on projects such as the Town Hall strengthening’.

¹ This vote count refers to the substantive decision on the Reading Cinemas proposal, note the vote to move the meeting into public excluded.

	Newstalk ZB interview, published online 6 October 2023 ²	<p>“The Mayor has been talking about this and dropping hints for quite some time about doing a deal with Readings. It is a multi-million-dollar US NASDEC listed company. And of course, councillors are not going to be completely quiet, they haven't said much. Georgina Campbell Herald and Newstalk she has been joining the dots because there have been just so many hints have been dropped she just follows the breadcrumb trail largely, but Wellington has had a number of people and companies that have been successful in property deals but the Wellington City Council is not one of them. I think this deal needs sunlight. Is the regeneration of Courtenay Place which we know is pretty grotty more important than fixing our pipes because I don't think so? I think because it is so mysterious, there is a lot of speculation. Some of it is right, some of it is wrong. I just think I don't like the smell of this. Nor do the ratepayers, so many people have contacted me outraged about it.”</p> <p>Asked further about the deal, Cr Young replied, “Council do not know anything about this.” And later, “We haven't a clue what is going on actually.”</p>
Cr Ray Chung	The Post, <i>Council planning to buy Reading Cinema land to offset earthquake strengthening cost</i> , 4 October 2023	<p>Councillor Ray Chung said he was “not very happy” that the council was doing a commercial deal without telling the public about it and spending money when the finances were dire.</p> <p>“We shouldn't be getting involved in this type of thing” he said’</p>
	The Post, <i>Council wants to buy land to fund Reading ‘eyesore’</i> , 5 October 2023 ³	<p>Councillor Ray Chung questioned whether the council should be getting involved in this type of commercial deal saying it was a “nicety”.</p>
	Comment published on news site, Scoop.co.nz, 6 October 2023 ³	<p>The vote on Wednesday wasn't a vote to proceed with this deal but a vote to proceed with the Due Diligence process where we'll find out more about this proposal and other relevant information. The vote on whether to proceed with this is after the Due Diligence is completed and we get a better understanding of the issues. The date will be advised to us after we have time to digest the Due Diligence, assuming the council officers give it to us in its entirety, which I see no reason why they wouldn't, and I believe that this will be a public meeting open to everyone. I'd also like to clarify why I voted for this meeting to go into Public Excluded. Anyone following my voting record will know that I believe in total transparency and have spoken up that I don't believe we genuinely consult enough to understand and do what our constituents want, with many decisions made on a party line and ideology and there are numerous examples of this – from the pedestrian crossing on Cobham Drive where 93% of submitters didn't want it yet it was built, and the Johnsonville community with their 1,300 submissions that were ignored. Prior to this PX vote, the council officers said the information that we're about to be</p>

² [Nicola Young: It's time we seriously thought about demolishing the Central Library \(newstalkzb.co.nz\).](https://www.newstalkzb.co.nz/news/2023/10/06/nicola-young-it-s-time-we-seriously-thought-about-demolishing-the-central-library/)

³ <https://www.wellington.scoop.co.nz/?p=155647>

		<p>briefed on is highly confidential and at this point, should not be released as there'll be speculation, as there has been. This is why I departed from my norm, as I wanted to hear and receive further information that will assist in my decision on how to vote on this proposal; as always, I'm happy for anyone to contact me to discuss their viewpoints on this matter. As always, I'm very concerned about the dire state of our finances and how we should be ensuring that any money we spend is used wisely and for the greatest benefit for all Wellingtonians. We have councillors and the mayor who maintain we're not in a financial crisis because they want to continue with "business as usual" and continue spending, increasing rates and the cost of living in Wellington. So it may be semantics but I believe we are in a financial crisis and this is no time to be spending ratepayers' money unwisely just to make themselves look good."</p>
Cr Diane Calvert	<p>RNZ online, <i>Wellington councillor frustrated Reading Cinemas meeting held behind closed doors</i>, 5 October 2023</p>	<p>'Councillor Diane Calvert said she did not believe the council was giving Wellingtonians enough transparency into council's spending. "I don't believe so at this stage, it is their money and it's also their debt so we need to be much more open and when we know significant information we must be prepared to share it not wait until we've dotted the I's and crossed the t's," Calvert said'.</p>
	<p>Newshub, <i>Wellington City Council's closed-door meeting over Reading Cinema ruffles feathers</i>, 5 October 2023</p>	<p>"We haven't been as transparent as we should be with Wellingtonians, we have a significant financial hole, and we just continue making it worse," Councillor Diane Calvert told Newshub.</p> <p>"I'm getting bored with the Wellington City Council not listening to Wellingtonians," Calvert shot back' [in response to comments from Mayor Whanau]</p>
	<p>Comment posted on online news site, Scoop, 6 October 2023</p>	<p>"I need to clarify some of what Cr Chung has provided.</p> <p>"The extraordinary Council meeting on Wednesday 4th October had one item on the agenda – 'city activation'. There was no reference or resolution to bringing this matter back before the Council meeting on 25th October. Councillors and the public are due to be informed about the long term forecasted finances & available spend along with the draft 22/23 Annual Report, at a committee meeting on 9th November.</p> <p>"A number of Councillors including myself and Ray continue to be very concerned about the content, timing and transparency of the public information provided to date and continue to seek further information and assurance."</p>

Appendix 7 : Letter from councillors

November 20, 2023

Delivered via email

Linda Clark
Partner
Dentons Kensington Swan
Linda.clark@dentons.com

Dear Ms Clark

We refer to your draft report on the Elected Member Code of Conduct Complaint (CoC) lodged by Deputy Mayor Foon and the subsequent inquiry commissioned by the Mayor and Chief Executive.

It is disappointing that your inquiry lacks the level of rigour one would expect, given the seriousness of the complaint and the draft findings against a third of Wellington City Council's elected members.

There are many flaws in the report, however, we won't respond with a line-by-line review as our response would be longer than your draft report of 58 pages.

The process followed, and the contents of the report, confirm why any voluntary participation by us would not have treated us fairly within the spirit of good faith and natural justice.

We do, however, draw your attention to three key aspects of your draft report - Conflict of Interest, the Process and the Findings.

Conflict of Interest

As the Reviewer you should have disclosed the nature and length of your personal association with the Mayor. You did not; nor did you address this when we raised these concerns in our letter of November 1, 2023.

Code of Conduct Process

A formal process such as this should not have been instigated based on flimsy evidence and the assumption that any leak could have only come from one or more of the five targeted councillors. The inquiry was biased as it considered only the actions of the five councillors, yet did not consider the actions of other councillors, the Mayor and/or staff.

Fairer and less costly approaches could have been adopted if the Mayor and Chief Executive had genuinely wanted to seek information. This is all well documented in the 2021 Governance Review by Peter Winder. His overall findings have largely been ignored by the Mayor, Deputy Mayor and Chief Executive in this triennium. One such finding was *“As a general rule, code of conduct complaints tend to achieve little and do nothing to benefit any of those involved. Typically, the greatest loser is the credibility of Council as an entity,”*

It also appears that the Chief Executive failed to ensure sufficient grounds (including legal) to support the Mayor in her chosen approach and provide robust neutral guidance.

The CoC process has been misused, at ratepayer expense, to meet predetermined aims that we know the Mayor, Deputy Mayor and Chief Executive have expressed to some of our colleagues and others.

As you know, or should know, we have had genuine concerns about the transparency and quality of work in respect of the Council’s performance namely, Let’s Get Wellington Moving, the Town Hall project, lack of leadership and the lack of public release of known information of the state of the city’s finances.

This code of conduct process has been an attempt to discredit and silence us from raising such concerns. It has failed.

Findings

Confidentiality

Your investigation’s fundamental flaw is that you have not tested the definition of ‘confidential’ information, that it needs to be confidential in nature, and how it may apply in this situation.

The Ombudsman has produced a comprehensive guide on “Confidentiality - A guide to section 9(2)(ba) of the OIA and section 7(2)(c) of the LGOIMA”¹. This guide seems not to have been considered and/or referenced by you or even the Chief Executive, who should have been aware of the guide given its relevance to local government.

Just because the Chief Executive defines information as ‘confidential’ does not necessarily mean it is.

*“Information that is common knowledge or in the public domain may not have the necessary quality of confidence (see 446128, 416641, 178767 and W41711). As noted by Judge Megarry in *Coco v A N Clark (Engineers) Limited [1968] FSR 415* (‘Coco’), ‘...there can be no breach of confidence in revealing something to others which is already common knowledge’.”* This ruling can be applied to the Reading Cinemas deal where there was common knowledge about a deal and one the Mayor had discussed publicly prior to, and following, the complaint.^{2 3 4}

¹ [Confidentiality.pdf \(ombudsman.parliament.nz\)](#)

² [A Capital Letter: Wellington Mayor Tory Whanau needs a win, hints one is coming - NZ Herald](#)

³ [Georgina Campbell: The future of Reading Cinemas may be the win Tory Whanau needs \(newstalkzb.co.nz\)](#)

⁴ [Can Tory Whanau save Reading Cinema – and Courtenay Place? | The Spinoff](#)

Incorrect Assumptions

Assumptions made that councillors were discussing the Reading deal with media were incorrect, as many of the comments referred to the dire state of the Council finances and officers' refusal to release non-commercially sensitive information on the city's looming financial crisis.

Recommendations

The recommendations show little substance and are biased, as they:

- replicate expectations of the code of conduct which are already clearly stated;
- fail to reflect elected members' existing knowledge and training of the LGOIMA in late 2022 (provided by the Ombudsman himself) and the code of conduct provided by Council staff;
- fail to identify and reflect elected members' challenges in getting information from staff, including disclosure to the public (noting concerns that have been raised and not addressed by senior staff);
- suggest a workshop for this CoC for councillors only, ignoring the actions of the Mayor, Deputy Mayor and the Chief Executive in this matter; *and*
- fail to acknowledge that the Mayor and Deputy Mayor, guided by senior staff, have not instigated a review of the Elected Members' Code of Conduct within six months of the start of the new triennium as required.

Conclusion

This inquiry and its process has destroyed public trust and confidence in this Council and, in particular, the Mayor. It has also impacted our own trust and confidence in governance and management leadership to ensure we can continue to undertake our roles in a fair and safe environment. We will be taking up this matter directly with the Mayor and other relevant external parties once the final report is published.

Yours sincerely




Councillor Diane Calvert



Councillor Ray Chung



Councillor Tony Randle



Councillor Nicola Young

Appendix 8: Other communications from councillors

From: Councillor Iona Pannett <iona.pannett@wcc.govt.nz>
Sent: Friday, 17 November 2023 9:21 p.m.
To: Clark, Linda
Cc: King, Lucinda
Subject: RE: Code of conduct complaint - CONFIDENTIAL [KS-KSNational.FID614340]

[WARNING: EXTERNAL SENDER]

Thanks Linda

As you know I have raised significant concerns with this matter from the beginning. In addition, given the guidance of the Ombudsman on confidentiality is at significant variance to your draft findings, I have sought urgent advice from his office. I was hoping to get that advice sooner but the timeframe you gave was very short so that has been challenging. I hope to have further conversations with the Ombudsman's office on Monday and then I will get back to you as soon as possible as I know of course that you have a deadline that you must meet.

