

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Council will be held on:

Date: Wednesday 8 February 2017
Time: 9.30am
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Council OPEN AGENDA

Membership

Chairperson	Mayor A King
Deputy Chairperson	Deputy Mayor M Gallagher
Members	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman
	Cr P Yeung

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly – or as required

Lee-Ann Jordan
Governance Manager

31 January 2017

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Purpose

The Council is responsible for:

1. Providing leadership to, and advocacy on behalf of, the people of Hamilton.
2. Ensuring that all functions and powers required of a local authority under legislation, and all decisions required by legislation to be made by local authority resolution, are carried out