Ngā mihi maioha

Iona Pannett (she/her)

Kaikaunihera o Pōneke Wellington City Councillor (Pukehīnau Lambton Ward)

a: PO Box 2199, Wellington
t: (04) 384-3382/021-227-8509
e: iona.pannett@wcc.govt.nz
w: ionapannett.org.nz

Facebook: Councillor Iona Pannett
LinkedIn: Iona Pannett
Twitter: IonaPannett

November 1, 2023

Delivered via email

Linda Clark
Partner
Dentons Kensington Swan
Linda.clark@dentons.com

Dear Ms Clark

We acknowledge receipt of your email dated October 12, 2023, in respect of alleged breaches of Wellington City Council's elected members' code of conduct. [Attached: our public statement, released on October 13, 2023].

We were surprised to receive your communication as no one (Mayor, Deputy Mayor, or Chief Executive) had discussed these allegations with us, nor sought any comment from us. Neither the Mayor nor the Chief Executive has provided us with any support.

The evidence to support such allegations, as provided in your documentation, is purely circumstantial, very loose and certainly not sufficient to launch an investigation of this nature and at some considerable cost to both Council and ratepayers.

The Mayor and Deputy Mayor are using Council resources (internal and external) to target elected members whose views don't conform with the politics of the Mayor, and who want to ensure a higher level of accountability around Council business. The Mayor is also clearly supported by the Chief Executive in this attack on democracy, against councillors carrying out their role as elected members, which includes monitoring of the performance of the City Council against its stated objectives and policies and prudent stewardship of ratepayers' monies.

It was distressing to hear the Mayor speak on Newstalk ZB on Monday, October 30, 2023, about councillors leaking information, which points to her predetermination of the "independent review". She also discussed her prior association with you, showing there is an obvious conflict. The Mayor once again discussed the Reading deal during the interview.

Given these allegations are obviously designed as an attempt to silence and discredit a third of elected members, we will not be participating in this political and biased attack - and certainly not one that irresponsibly uses ratepayer funding to do so.

Sincerely yours



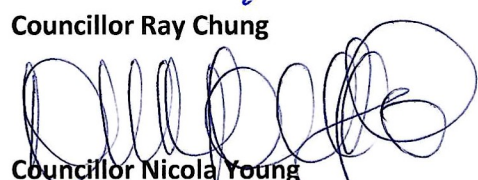
Councillor Diane Calvert



Councillor Ray Chung



Councillor Tony Randle



Councillor Nicola Young

Ms Linda Clark
Partner
Dentons Kensington Swan
40 Bowen Street
Pipitea
Wellington, 6011

21st November 2023

Cr Iona Pannett
113 The Terrace
Pipitea
Wellington 6011

Kia ora Linda

Thank you for sending me your draft report.

In saying that, I have strong concerns about it, finding that it has many significant problems. As it is written currently, it is wrong in law on the facts and wrong on the interpretation of the law. As such, it cannot be true that I breached the Code of Conduct.

Confidential information and the law

1. One of the report's main problems is that confidential information is conflated with confidential matters. It seems to propose that any discussion, engagement or acknowledgment of a matter that the Council wishes to keep confidential will necessarily mean there is a breach of confidentiality. This is clearly an error.
2. In my case (or on any other matter before Council) I did not disclose any confidential information. In fact, I respected (as I always do) the information that was confidential in this case carefully and deliberately. I only responded to information that colleagues including the Mayor, had chosen to make public. The Code is clear that you can state your own opinions on any matter as long as you don't pretend those views are that of Council and that you don't disclose confidential information.
3. The report does not consider the guidance from the Ombudsman on confidentiality (Appendix 3). This is material. The Ombudsman says it is very clear that confidential information has to be confidential in nature so it is difficult to see how information in the public domain can at the same time have the nature of confidential information as was the case here.
4. It is also outlined in the guidance that the more people who know the information concerned, the less likely it is to be confidential especially when it is in the conventional media and on the World Wide Web. Information will also be public if it is accessible to the general public which in this case it clearly was.
5. The report takes a different view stating that all information relating to this matter of whatever nature would remain confidential until such time as the CEO or Council declares it

otherwise. Whilst this might appear to paper over the failure to investigate the facts, in other words, find out what information was known to whom and when, the report then ignores statements by the Mayor and other councillors about the matter (Appendix 2). These statements were either made with the prior approval of the CEO or the Council and therefore the information is no longer confidential or the information reverted to a normal legal interpretation which meant the information had simply been pushed into the public domain by elected members (for absolute clarity not me) and was thus no longer confidential. Allowing some to selectively talk is untenable in a Democracy.

Consideration of the facts

6. Reviewers cannot make unreasonable conclusions under the law so it is unclear how you have come to draw the conclusions you have without full consideration of the facts. I am deeply concerned that you have omitted the comments from the Mayor that were in the public realm.
7. For your convenience, I have compiled as above, what should be a comprehensive list of all public statements by elected members on the issue. Comments are highlighted in red for ease of reference. I have also attached a factual account (Appendix 1) of my dealings with *The Post* in the lead up to the publication of the story in contention.
8. The question then is why have these comments been omitted? It gives the distinct impression of bias. Information can not be used in a selective way by investigators. The question has to be asked it is because the CEO had allowed the Mayor to make public comment? In which case, this should be clearly stated along with supporting documentation. Or do the omissions pertain to the Mayor's status or that the facts did not fit with the argument that the report makes? In my view to have included these facts would have led to a different outcome. In other words, no breach of confidentiality would have been found. The omission of these facts also raises the possibility of pre-determination; was the report commissioned to give an outcome that suited a particular end that met the interests of some elected members?
9. My concern is also that your report strays into the area of saying what the Council wanted kept confidential, rather than what information was actually confidential at the beginning of October through a full investigation of the facts.

Natural justice

10. The issue of natural justice is also a significant one given that the Mayor and Deputy Mayor have said to me that they believed that I had not leaked the information or behaved inappropriately in any way. I had discussion(s) with the Deputy Mayor on the 12th October and the Mayor on the 19th and 31st October. It was further stated by the Mayor that I was unfortunately collateral damage and was only wrapped up in the complaint as she dealt with the behaviour of other colleagues. I have raised this issue numerous times asking that the complaint be withdrawn given these facts and yet the complaint has remained in place. Our justice system cannot be seen to be just if complaints are made that the complainants know not to be true or fair.

Summary

It is untenable to say that the matter was confidential after the matter became a matter of wide public knowledge. Furthermore, the report is defective as it omits critical facts and could be seen to show bias and to have pre-determined the outcome of the report. There are also significant issues of natural justice.

This time, I would expect you to do a full analysis of the facts and interpretation of the Ombudsman's guidance and relevant case law. Please also attach all of my material to your report.

Furthermore, I believe an additional review of this report needs to be undertaken. A suitable qualified lawyer who has expertise in confidentiality should also be employed to consider whether the Code was breached.

This matter also raises numerous significant issues which have been and will be referred to the appropriate external organisations.

Appendix 1

Facts leading up to my comments in *The Post*

Appendix 2

Public comments by Mayor Whanau and elected members

Appendix 3

Guidance from the Office of the Ombudsman on Confidentiality

Please do not hesitate to ask in writing, any questions that you need to answer to deliver a satisfactory report.

Ngā mihi maioha



Iona Pannett (she/her)

Kaikaunihera o Pōneke Wellington City Councillor (Pukehinau Lambton Ward)

Facts leading up to Cr Iona Pannett's conversation with The Post 4th October 2023

4th October 2023 3:24pm

A story was published in the *NZHerald* about a Council meeting that began around 1:30pm on the 4th October. I was unaware that the story had been published.

[Wellington City Council meeting on Reading Cinema's future held in secret - NZ Herald](#)

I was not the source for any part of the story except what was allowable in public. I said the following:

Not all councillors agreed the deal should be discussed in secret, but they were overruled by their peers.

Cr Iona Pannett said at the beginning of the meeting she was concerned about the lack of transparency.

"It is not clear when the information will be made public. It does have an impact on the public for a number of reasons."

She said it will have "very significant implications".

These comments were made in the public part of the meeting and were thus allowable. Colleagues are well aware that I believe that the Council needs to continue its transparency journey and that I have made numerous brief speeches on this subject at council and in the media.

The meeting went into Public Excluded at 1:34pm and the meeting finished at 3:06pm.

I did not contact the journalist concerned or send her any information in the lead up to or immediately after the story was published.

4th October 2023 4:47pm and 4:58pm

A story was published in *The Post* with two slightly different tweets on X (formerly Twitter)

The Post understands that in a behind-closed-doors meeting the council voted 10 to 6 to proceed with due diligence, moving forward the purchase of the land under the earthquake-prone building (4:47pm)

In [sic] a public-excluded meeting today, councillors voted to continue with due diligence on the purchase (4:58pm)

[Council planning to buy Reading Cinema land to offset owner's seismic costs | The Post](#)

The story quoted two councillors and the mayor. I was again unaware that the story had been published and was in no way the source for it.

The journalist concerned then rang me at 5:10pm. I missed the call and returned her call at 5:19pm unaware of the reason for the call. When I was told what it was about, I firmly told the journalist

that I would not be leaking any information. The journalist then me the story was public. I checked on my phone that was the case and then gave a balanced and moderate response saying I understood why the deal had been proposed but that I was concerned that we were supporting a foreign company when other owners are really struggling with the costs of earthquake strengthening.

Critically, I refused to give out any details of the deal, just responded to what was in the public realm, including information from the mayor.

There is no suggestion in the complaint that I was the likely leaker and the review has not found any evidence that I leaked information.

The Mayor and Deputy Mayor said on three occasions that they did not believe that I had leaked any information or behaved inappropriately on the 12th October (Deputy Mayor Foon) and the 19th and 31st October (Mayor Whanau). The Mayor also made the point that I was unfortunately collateral damage in her attempts to manage the behaviour of some of our colleagues.

5th October 2023 4:08pm

[Council wants to buy land to fund Reading Cinemas redevelopment | The Post](#)

An updated story was published on The Post at 4:08pm.

I made the following comments along with a number of my colleagues including the Mayor (from my conversation with the journalist on the 4th October, again, *after* the matter had become public.

Reading International owns 1.4 hectares of inner-city land around the complex, including a large carpark. The extent of the council's planned purchase has not been confirmed.

Mayor Tory Whanau said she believed the council needed to take a "bold approach" to rejuvenate areas of the city including Courtenay Place. "We have been working away at just that and I hope to have more detail in the coming weeks regarding the Courtenay Precinct, which undoubtedly is the area that most requires action.

"We cannot make any comment about the specifics but want to be clear that any proposed decision is fiscally prudent and driven by huge benefit to the city centre."

Councillor Ray Chung questioned whether the council should be getting involved in this type of commercial deal saying it was a "nicety".

Iona Pannett said the Reading Cinemas building was an "eyesore" and there was a strong need to revitalise the central city, but she had questions about giving money to a foreign company. Owners of other earthquake-prone buildings in the city would have potentially greater need for support, she said.

John Apanowicz said getting the city's empty buildings –including Courtenay Central, the Amora Hotel, and the Civic Square precinct – back into use was one of his key priorities as a councillor.

On X, formerly known as Twitter, Tony Randle said he believed residents would be “incandescent” if they knew the details of the deal. Councillors voted 10 to 6 to move ahead, he said.

He would prefer that the council focus on fixing what's broken, and did not see the deal as core to the function of the city.

As the council voted to exclude the public, Whanau said she supported the discussions being kept private because of “the complicated and sensitive nature of the deal”.

Councillor Nicola Young said she was concerned the council was losing “all credibility” because of increasing budgets on projects such as the Town Hall strengthening.

“We have to be open and transparent because otherwise people will think we are a bunch of ... there are various words I could use.”

The leaked information about the meeting ruffled some feathers. Whanau put out a statement saying it was “getting really boring” that some councillors were talking to the media about confidential meetings.

“It creates an environment where the public does not have the full picture and lose faith in our processes and decision making.”

She would make a public announcement once there were firm details to share.

The Post understands the council voted to proceed with due diligence on the purchase.

This information is a complete and true account of what happened in the lead up to my phone call with *The Post*, events which were the source of the Code on Conduct complaint against me.

Appendix Two

Publicly available statements on the Reading Cinema deal

29th November 2022

[Reading Central set to rise again in downtown Wellington | Stuff.co.nz](#)

The largely derelict Reading Central, a “blight” on Wellington’s Courtenay Place [that has contributed to the desolation on the Golden Mile](#), is poised for resurrection.

Reading International President and chief executive Ellen Cotter said the company planned “a top-to-bottom renovation of this theatre with full luxury recliners, beautifully renovated lobby spaces and an elevated [food and beverage] experience”.

Plans had previously been underway to build a supermarket on part of the site, but a decade-long agreement with a “potential supermarket tenant” had ended after arbitration, Cotter told an earnings conference of the developments this month.

A Countdown spokesperson confirmed the agreement between Reading and Woolworths – Countdown’s parent company – had ended “by mutual agreement”.

“While the timing of this settlement and the ability to master plan comes at a time when the macroeconomic conditions are not ideal, it does come at a time when the Wellington City Council is preparing to further elevate Wellington’s status as both the arts and cultural capital of New Zealand and one of the most liveable cities in the world.”

The \$64 million complex, was [abruptly closed in early 2019](#) after a damning engineers’ report about its ability to withstand an earthquake.

The complex known as Reading Central once housed a multiplex cinema, with food and retail outlets fronting onto Courtenay Place.

Even before the 2019 report that triggered its closure, the site had suffered earthquake-related woes.

The neighbouring car parking building – also owned by Reading NZ – suffered a significant amount of damage in the 2016 Kaikōura quake and was torn down, with cars still inside it, in 2017.

The empty adjoining lot through to Wakefield St, also owned by Reading, has long been an open car park.

Together, the three lots take up more than 14,000 square metres – or 1.4 hectares – of prized inner city space. Property records show Reading New Zealand has made a \$45.6m capital gain on the three properties – \$18.64m to \$64.3m – since buying them in 1998 and 1999.

Cotter's statement said the company's executive team had taken a tour of Tākina – "a stunning architectural accomplishment that has changed the look of the Wellington skyline". The refurbished St James Theatre, opposite Reading on Courtenay Place, was now the "the crown jewel of Wellington's live performance scene", she said.

The site had become a "blight on the city", said Lambton/Pukehīnau ward councillor Iona Pannett. The council had been urging owners to plan to re-develop the site since it was closed, but without success, she said.

"However, it is now exciting to see that Reading is committed to redeveloping the site as economic conditions improve and we look forward to working with them to get this important site open for business again for the benefit of the city," she said.

Wellington Mayor Tory Whanau said no building or resource consent had been filed but the council had remained in contact with Reading to urge it to carry out strengthening work and re-open the cinema complex.

"We are pleased to see that the developments of St James Theatre and Tākina support their commitment to the Courtenay Precinct in Wellington," Whanau said.

“It is also pleasing that Reading is acknowledging the work the Council has undertaken to boost our economy and activate the city.”

7th June 2023

[Georgina Campbell: The future of Reading Cinemas may be the win Tory Whanau needs \(newstalkzb.co.nz\)](#)

7th June 2023

[A Capital Letter: Wellington Mayor Tory Whanau needs a win, hints one is coming - NZ Herald](#)

A Capital Letter: Wellington Mayor Tory Whanau needs a win, hints one is coming

Wellington Mayor Tory Whanau's election honeymoon is over, she needs a win and has hinted there's one up her sleeve.

Last week was difficult for the mayor.

It started with criticism over Whanau missing a Wellington Region Mayoral Forum and other absences from civic functions.

Then Whanau claimed she was [booed and heckled at a residents' association meeting](#) to the point she said "f*** that was rough" on her way out. Those who attended the meeting flatly rejected this characterisation of the audience.

The story resulted in two hours of talkback radio on Newstalk ZB's Wellington Mornings show.

But was any of it an indication of Whanau's mayoralty starting to sour after eight months in the top job?

Whanau told **A Capital Letter**: "If you put me in front of people like me - mana whenua, younger people - there's this real excitement of a movement in how we're becoming the decision-makers of our city and of our country. That's why I got into this, that exists.

"There are people who never voted for me who are openly criticising me. That's what we're seeing and I saw it in person, I see it over email, social media, there's a vocal minority but I think generally I have strong support."

Whanau romped home in last year's local body elections with promises of a more unified council and a vibrant, affordable, and climate-friendly city.

She has a working majority around the council table but a faction of councillors has emerged.

The mayor is very aware of these hardening voting blocs, which prompted her [to hold a meeting with councillors in March about working together more effectively.](#)

Last week councillors gave the annual plan the green light, including a 12.3 per cent rates increase, with just three of them against it in the main final vote. Councillors Ray Chung, Tony Randle and Nicola Young were against.

This was relatively unified as far as Wellington City Council goes and a far cry from Auckland's budget debacle with one councillor accusing Mayor Wayne Brown of blackmail, not to mention a chaotic press conference where he excluded certain media outlets.

But in the same week, six Wellington City councillors also filed a notice of motion [asking the council to declare no confidence in the \\$7.4 billion Let's Get Wellington Moving \(LGWM\) transport plan](#) and withdraw the council's funding agreement.

The signatories were councillors Tim Brown, Diane Calvert, Sarah Free, Chung, Randle and Young. Councillor John Apanowicz has since confirmed he is also in support.

So, a mixed bag on the working together front you might say.

Asked whether she felt her honeymoon period was over, Whanau agreed it was.

"The more I become more involved and comfortable with my job and I feel like I know what I'm doing now and having to get into the hard yards (we signed off the annual plan and that was really robust gritty work) it's going to attract a lot more criticism and that's okay.

"This is actually what I expected the job to be like."

Does she need a win? Whanau felt getting the annual plan across the line with only three councillors voting against it was a "huge win".

"I'm keeping to my election promises bit by bit. I suppose we need to determine what a win looks like and I hope that soon we can make an announcement on Reading and that will be a very exciting thing."

By “Reading” Whanau means the shut-up Reading Cinema building in the middle of Courtenay Place.

It’s an eyesore and a complete waste of prime property.

[It was closed in early 2019 after an earthquake risk was discovered](#). Meanwhile, a carpark next to the cinema building was swiftly demolished following the 2016 Kaikōura earthquake and nothing has been built on the site since.

It has become a symbol of the tired state this area of town is in.

Former Wellington Mayor Andy Foster told Newstalk there were conversations about the future of the building in his time and there were probably conversations with former mayor Justin Lester too.

Reading is an international organisation calling the shots here, so any announcement isn’t necessarily a slam dunk win for Whanau.

But she deserves credit for getting whatever announcement is coming over the line.

The problem Whanau faces is that she was elected on a vision, rather than specific and well-defined policy promises.

Her platform risks people tiring of hearing about the vision if there is nothing to show for it.

Whanau’s position is not so different to LGWM’s promises of light rail and a second Mt Victoria tunnel in this respect.

This column is certainly not criticising the Mayor for having a vision, but achieving visions take time.

Whanau will need to identify some tangible wins to bring people with her along the way.

4th October 2023

[Wellington City Council meeting on Reading Cinema's future held in secret - NZ Herald](#)

Wellington City councillors have met behind closed doors today about the future of the shut-up Reading Cinema building on Courtenay Pl, the **Herald** understands.

[The building was closed in early 2019 after an earthquake risk was discovered](#). A carpark next to the cinema building was earlier demolished following the 2016 Kaikōura earthquake and nothing has been built on the site since.

It has become a symbol of the tired state of Courtenay Pl - a street that's traditionally been a key part of the city's nightlife and entertainment offerings.

A full city council meeting was held this afternoon with just one item on the agenda, titled "city activation project".

It's understood a multimillion-dollar deal, involving the council buying the land underneath the Reading Cinema, was under consideration.

It was discussed in a public-excluded part of the meeting. Reasons given for this included allowing the local authority to carry on negotiations, including commercial and industrial negotiations, without prejudice or disadvantage.



Tony Randle - WCC Councillor

@Wellingtoncomm



Follow

Following the announcement of the Town Hall's huge cost overrun, the Wellington City Council has just made a terrible decision in public excluded (vote: 10 for and 6 against). If the public knew the details of this decision they would be incandescent.

Wellington Mayor Tory Whanau said it was “getting really boring” that some of her councillors continued to speak to the media about confidential council meetings.

“It creates an environment where the public does not have the full picture and loses faith in our processes and decision-making,” Whanau said.

”I was elected with a strong majority on the platform of delivering critical infrastructure for the city and reviving the city centre to show we are open for business.”

Whanau said this required a bold approach to address the areas of the city that required rejuvenation.

“We have been working away at just that and I hope to have more detail in the coming weeks regarding the Courtenay Precinct, which undoubtedly is the area that most requires action.

”I will be speaking publicly about where we are up to once we have firm details to share, which is what locals deserve: a good process and the full picture, rather than undermining petty politics.”

Not all councillors agreed the deal should be discussed in secret, but they were overruled by their peers.

Cr Iona Pannett said at the beginning of the meeting she was concerned about the lack of transparency.

“It is not clear when the information will be made public. It does have an impact on the public for a number of reasons.”

She said it will have “very significant implications”.

Cr Nicola Young said the council needed to be open.

“I’m concerned that we are losing all credibility with Wellingtonians because of the unexpected happenings such as the Town Hall cost blowout.”

Yesterday it was revealed the [cost of earthquake-strengthening and redeveloping Wellington’s Town Hall has rocketed](#) from \$182 million to a possible \$329m.

The cost escalation will be considered and voted on at another full council meeting on October 25.

Cr Tony Randle also opposed today’s meeting being held in secret.

“This is an important decision that the council is making today and I understand fully the reasons why it’s in public excluded but I do have to say, I think that us dealing with this at this time is really a bad move for the council.”

Whanau, who chaired today’s meeting, disagreed because of the “commercial and sensitive nature of the deal”.

In June, Whanau said she hoped the council could soon make an announcement on the future of the Reading Cinema.

“That will be a very exciting thing,” she said at the time.

At a press conference yesterday about the Town Hall budget blowout, Wellington City Council chief executive Barbara McKerrow was asked what was happening with the Reading Cinema.

“We are working hard with the owners of Reading Cinema,” McKerrow said.

In an annual return filed in March this year, Reading Cinemas Courtenay Central Limited reported the company was re-evaluating the property for redevelopment as an entertainment-themed urban centre with a major food and grocery component.

“We are currently working on a comprehensive plan for the redevelopment of this property featuring a variety of uses to compliment and build upon the “destination quality” of this location.”

4th October 2023

[Council planning to buy Reading Cinema land to offset owner's seismic costs | The Post](#)

The Wellington City Council is preparing to buy the land under the Reading Cinema building on Courtenay Place.

The Post understands that in a behind-closed-doors meeting this afternoon the council voted 10 to 6 to proceed with due diligence, moving forward the purchase of the land under the earthquake-prone building.

The public-excluded item was described on the agenda of the meeting as a "City Activation" project.

Moving to purchase the land, owned by Reading International, is intended to help it fund earthquake strengthening work. The building shut abruptly in 2019 after its seismic rating fell.

It was not clear how much the council is paying in terms of purchase price, although councillors were clear it was nowhere near as much as the recent Town Hall cost overrun of \$147m.

Councillor Tony Randle said he thought residents would be appalled at the decision which was not focused on "core services" at all and was a commercial proposal.

Councillor Ray Chung said he was "not very happy" that the council was doing a commercial deal without telling the public about it and spending money when the finances were dire.

"We shouldn't be getting involved in this type of thing," he said.

Mayor Tory Whanau was not happy that information about the public-excluded meeting was leaked, saying it was "getting really boring" and created an environment where the public did not have the full picture of the council's decision-making.

She would have more detail to share in coming weeks about Courtenay Place, which "undoubtedly" needed the most rejuvenation.

"I will be speaking publicly about where we are up to once we have firm details to share, which is what locals deserve: a good process and the full picture, rather than undermining petty politics."

Whanau said at the end of last year that the council was in close contact with the building owners to urge Reading to strengthen the building.

- The Post

4th October 2023

Ben McNulty

@ponekeben

↓

Oct 4 5:40pm

Council confidentiality sucks but it's a necessary evil at times. If I'm buying a house and my budget is \$800k but bid \$700k, I'm not letting the seller know I have more \$. That's the principle. After sludge plant papers were leaked in Dec, costs blew out. Funny that.

Erin Gourley

@eringourleyy

↓

Oct 5

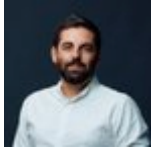
with the reading cinemas meeting, struggle to see how releasing the topic under discussion (without specifics like price) would have disadvantaged the council

1

1

3

812



Ben McNulty

@ponekeben

·

Oct 5

Fair point, more speaking to the feedback I've seen that council should never have any discussions in private.

5th October 2023

[Council wants to buy land to fund Reading Cinemas redevelopment | The Post](#)

The purchase of land under the Reading Cinema building was the subject of a secret meeting in Wellington yesterday afternoon.

The City Council held the meeting to discuss a “City Activation project”, voting 10 to 5 to exclude the public from the discussion.

The Post understands that the meeting was about purchasing the land under the prominent Reading Cinemas complex on Courtenay Place, also known as Courtenay Central.

The council plans to purchase the land from Reading International, in order to fund the required seismic strengthening work and encourage the complex to reopen.

The building has been criticised as a dead spot and a “blight” on the city, among other empty buildings like the Amora Hotel. Courtenay Central was suddenly declared earthquake prone and evacuated in 2019 after serious concerns were raised in a seismic assessment.

It’s not clear what purchase price is being considered or when the deal is likely to go through. The papers for the meeting said public information would be officially released on November 30.

Reading International owns 1.4 hectares of inner-city land around the complex, including a large carpark. The extent of the council’s planned purchase has not been confirmed.

Mayor Tory Whanau said she believed the council needed to take a “bold approach” to rejuvenate areas of the city including Courtenay Place.

“We have been working away at just that and I hope to have more detail in the coming weeks regarding the Courtenay Precinct, which undoubtedly is the area that most requires action.

“We cannot make any comment about the specifics but want to be clear that any proposed decision is fiscally prudent and driven by huge benefit to the city centre.”

Councillor Ray Chung questioned whether the council should be getting involved in this type of commercial deal saying it was a “nicety”.

Iona Pannett said the Reading Cinemas building was an “eyesore” and there was a strong need to revitalise the central city, but she had questions about giving money to a foreign company. Owners of other earthquake-prone buildings in the city would have potentially greater need for support, she said.

John Apanowicz said getting the city’s empty buildings –including Courtenay Central, the Amora Hotel, and the Civic Square precinct – back into use was one of his key priorities as a councillor.

On X, formerly known as Twitter, Tony Randle said he believed residents would be “incandescent” if they knew the details of the deal. Councillors voted 10 to 6 to move ahead, he said.

He would prefer that the council focus on fixing what’s broken, and did not see the deal as core to the function of the city.

As the council voted to exclude the public, Whanau said she supported the discussions being kept private because of “the complicated and sensitive nature of the deal”.

Councillor Nicola Young said she was concerned the council was losing “all credibility” because of increasing budgets on projects such as the Town Hall strengthening.

“We have to be open and transparent because otherwise people will think we are a bunch of ... there are various words I could use.”

The leaked information about the meeting ruffled some feathers. Whanau put out a statement saying it was “getting really boring” that some councillors were talking to the media about confidential meetings.

“It creates an environment where the public does not have the full picture and lose faith in our processes and decision making.”

She would make a public announcement once there were firm details to share.

The Post understands the council voted to proceed with due diligence on the purchase.

How they voted on excluding the public from the Reading Cinemas discussion:

For: Tory Whanau, Nureddin Abdurahman, John Apanowicz, Tim Brown, Ray Chung, Laurie Foon, Rebecca Matthews, Ben McNulty, Teri O'Neill, Tamatha Paul.

Against: Diane Calvert, Sarah Free, Iona Pannett, Tony Randle, Nicola Young.

- The Post

5th October 2023

[Wellington.Scoop](#) » [Councillors vote on secret deal for land under Reading Cinema building](#)

WELLINGTON BUSINESS

??

Councillors vote on secret deal for land under Reading Cinema building

October 5, 2023 **49 comments**

Wellington.Scoop

Wellington City councillors met behind closed doors yesterday to vote on “a deal” for the future of the Reading Cinema building on Courtenay Place, which has been closed for four years.

[The NZ Herald reported:](#)

A full city council meeting was held with just one item on the agenda titled “city activation project”. It’s understood a multi-million dollar deal involving the future of the building was under consideration. It was discussed with the public excluded – reasons given for this included allowing the local authority to carry on negotiations, including commercial and industrial negotiations, without prejudice or disadvantage.

Not all councillors agreed it should be discussed in secret, but they were overruled by their peers.

Cr Tony Randle tweeted later:

The Herald quoted Cr Iona Pannett as saying: "It is not clear when the information will be made public. It does have an impact on the public for a number of reasons." Cr Nicola Young said the council needed to be open. "I'm concerned that we are losing all credibility with Wellingtonians because of the unexpected happenings such as the Town Hall cost blowout."

Wellington Mayor Tory Whanau, who chaired yesterday's meeting, was quoted by the Herald as saying secrecy was necessary because of the "commercial and sensitive nature of the deal."

And what is the secret deal?

[The Post reports](#) today that the city council voted 10 to 6 to proceed with due diligence with a plan to purchase the land under the earthquake-prone building.

The council voted to move ahead with a plan to fund the empty complex's redevelopment, by purchasing the land from Reading International... It's not clear what purchase price is being considered or when the deal is likely to go through. The papers for the meeting said public information would be officially released on November 30.

The land but not the building?

The Post reckons the purchase of the land is intended to help its wealthy American owners pay for earthquake strengthening work which would encourage them to reopen the cinemas. But why does a big American company need financial help from a cash-strapped city council? And how can the council – with buildings of its own that are yellow stickered and in need of strengthening – afford it?

The Post quotes Cr Pannett as saying she has questions about giving money to a foreign company. Owners of other earthquake-prone buildings in the city would have potentially greater need for support, she said.

And Mayor Whanau, somewhat defensively as the secrecy continues, said:

"We cannot make any comment about the specifics but want to be clear that any proposed decision is fiscally prudent and driven by huge benefit to the city centre."

Fiscally prudent to help a large American company with redevelopment costs?

More from the Mayor in a [report from RNZ](#):

“The reasons why some issues are discussed in confidence are clear and already in the public domain. It’s because of commercial confidence, the detail or what is being discussed is preliminary, or both. This is not unique to Wellington City Council.”

She said the deal being discussed would help rejuvenate the area at no cost to ratepayers. “It’s something I campaigned on and am passionate about delivering for Wellington. I will be speaking publicly as soon as details are finalised so Wellingtonians can get a full, clear picture of what will happen.”

She makes it clear. First finalise the secret deal, and only then tell the city what has been done.

49 comments:

1. Greenwelly, 4. October 2023, 16:34



Given that the Council’s “assistance” with putting life back into the David Jones site **came to naught**, one has to wonder whether its involvement with Reading will achieve anything.

2. Traveller, 4. October 2023, 16:47



Commercial and sensitive. But does it involve spending money from ratepayers?

3. nemo, 4. October 2023, 16:48



I think that we can probably say a couple of things about the Reading scheme – firstly, that it is of far more importance to WCC to have

something open where Reading was, than it is of importance to Reading's owners. And secondly, that if you go to a commercial partner and beseech them to get off their butt and do "something, anything", that is the same as asking to be beaten up over the deal. They will indeed take advantage of the weaker partner in the deal.

It is no skin off Reading's corporate nose to shut the doors on a poorly performing, badly designed, stupidly conceived food hall and defunct movie venue. But it is a massive inconvenience to the city, who desperately want to connect Tākina to the Courtenay strip. So, if the City Council are ashamed of the deal they have just made, it is bound to be really bad. I think that the WCC may be getting into the movie business? (and in the demolition business as well?).

Still, anything would be better than the original scheme proposed by Chase Corporation back in the 1980s, where a monstrously tall behemoth of a building was proposed. At least we don't have any prospect of that returning ... or do we?

4. Greenwelly, 4. October 2023, 17:03



Ok, so the city is reported to be **planning to buy the land** under the closed cinema complex. A quick look at the rates database shows the Cinema Site is \$29 million, while each of the car park sites (Wakefield and Tory) are \$17 million each. That's \$60 million plus. Betcha this wasn't provisioned in the Long term plan.

5. Helene Ritchie, 4. October 2023, 17:13



No more secret deals please. I suggest that this agenda item, as it is named, contravenes the requirement of local government to be open and transparent. An agenda item labelled "City activation project" when it actually appears to refer to the Reading Cinemas property, is clearly designed as spin, to mislead the public.

It is one thing to consider commercial sensitivity, if legitimately so, (was it?), it is quite unacceptable to deliberately mislead the public on the item that is to be discussed in secret (with the public excluded).

Come on Council you can do much better than this – and you are legally required to do so.

6. Traveller, 4. October 2023, 17:50



Surely, at a time of financial stress, the council ought to leave such deals to private property developers. There are plenty of them in Wellington. Have none of them shown any interest? Or are Reading asking too much? And has the council been “beaten up” over the deal, to quote Nemo.

7. Give Me Strength, 4. October 2023, 17:51



'Reading' between the lines, the left-wing councillors just agreed to pay Reading through the nose for the cinema complex. Should have just ramped up the rates on unused buildings.

8. Ben McNulty, 4. October 2023, 18:12



Council confidentiality sucks but it's a necessary evil at times. If I'm buying a house and my budget is \$800k but bid \$700k, I'm not letting the seller know I have more \$. That's the principle. After sludge plant papers were leaked in Dec, costs blew out. Funny that. **[via twitter]**

9. Aj, 4. October 2023, 18:49



That example fails, Ben. The owners know the WCC are willing to increase debt to get what they want. Budget?

10. Mavis, 4. October 2023, 19:06



Ben – in your example, you are buying a house with your own money and your personal risk. Here, you are using our money which your colleagues seem to think comes in a blank cheque forever. By the way, have you approved the same Council officers as negotiators, as those involved with the Town Hall contract mess?

Here is a parallel scenario for you to consider:

Would you be able to buy a big piece of land using your neighbour's money without telling him/ her and which has a large rotting building sitting on top of the land? When would you tell your neighbour you have done this? Would your neighbour be horrified? What would you do when the owner of the rotting house decides to walk away? Would you pay back your neighbour's money? Not likely you say!

11. Jaden Sears, 4. October 2023, 21:05



The Wellington City Council is the only organisation that seems to think the right thing to do, when you have absolutely no money left, is to spend more. People who voted for the mayor and her Labor/Green lackies must surely be starting to see sense and vowing never to be so foolish again.

12. michael, 4. October 2023, 21:24



What part of WCC councillors' Code of Conduct do they not understand?
Accountability: Members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should cooperate fully and honestly with the scrutiny appropriate to their

particular office.

Openness: Members should be as open as possible about their actions and those of the council, and should be prepared to justify their actions.

13. Henry Filth, 4. October 2023, 22:00



Condemn it on health & safety grounds, knock it down, and put it into grass. G*d knows Wellington needs more open space, green space, and public space. Seize the opportunity!

14. greenwelly, 4. October 2023, 22:15



Ben McNulty. It's understandable to not fully reveal the \$\$\$ involved, but to not even disclose the broad outline of the transaction is unforgivable, RDI are NASDAQ listed so they're gonna have to disclose that they are in negotiations at some point.

15. Sue, 5. October 2023, 8:46



Tory Whanau – Candidate statement:

I am putting myself forward to be Mayor because I know I can bring people together to make the change we so desperately need in Wellington. My priorities: Fixing our pipes; More warm, dry homes for all; More efficient public transport options; Mental health support, alcohol and harm reduction; Safer streets; Arts and culture revitalisation; Business support; Climate action. Now is the time to make some bold decisions to ensure that we as a community become a strong and resilient Wellington. I've worked at the highest levels of Government and have been involved in negotiating to secure serious progressive change. I'm a strong leader, principled, energetic,

experienced, and connected with the diverse communities that make Wellington the city we all love.

Sorry Tory but the city is more divided than ever under the current Council.

16. Steve, 5. October 2023, 9:41



Perhaps the Council could negotiate a ratepayer discount for ice creams, once the Reading complex is operating again – I suggest this would be for the salted caramel flavour as I expect the expenditure will be bittersweet. More seriously, surely it would be better for the Council to focus on fixing its own building stock, given its funds are in short supply.

17. Helene Ritchie, 5. October 2023, 10:08



Is the Council really going into negotiations to prop up a US corporation with our rates?

Reading International Inc. is a leading entertainment and real estate company, engaging in the development, ownership, and operation of multiplex cinemas and retail and commercial real estate in the United States, Australia, and New Zealand.

Is it core business (or any business) of the Council to subsidise this overseas corporation? From the outside, this all looks an odd, inappropriate and risky use of potentially a significant amount of public funds, especially when there are more pressing expenditure priorities. Because all is secret so far (but with a part-leaked report), will a councillor now release the full report and advice given to councillors? Can we also have the voting record of councillors published, as we are entitled to this.

18. John King, 5. October 2023, 10:28



Tory Whanau has certainly veered on a different agenda/path than that proposed by her before the election.
Perhaps only a so called "Green Tory" could give such mixed messages – tell them what they want to hear, then follow a different agenda.

19. Lindsay, 5. October 2023, 10:32



Reading International, Inc., **announcing its results** for the three months ending March 31, 2023, reported that its global revenue of \$US45.8m had grown by 14%, negative EBITDA had improved by 60% and its operating loss had reduced by 33% to \$US7.9m. Its New Zealand cinemas' operating income improved by 110% . . .
"With over \$5.1million in revenue and \$1million in income, our global real estate division delivered the highest quarterly operating revenue and income since December 2019." It named Courtenay Central (closed for the last four years) as one of its "signature property developments ... maintained in special purpose entities."

20. Mavis, 5. October 2023, 11:01



Geez.

21. michael, 5. October 2023, 12:08



Clearly the Mayor is out of touch with the public when, in The Post this morning, she states it is "**getting really boring**" that some councillors are talking to the media about confidential meetings because this "**creates an environment where the public does not have the full picture and lose faith in our processes and decision making.**"
I doubt that the Mayor and most councillors have a clue about how many of us have lost faith in them.

22. Dominic, 5. October 2023, 13:23



I've read the financials of Reading International Inc. This deal will be great for them but not for ratepayers I am sure.

23. Bee, 5. October 2023, 14:59



Going by the above quarterly financial results of Reading International, it's obvious!
They should be giving the Council the land! Why is the Council even thinking of negotiating to buy the land? Why on earth?

24. D'Esterre, 5. October 2023, 15:31



What is this? WCC is in the financial cactus, yet it has voted to make a welfare payment – with money it doesn't have – to the rich US owners of Readings. You couldn't make this stuff up.
We really are living in Clochemerle.

25. Erin Gourley, 5. October 2023, 16:18



Leaks must be stressful when the council is negotiating. At the same time, seems like overkill to decide even the subject matter of the Reading cinemas meeting needed to be kept secret. **[via twitter]**

26. Lindsay, 5. October 2023, 16:22



Congratulations Erin for breaking the news of what the council is trying to do in secret. There are many questions that the mayor should be answering, if she believes a subsidy from the council for a wealthy US company is justifiable or affordable. As it looks: a council payout is neither, specially when it has its own buildings to care for. (MFC, Opera House. MOB, CAB ...)

27. Gwynn Compton, 5. October 2023, 16:32



You have to ask *why* Reading International haven't invested in fixing the site themselves. It's also concerning to see the Post report suggesting that it was to "encourage" the complex to re-open. You'd hope for a more ironclad deal than "encourage". **[via twitter]**

28. Dominic, 5. October 2023, 16:39



It's possible Readings don't have the desire to spend money to fix their building, so want out. Why the Council needs to facilitate that, given the dire financial situation, leads to speculation that it is a continuation of the Convention Centre madness. Someone has a dream and bugger the ratepayers.

29. [Taxpayers' Union](#), 5. October 2023, 16:41



The Reading Cinema may be a dead spot in the heart of the City Centre, but that doesn't mean the Council needs to step in. If Reading International won't take on the restrengthening itself, then the Council needs to accept that. Should a private buyer choose to purchase and redevelop the land in the future, the Council should ensure that the consenting process – including the demolition option – is as smooth as possible, but that's all it needs to do.

30. Dave B, 5. October 2023, 17:21



The Reading Cinema site was a dead spot for many years before the cinema complex was built. It was a vacant site known as the Chase Corporation Site, following the failure of 1980s plans to develop it after the 1987 share-market crash. It sat there as a temporary car-park for some 20 years, waiting for an alternative plan, and then Reading came along. I don't think there is any urgency for any rash deals to reactivate the site now, as the city managed okay for all those years with an empty hole there. Wait until times improve and the ideal deal once again presents itself.

31. Joe Worker retired CEO, 5. October 2023, 18:21



The council buy the land from Reading (theyll be wrapt). It then falls on the new owner to demolish it and in doing so spend tens of millions. Then sell it to a developer after demolition for the price of the land only. Rule. Never allow a bureaucrat or politician negotiate with a business person. That's two massive fails in a week and it's only Thursday.

32. Aj, 5. October 2023, 20:28



How they voted on excluding the public from the Reading Cinemas discussion:

For: Tory Whanau, Nureddin Abdurahman, John Apanowicz, Tim Brown, Ray Chung, Laurie Foon, Rebecca Matthews, Ben McNulty, Teri O'Neill, Tamatha Paul.

Against: Diane Calvert, Sarah Free, Iona Pannett, Tony Randle, Nicola Young.

33. Helene Ritchie, 5. October 2023, 21:47



Thanks AJ. We now need to know which councillors voted to support purchase of this land sitting underneath a huge liability – a rotting EQ prone building, in order to ‘help out’ i.e. subsidise a wealthy U.S. company. Who voted for this? It is such an odd and incomprehensible decision. What were their reasons? The public is owed that information as of right.

34. michael, 6. October 2023, 0:14



No doubt Reading saw WCC coming...

35. Andrew Bartlett, 6. October 2023, 8:09



This could make sense. Except under the EQ legislation, the government can't make anyone do (as opposed to not do) anything on your private property. So council buys an appreciating asset (assuming that in general land in Wellington is a reasonable investment) and sells back a fixed-term lease on that, spending cash now and getting an income stream or portion of the cash back from the lease. But now Reading only has a lease (and cash), and has a landlord who will be putting conditions on that lease. They of course consent to those conditions, but now can be held to them under contract law. Those conditions are the key here. The council now has an ability to influence positively the development of the site.

The money being paid to Reading has a cost to the council, but unlike a grant it hasn't changed the overall asset/liability situation, as the council gained an asset. It is also able to be sold – the council could sell it on after the work is done, as it isn't a strategic asset.

Of course, if Reading wanted to do the work urgently, they could have raised their own shareholder/borrowed funds, but other parts of the business perhaps could give a better return on that investment. In this higher interest rate environment, the return would have to be pretty good to make this the priority.

Therefore what we see is some arbitrage. The council, who can borrow money more cheaply (due to its rating power) is borrowing money against a pretty secure asset (land) at a good rate. That money is passed to Reading, pushing this investment (which is otherwise earning them nothing) up their internal pecking order from 'eventually' to 'now'.

The risk to council is if the land de-values. But council has levers to make sure it remains valuable land – the ability to, now it is quite interested financially, improve the surrounding amenity.

Of course, Reading could have seen the council coming and commanded an obscene price. I hope that council negotiators know their 'stop point'. And yes, this is council underwriting an otherwise commercial business, and if repeated at scale would be a real-estate speculator/bank distorting the market and putting ratepayers at risk. There is much philosophically to object to in this, but my point is to at least write why this might not be totally silly and is still better than the usual pattern of grants.

36. Greenwelly, 6. October 2023, 9:36



Andrew Bartlett. But it's a huge moral hazard that basically says if you have a big strategic chunk of land and hold out and land bank it for long enough the Council is gonna ride in with a financial helping hand.

Stride in Johnsonville must be watching this exceptionally closely ... because if this goes through they have got to be the next guys to knock on the Council's door. Mr Aharoni (Prime Property), owner of the Amora Hotel and the car park behind it and the Kilbirnie Bus barns, will also be highly interested.

Such a deal has the huge possibility of incentivising bad commercial behaviour.

37. Councillor Ray Chung, 6. October 2023, 10:51



AJ and Helene Ritchie: The vote on Wednesday wasn't a vote to proceed with this deal but a vote to proceed with the Due Diligence process where

we'll find out more about this proposal and other relevant information. The vote on whether to proceed with this is after the Due Diligence is completed and we get a better understanding of the issues. The date will be advised to us after we have time to digest the Due Diligence, assuming the council officers give it to us in its entirety, which I see no reason why they wouldn't, and I believe that this will be a public meeting open to everyone. I'd also like to clarify why I voted for this meeting to go into Public Excluded. Anyone following my voting record will know that I believe in total transparency and have spoken up that I don't believe we genuinely consult enough to understand and do what our constituents want, with many decisions made on a party line and ideology and there are numerous examples of this – from the pedestrian crossing on Cobham Drive where 93% of submitters didn't want it yet it was built, and the Johnsonville community with their 1,300 submissions that were ignored. Prior to this PX vote, the council officers said the information that we're about to be briefed on is highly confidential and at this point, should not be released as there'll be speculation as there has been. This is why I departed from my norm, as I wanted to hear and receive further information that will assist in my decision on how to vote on this proposal; as always, I'm happy for anyone to contact me to discuss their viewpoints on this matter. As always, I'm very concerned about the dire state of our finances and how we should be ensuring that any money we spend is used wisely and for the greatest benefit for all Wellingtonians. We have councillors and the mayor who maintain we're not in a financial crisis because they want to continue with "business as usual" and continue spending, increasing rates and the cost of living in Wellington. So it may be semantics but I believe we are in a financial crisis and this is no time to be spending ratepayers' money unwisely just to make themselves look good.

38.AJ, 6. October 2023, 11:29



Hi Ray. Yes, the list noted the votes were for the public exclusion only. Agree, if you wanted to hear the info, then you had to vote that way. Hard to extrapolate voting for exclusion equates to the intent to vote to buy.

39.Mike Mellor, 6. October 2023, 12:44



Ray, you keep on harping about the Cobham Drive crossing, but you seem to be labouring under a number of misapprehensions:

- that it was a WCC project. It wasn't, it was a Waka Kotahi one, Cobham Drive being a state highway. WCC "party line and ideology" had nothing to do with it;
- that consultation is a referendum. It's not, it's about getting input as to whether a project will achieve the desired result;
- that it's not a good project. It is, 100% successful in achieving the desired result, with none of the adverse consequences that submitters predicted. Waka Kotahi was able to see past the baseless opposition whipped up by the airport's misinformation-based campaign, and it would be good if you could do that too. It's a classic example of why consultation should not be just a numbers game – and nothing to do with your repeated concerns that the majority of WCC councillors stay true to the platforms that they were elected on.

Getting back to the main topic, it would be very good to see the Reading eyesore fixed – but not at the cost of corporate welfare.

40. Mike Mellor, 6. October 2023, 12:48



Given Ray C's clarification, it seems they have yet to vote on the actual deal.

41. Cr Diane Calvert, 6. October 2023, 13:10



I need to clarify some of what Cr Chung has provided .

We had a confidential meeting on Tuesday 3rd October about the Town Hall project. It then turned out it wasn't so confidential, as the Mayor & CEO had arranged a stand-up media briefing. In any event, it was stated that a formal paper would be brought to the Council on 25th October (presumably in public?).

All that councillors have been provided with in respect of the Town Hall is the formal media release. We weren't given a hard/soft copy of the slide pack that had been shown to us in the 'confidential briefing'.

The extraordinary Council meeting on Wednesday 4th October had one item on the agenda – 'city activation'. There was no reference or resolution to bringing this matter back before the Council meeting on 25th October. Councillors and the public are due to be informed about the long term forecasted finances & available spend along with the draft 22/23 Annual Report, at a committee meeting on 9th November.

A number of Councillors including myself and Ray continue to be very concerned about the content, timing and transparency of the public information provided to date and continue to seek further information and assurance.

42. Con Saalt, 6. October 2023, 13:25



Interesting point Mike. Reminds me of other people who like "harping on" and use consultation results to prove their point, namely the cycling lobby.

43. Dave B, 6. October 2023, 15:05



Con Saalt, I reckon the cycling lobby (whoever they are) are pretty quiet over proving their point. However they have been greatly assisted by a world-wide awakening to the value of cycling as a means to help solve certain pressing problems that we face. This awakening has filtered down to our government and our councils who now understand the importance of facilitating this efficient and benign form of transport in helping to address our problems. Compared to most other "lobbies", the cycling lobby have only a tiny voice, and they have watched fairly powerlessly as this global revolution has gained momentum. Cyclists are of course delighted that they are at last getting some serious consideration, but I really don't think this has happened because of their lobbying-power.

44. Mike Mellor, 6. October 2023, 15:37



Con S, I wrote "consultation should not be just a numbers game", so numbers can play their part – but submissions that have negligible basis in fact have little value.

It's a solid fact that more people cycling is beneficial for us all, and (as we have seen) pure fiction that the Cobham Drive crossing was going to cause significant traffic problems, as asserted by the airport. That's a fundamental difference.

45. Helene Ritchie, 6. October 2023, 18:01



Re the possible land purchase from Reading international. Ray and Diane thanks as usual for engaging and providing somewhat of explanation. This is the problem with secret meetings. People start giving their own version. This is not helped by the agenda item being falsely labelled 'City activation' as if to fool the public when the item reported on and discussed (and agreed) was around the Council's possible purchase of land under the Reading Cinema building.

It seems (according to Ray) that the Council may have asked officers to conduct due diligence on this. What's so secret about that? Or was there more? It is hard to imagine what 'due diligence' might happen. From where I sit, it seems that to do this is a complete waste of time (and potentially cost/risk) but then none of the public has the complete report that you and your colleagues (and Erin Gourley?) are privy to.

Just release the report and your voting record so that we are all on the same page! Without seeing the report, from what we know already, it looks a very odd and inappropriate thing to agree to progress any further.

46. Geoff Palmer, 7. October 2023, 11:46



A fantasy scenario suggested by Andrew Bartlett's post (above) ...

- The WCC buys the land under the Reading site at an inflated price in return for a long-term lease-back deal with Reading International. Reading International sell the building and lease to A Newly Created Company Ltd. ANCC Ltd goes bust and is wound up, leaving WCC with a useless building that must be demolished and replaced at ratepayers' cost.

Of course, that could never happen because...

- WCC contract negotiators are smart, savvy and the best on the planet, and
- No US corporation would act in such a sneaky way

Right...?

47. Maybe, 7. October 2023, 12:14



Or is WCC buying it for housing and then handing it over to the trust?

48. Willbee, 7. October 2023, 18:32



Geoff, stranger things have certainly happened in Wellington, but I think it is going too far to suggest that WCC would ever demolish the building. Surely not. Careful pile by pile restoration, with due care to avoid any unforeseen events, is the only suitable fate for such an early example of exuberant turn of the century mock Tuscan post-modernism.

49. Sue, 10. October 2023, 10:14



Long-term Plan 2024-34 as per WCC website

Outcomes and Priorities:

During April and May 2023, we invited Wellingtonians to tell us their

priorities for the city over the next ten years by completing an online survey or attending a public workshop. More than 3000 people participated.

What did people say?

At the workshops, participants completed a 'card-sorting' activity, selecting priorities for three categories – 'most urgent', 'do next' and 'ongoing effort'. The most frequently selected priorities were:

Most urgent:

Resilience of pipes and other infrastructure; better public transport infrastructure; prepare to withstand and adapt to climate change; support affordable housing; make it safer and easier to walk around the city, including for older people and disabled people; improve the health of our waterways.

Please Wellington City Councillors and Council officers: listen to the people.

5th October 2023

[Wellington councillor frustrated Reading Cinemas meeting held behind closed doors | RNZ News](#)

Frustration is growing at Wellington City Council after a meeting behind closed doors to discuss the future of the Reading Cinemas building.

The movie theatre on Courtenay Place has been closed since 2019 after it was deemed earthquake prone and needed to be strengthened.

RNZ understands part of the meeting discussed a multimillion-dollar deal where the council is considering buying land underneath Reading Cinemas.

It comes after revelations the Town Hall's budget blow out could cost a further \$182 million to rate payers. Initially expected to cost \$32m to fix, the budget could now cost up to \$329m.

In Wednesday's meeting councillors voted 10 to six on excluding details from the public around Reading Cinemas' future.

Councillors say they are conflicted about the information being publicly excluded because they believe rate payers deserve to know what their money is being spent on.

Councillor Diane Calvert said she did not believe the council was giving Wellingtonians enough transparency into council's spending.

"I don't believe so at this stage, it is their money and it's also their debt so we need to be much more open and when we know significant information we must be prepared to share it not wait until we've dotted the i's and crossed the t's," Calvert said.

Wellingtonians RNZ spoke to agreed.

Weltec student Toby Nakshbandi said the public had a right to know details.

"You're paying rent to something and you should know what your money is going to. If they're telling people that they shouldn't know what is going on then that's just kinda crap," Nakshbandi said.

Fellow Weltec student Ezra Gillon echoed this.

"I think that's really sketchy, it doesn't really make sense and I don't see a real reason as to why they would do that. As a rate payer, as someone who pays money to the government we do have a right to know what's going on," Gillon said.

Second year architecture student Luke Sutton said the building was currently a wasted opportunity and no longer served a purpose.

"Especially in a place that acts as a bit of a community hub or at least has done in the past, sort of a space like that I suppose is pretty important for

people to know what's happening in the future and what the plans for it are," Sutton said.

Retailer worker Jayda Scott said she had fond memories of the cinema and would love to see the area revamped.

"I'd like to see how it was before [as] the entrance to Courtenay Place, a bunch of shops on the inside, food stalls, something that will bring a bunch of traffic into Courtenay Place because at the moment it's pretty dead," Scott said.

On the other hand, councillors fear releasing too many details could backfire on Wellingtonians and the council because of the commercial and sensitive nature of the deal.

One of the issues councillors face is that Reading Cinemas is owned by an American-based corporation.

Councillors RNZ has spoken to have described the Reading Cinemas building which is on privately-owned land as an eyesore and they want to revitalise the area.

Wellington Mayor Tory Whanau declined an interview with RNZ's *Midday Report* but in a statement said sharing the details was unhelpful.

"The leaking of information from a publicly excluded meeting is unacceptable. The reasons why some issues are discussed in confidence are clear and already in the public domain. It's because of commercial confidence, the detail or what is being discussed is preliminary, or both. This is not unique to Wellington City Council."

She said the deal currently being discussed would help rejuvenate the area at no cost to ratepayers.

"It's something I campaigned on and am passionate about delivering for Wellington," Whanau said.

"I will be speaking publicly as soon as details are finalised so Wellingtonians can get a full, clear picture of what will happen."

5th October 2023

[Wellington City Council's closed-door meeting over Reading Cinemas ruffles feathers | Newshub](#)

A stoush has broken out at Wellington City Council over a meeting that was held behind closed doors.

It's understood the council met to discuss buying an abandoned cinema just days after mayor Tori Whanau revealed a multi-million dollar budget blowout on another property project.

WELLINGTON

Wellington City Council's closed-door meeting over Reading Cinemas ruffles feathers

- 05/10/2023

-

William Terite

-

0 seconds of 6 seconds Volume 0%

Watch: Newshub understands Wellington City Council held a closed-door meeting on Wednesday to buy the land under the abandoned, earthquake-prone Reading Cinemas. Credits: Newshub.

A stoush has broken out at Wellington City Council over a meeting that was held behind closed doors.

It's understood the council met to discuss buying an abandoned cinema just days after mayor Tori Whanau revealed a multi-million dollar budget blowout on another property project.

Related News

Reading Cinemas Wellington closing after damage in 2016 earthquake

Wellington City Council faces up to \$147m town hall budget blow-out

It looks like something you'd see in a post-apocalyptic movie, but Reading Cinemas on Wellington's Courtenay Place has sat idle since it was deemed earthquake prone in 2019.

"It looks like someplace that's haunted in a ghost movie," one city dweller told Newshub.

"There's not really much here. It's a pretty ignored building," said another passer-by.

Newshub understands the council met in secret on Wednesday to discuss buying the land, owned by Readings Limited.

It comes just one day after Wellington Council reported a \$147 million budget blowout on its nearby Town Hall project - with ballooning costs due to additional faults found within the building.

"I think there is a divide in the Council between those who see that we are in a different place financially," said councillor Tony Randle.

"We haven't been as transparent as we should be with Wellingtonians, we have a significant financial hole, and we just continue making it worse," councillor Diane Calvert told Newshub.

Mayor Whanau said in a statement that the details are being kept private because of the complicated and sensitive nature of the deal.

She also said it's getting boring that some councillors continue to speak to media.

"I'm sorry if democracy is becoming boring to her but she needs to take the criticism," Randle said.

"I'm getting bored with the Wellington City Council not listening to Wellingtonians," Calvert shot back.

So, we asked some Wellingtonians what they want.

"I think if they're going to try and save it, they should have it out in the open," one local woman told Newshub.

"If there's nothing happening with it, then it might be a good idea to buy it up, do something with it, utilise the property," another person said.

Details are set to be made public later next month, so perhaps the end credits haven't rolled on this old cinema just yet.

6th October 2023

Nicola Young: It's time we seriously thought about demolishing the Central Library

- **ON AIR**
- **WELLINGTON**

Publish Date

Fri, 6 Oct 2023, 12:46PM

FOLLOW THE PODCAST ON



Wellington City Councillor Nicola Young and Political Commentator Brigitte Morten. Image / Newstalk ZB

Wellington City Councillor Nicola Young and Political Commentator Brigitte Morten join Nick Mills for Friday Faceoff.

Together they discuss the race for Wellington Central, Winston Peters potentially making a comeback, the Town Hall's budget blowout, the council considering investing in the Reading Cinemas complex, and Mayor Tory Whanau hitting out at National and ACT.

LISTEN ABOVE

Relevant excerpts of NewstalkZB interview with Councillor Nicola Young 6 October 2023

Speaker Transcription

Nick

What is really going on there? I know you can't speak about it, you were sworn to secrecy and you went into the little room and the lights went down and you said yes let's right some more cheques. But what can you tell our listeners with what is happening with Reading cinemas.

Cr Young

Well what I would say is the Mayor has been talking about this and dropping hints for quite some time about doing a deal with Reading. It is a multi-million-dollar US NASDEC listed company. And of course, councillors are not going to be completely quiet, they haven't said much. Georgina Campbell Herald and Newstalk she has been joining the dots because there have been just so many hints have been dropped she just follows the breadcrumb trail largely, but Wellington has had a number of people and companies that have been successful in property deals but the Wellington City Council is not one of them. I think this deal needs some sunlight. Is the regeneration of Courtnay place which we know is pretty grotty more important than fixing our pipes because I don't think so? I think because it is so mysterious, there is a lot of speculation, some of it is right some of it is wrong. I just think I don't like the smell of this. Nor do the ratepayers, so many people have contacted me outraged about it.

Nick

Bridget if you had Wellington City Council as one of your clients and they came to you and said we are looking at investing putting some of our Council's money into helping an American multi national company as Nicola has just said – would you advise him that that would be a good decision to do

Bridget

Look without seeing the deal I can give any advice but I think when I look at it as a whole I can understand why you possibly have to keep some of it secret from a commercial point of view – absolutely you don't want to play your hand about much you could possibly spend or how much you could put in or – it all makes total sense it happens at every level of Government.

The bit I think that is really missing for me and the bit that makes me outrages about this is the decision about where we want to put our resources hasn't been discussed with the community. I think without a doubt most people went to last years local government election expecting that this was going to be a Council that is meant to come in and invest in fixing the pipes under the road. It wasn't an election about what to do about a big empty space on Courtenay Place that has owners – they are not the Wellington City Council – that has owners that have responsibilities and they are not doing that and you have got to stop and you have to still bring the community with you. You have a duty to consult. You have a duty to engage with your stakeholders and that seems to be completely and utterly missing from this debate.

Nick

Nicola is there a Plan b with this site?

Cr Young

I am constrained in what I can say. I would just say I went onto their holdings company report on council whatever you call them and they have renovated or built 6 cinemas in Australia in the past year and they have sold a big parcel of land so its not like they are a charity. I am very concerned. Is there a plan B? I think there might be but I haven't heard anything from Council. Wellington people talk. Council do not know anything this has all been done in secrecy from us as well. We only know what we heard the other day.

Nick

Can I just ask you if things change? Because I think it was June or July I had Mayor Tory Whanau in the studio and she said I have got some exciting news but I cant quite tell you but we are nearly there. We are nearly there with Reading Picture Theatre. Why is it now four months later June July August September October – five months later and we are still no closer.

Cr Young

How would I know?

Nick

You are on the Council

Cr Young

We don't know anything. This has all been done in secrecy from us as well. We only know what we heard the other day.

Bridget

You have to wonder if the Council you know the people we elect to hold the Council to account nobody in the community knows. Did we elect a dictatorship? What is happening here? That we don't actually know what is being done with rate payers money. It is pretty disgusting

Nick

And I apologise for sniggering because it is almost because when you described it like that it was almost laughable

Bridget

I know – this is – we think in New Zealand we don't have these sort of schemes where everything or the power or money is locked up with one person or a couple of people who are in the know but this deal stinks of everything like that – it is absolutely not the way that we do business. Not the way particularly Wellington and New Zealand – highly educated, engaged community – that's not how we should be treated.

Cr Young

Especially when the Councillors are elected to be City Governors and we are not governing. We haven't got a clue what is going on actually.

18th October 2023

Diane Calvert - Wellington City Councillor

After the general election, Wellington city is left by itself on an island. It needs to start building bridges, not calling in the lawyers to stop the city progressing in a meaningful way .

[Wellington.Scoop » Calling in a lawyer](#)

18th October 2023

[Reading Cinemas \\$32m council deal revealed | The Post](#)

Wellington City Council is considering spending \$32 million to buy the land under the Reading Cinemas complex on Courtenay Place, leaked details from a private council meeting reveal.

Multiple sources have confirmed the \$32m figure. It is understood that the deal would mean Reading uses the \$32m of council cash to strengthen the building, which abruptly closed in 2019 after a report raised quake fears. It is also understood councillors voted to start due diligence on the deal.

Sources have also confirmed the deal, discussed in a public-excluded council meeting, would mean Reading International has the option of buying the land back from the council at the same price it sold the land. The exact time frame for the deal was not immediately clear though is thought to be about a decade, after which Reading could buy the land back at market value if it chose.

Mayor Tory Whanau — who this month launched an investigation into five councillors after a related alleged leak — would not comment on the \$32m deal on Monday. The council also declined to comment.

The figure comes amid a grim time for the council coffers. It was recently revealed the cost of strengthening the Town Hall [could jump from \\$182m to \\$329m](#). This followed reports showing the council-owned [Michael Fowler Centre and Opera House were quake prone](#) and, while safe to use, will need to be strengthened within 7½ years.

Wellington rate payers were already digging deep with big rates rises the past three years as the council faces a blizzard of charges including failing pipes, rising insurance, and inflation, while spending on a revamped central library and new events centre.

Property files from 2022 show Reading NZ owns three property parcels in the Courtenay area that, on 2021 ratings values, were worth \$64.3m.

Reading NZ is eventually owned by Reading's international arm, which lists the Courtenay Place complex on its website.

Reading International's online statements show it took in \$187.6m in revenue in the six months to June though ended up posting a \$23.3m loss in the half-year.

The Reading Cinemas complex on Courtenay Place, which housed a food court, retail, and cinema complex, was suddenly closed in early 2019 due to a report into its ability to withstand an earthquake. It has been empty since with many bemoaning the dead-zone it created in Courtenay Place night life.

Lambton/Pukehīnau ward councillor Iona Pannett in 2022 labelled it a "blight on the city". Various plans for a resurrection of the site have been floated.

Reading International president and chief executive Ellen Cotter in late 2022 said the company planned "a top to bottom renovation of this theatre with full luxury recliners, beautifully renovated lobby spaces and an elevated [food and beverage] experience".

But it remains virtually unchanged and earlier in October the Wellington City Council discussed [a "city activation project" in a public excluded session](#), which turned out to be about the council buying the land under the cinema. The extent of the planned purchase has not been confirmed.

The leak of the deal led Whanau to start an independent review to establish if councillors had breached the council's code of conduct in releasing the details.

- The Post

25th October 2023

[Dave Armstrong on X: "So Wellington, we all good for throwing \\$32million at the Reading Centre? Asking for a friend." / X \(twitter.com\)](#)

Post

See new posts

Conversation



Dave Armstrong

@malosilima

So Wellington, we all good for throwing \$32million at the Reading Centre?
Asking for a friend.

4:25 PM · Oct 25, 2023



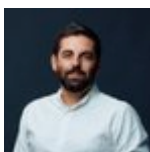
3,808

Views

12

4

36



Ben McNulty

@ponekeben

1

Oct 25

I really hope we can get the details out on this soon because there's still some fundamentals not in the public realm. Much better outcome for Wgtn than the Town Hall vote IMO.

1

12

495



Dave Armstrong

@malosilima

1

Oct 25

Okay. Looking forward to details cos it doesn't look very attractive right now.

1

2

274

Show replies

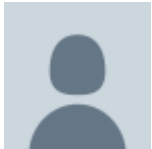
Ben McNulty

@ponekeben

⋮

Oct 25

I can 100% understand why the public reaction has been what it is based on what (little) we've shared.



Jupiter Spurlock

@JupiterSpurlock

⋮

Oct 25

Is that the mall / movie theatres (up an escalator) in Courtenay Place?

1

181



Dave Armstrong

@malosilima

.

Oct 25

Yep

1st November 2023

[Can Tory Whanau save Reading Cinema – and Courtenay Place? | The Spinoff](#)

Tory Whanau has called revitalising Courtenay Place her top priority as mayor. A secret deal to reopen Reading Cinema could be the win she needs.

Wellington's [Reading Cinema](#) complex has been sitting empty for four years, with fading paint and no signs of action in the heart of Courtenay Place, the city's entertainment hub. Getting the retail and entertainment complex reopened would be a major win for **Mayor Tory Whanau, who has repeatedly said her top priority as mayor is revitalising Courtenay Place and bringing back the sense of vibrancy that the city lost after the 2016 earthquake and Covid-19.**

It appears Whanau has struck a deal.

Earlier this month, Wellington City Council secretly voted on a "city activation project" in a public-excluded meeting. The details are still officially under wraps, but it's an open secret now that the council is negotiating to buy out the land underneath the cinema complex – reportedly for [\\$32 million](#) – to help the building's owner, Reading International, fund the earthquake repairs and upgrades it needs to reopen.

Whanau has been tight-lipped, but she told Nick Mills on Newstalk ZB this week the cinema could be open "within a few years". It's a project that would have immediate and obvious flow-on effects. In combination with the Golden Mile (2.43km) upgrades, it would be visible evidence of progress in the centre city – the kind of thing that sticks with voters far more than new strategies and policy plans.

Reading Cinema and its retail and entertainment complex, Courtenay Central, first opened in 2001. It closed temporarily after the Kaikōura earthquake in 2016, and briefly reopened in 2017 with a lick of paint and a spruced-up indoor food and entertainment space. It didn't last long before it suddenly [closed again in 2019](#) after an independent engineer's report found seismic issues with the building.

It wasn't the most culturally esteemed institution to close in the wake of the earthquake. The Central Library, the Town Hall and St James Theatre all garnered more headlines and more sympathy. Courtenay Central was kitschy by comparison, with cheap movie tickets and tacky arcade games –

but in terms of its impact on city life, it was possibly the closure that hurt the most.

It was a rare spot on Courtenay Place that was an all-ages attraction. Families with young kids going to the new Pixar flick, students mingling after class, awkward tweens on first dates. It added vibrancy and diversity to a street that is now mostly pubs, nightclubs and strip clubs, and acted as a bridge between the nightlife end of Courtenay Place and the more daytime-friendly cafes and shops of Cuba St.

Since Courtenay Central closed, the 100m stretch of Courtenay Place it occupied went from one of the most appealing places on the strip to shop and spend time in to a boarded-up wasteland you try to walk past as quickly as possible.

Who is Reading International?

Reading Wellington Properties Limited, a subsidiary of Reading International, owns 1.5 hectares of central Wellington land across three plots – the Courtenay Central complex at 80 Courtenay Place, and two carparks at 200 Wakefield St and 24 Tory St, with a combined rating value of \$55.5 million.

At one point, Reading International was the largest company in the world. It began its history as Reading Railroads, which was featured on the original Monopoly board, and in 1870 it had a market cap of \$170m – equivalent to about \$4 trillion today.

The company filed for bankruptcy in the 1970s, and Los Angeles-based lawyer James Cotter took over and used its assets to buy up movie cinemas across the United States, Australia, New Zealand and the United States. It now owns 62 cinemas with total worldwide real estate holdings of worldwide holdings of \$540 million. Twelve of the locations and 70 screens are in New Zealand.

James Cotter died in 2015, kicking off a [Succession-style](#) fight between his three children. His son James Jr was ousted as CEO in a [“massive power grab”](#) by his sisters, Ellen and Margaret, who are now the CEO and board chair respectively. Celebrity billionaire Mark Cuban is the largest outside investor, with a 12% stake.

The company's chief accounting officer, Stephen Lucas, is listed as living in Khandallah, Wellington, and is a director of Reading Wellington Properties Ltd. He did not respond to email inquiries for this story.

What is Reading planning?

Reading International has kept quiet in the media, but the company's financial documents contain some key clues for its Wellington plans.

The company's 2019 report, soon after the complex closed, said it was "laser-focused on reinventing the Courtenay Central space" and revealed details about the redevelopment plan. It included a top-to-bottom renovation, converting all auditoriums to recliner seating, converting some cinemas to larger premium offerings to compete with Imax, an "elegant lobby lounge", a new destination food hall, and additional tenant spaces.

Since Covid-19 hit in 2020, however, the financial documents have been light on detail. No money was spent on development in 2020, and the report simply said management was working through feasible strategies.

Investor reports continued to hype up the value of Wellington since the closure. "Wellington continues to be rated as one of the top cities in the world in which to live, and we continue to believe that the Courtenay Central site is located in one of the most vibrant and growing commercial and entertainment precinct areas of Wellington," this year's annual report said, emphasising its proximity to the new Tākina conference centre and the future Golden Mile upgrade.

"We remain optimistic about the development potential for our Courtenay Central property," the 2022 report said, noting the two car parking sites were some of the last large undeveloped sites in the city. That same year Reading secured council approval to use the Wakefield and Tory St sites for parking for the next 15 years, a clear sign the company has long-term plans in the city.

The annual reports also revealed that a long-running legal dispute had delayed progress. Woolworths had signed a lease in 2013 to put a Countdown supermarket on the Wakefield St site, but seemingly backed out after the cinema's seven-storey carpark had to be [pulled down in 2017](#) due to earthquake risk. A Woolworths spokesperson said the lease was terminated by mutual agreement. "We are now able to proceed with our development and seismic strengthening obligations," the Reading International investor report stated this year.

Will Tory Whanau get her win?

The big worry when the cinema closed down was that Reading International would cut its losses and walk away from Wellington for good. That doesn't appear to be happening. If the company's statements are to

be believed, it is genuinely bullish on Wellington as an investment prospect.

The bigger problem for Wellington would be if the company simply continued to landbank, using its two surface-level carparks to turn over enough revenue to pay council rates while adding nothing to the city around it.

The deal between the council and Reading is reportedly a \$32 million buyout of the land underneath the building, with a vote of 10 for and six against. Councillor Tony Randle, who was strongly opposed to the spending, [tweeted](#) immediately after the meeting that if the public knew the details they would be “incandescent”.

It comes at a politically difficult time for Tory Whanau, after another cost blowout put the cost of repairing Wellington Town Hall [as high as \\$330m](#), and with the Golden Mile upgrade about to start. Conservative councillors are predictably using the Reading Cinema purchase as another attack line about overspending.

From the information that has been made public, that line of attack doesn't appear to be fair or accurate. This deal is not the same as council spending on roads or repairs. It isn't an expenditure, it is an investment. The council already has significant land and stock holdings in its portfolio, and this deal would see it add a valuable piece of central city real estate – hopefully funded through the sale of other assets.

A councillor [The Spinoff](#) spoke to said the deal was “cost-neutral”, and Whanau herself told Nick Mills on [Newstalk ZB](#) the deal “won't impact your rates”. [The Post's Tom Hunt](#) reported Reading International has the option of buying the land back from the council within a decade at the same price it sold it. The only real risk to the council in that scenario is that it might miss out on capital gains, but it would mitigate that by charging ground leases to Reading during that time.

Does the council need to get involved in this development? No, it would obviously be better if Reading International had funded this through a bank loan or managed to secure a deal with a private investor. The council can't come to the rescue for every building that needs repairs. In the scheme of things, though, this is looking like a relatively cheap and sensible deal.

More importantly, it's a deal that will have huge benefits for the entire Courtenay Place precinct. Wellington needs its main entertainment street to thrive in order for the city to feel alive again, and getting Reading Cinema back could be the key that unlocks it all.

2nd November 2023

[Wellington mayor's secret meeting with multi-millionaire cinema bosses | The Post](#)

The multi-millionaire US owners of Reading Cinema flew to Wellington to meet secretly with new mayor Tory Whanau, just days after she was sworn into office.

Sisters Ellen and Margaret Cotter – who head the family's entertainment empire – then signed a memorandum of “collaboration and understanding” with the city council in December.

The upshot was a controversial \$32m deal for the [cash-strapped council](#) to [buy the land under the vacant complex on Courtenay Place](#) and lease it back to Reading for 21 years. Reading would then use funds from the sale to renovate the largely derelict building, which abruptly shut in 2019 after sustaining damage during the Kaikōura quake three years earlier.

The Nasdaq-listed entertainment and real estate company operates multiplexes throughout the US, Australia and New Zealand. In the first three months of the year, its global revenue of \$45.8 million increased by 14% in a year. Shareholders include high-profile billionaire businessman and [Dallas Mavericks](#) NBA basketball franchise owner Mark Cuban, who owns a 10% stake.

The council is refusing to confirm any details of the deal, including what would happen if ground conditions prove to be sub-par. A spokesperson said they hoped to be able to say more later this month “all going well”. The cinema sits on reclaimed land and liquefaction has caused substantial damage to land and structures in the city. The problem recently caused [a \\$147m blowout on the revamp of the Town Hall](#) and has raised questions about the future cost of strengthening the Michael Fowler Centre and the neighbouring Municipal Office Building.

Experts, including geotechnical specialists, spoken to by **The Post** said that while Reading would be responsible for the refurbishment, the multinational could walk away if those proved eye-watering, depending on the terms of the deal.

None were optimistic the \$32m price tag would cover the eventual bill. **The Post** has learned Whanau and officials met with chief executive and president Ellen Cotter and board chairperson Margaret Cotter in October, soon after she was sworn in.

Publicly, the following month, Ellen Cotter said the company planned [“a top-to-bottom renovation” of the theatre.](#)

But privately, the company claimed it had suffered the double impact of a loss in revenue due to the closure of the cinema, then the Covid-19 pandemic. Its financial position meant the company was “unable to easily, independently fund the redevelopment in the near future”.

The Cotters committed to working with the council to accelerate the redevelopment of the cinema complex and discussions continued with officials after the meeting about how the council could support the project. The non-binding MOCU was signed in December and said the parties would “endeavour to reach agreement on commercial terms”.

Reading owns cinemas across the country. In April 2021, it sold a 28.5 hectare parcel of industrial land in South Auckland, making a \$58.45m profit. In the same year, the firm sold their Invercargill theatre and land to the city’s downtown developer Invercargill Central Limited, but stayed on as tenants.

Through Reading Courtenay Central Limited it owns 15,000m² of land around Wellington city centre and also generates revenue through parking on the Courtenay Place site.

After being mothballed, the council also granted the company a rates remission for “property under development or earthquake strengthening.” Wellington City Council’s financial position is not in such rude health. Councillors have warned of a “crisis” and the need to make cuts to capital spending.

[An independent analysis estimates the city is facing a \\$1b shortfall.](#) But the council says its debt-to-income ratio is 168% – well below a self-imposed cap of 225% and the collective borrowing vehicle Local Government Funding Agency’s 280% limit.

On August 30, the board of directors of Reading Courtenay Central Limited approved the key commercial terms of the land deal. But it did not come before councillors until an hour-long meeting on October 4, from which the public was excluded.

They voted to start due diligence on the deal, although a number were critical when details began to leak out.

Officials told councillors the proposal to buy 7143m² of land would be “fiscally neutral”. But it comes with an opportunity cost: because the land purchase will be funded by debt, that will decrease the council’s ability to borrow for other projects.

The \$32m figure was arrived at after a valuation by Colliers. Reading would have a 21-year perpetually renewable ground lease and the right to buy back within the first 15 years. The council could sell its interest within 10 years – and would have sign-off on the design.

Seismic work must be completed by March 2035. In the commercial terms, Reading has agreed to complete the redevelopment “at the earliest, reasonably practicable, opportunity”.

An initial \$6m deposit must be used for agreed pre-construction works. Once the balance is paid, Reading has two years to obtain consents and establish a construction programme and design satisfactory to the council. The firm must also agree to “civic outcomes”, such as pedestrian access, a laneway, public toilets and the option for the council to lease ground floor space.

Officials argue the sale supports “economic vitality” by revamping the Courtenay Place precinct – a key plank of Whanau’s mayoral campaign. The re-opening of the cinema and food court would create a “safe and family-friendly” environment in an area plagued by antisocial behaviour and attract new businesses.

But the deal has opened a simmering rift between councillors. When details of the purchase were published by media, Whanau ordered an investigation into leaking.

Four of those accused – Diane Calvert, Ray Chung, Tony Randle and Nicola Young – said yesterday [they would not co-operate with the inquiry, by prominent lawyer Linda Clark.](#)

They called it a “political and biased attack” and accused the mayor of using ratepayer-funded resources to silence their criticism.

- The Post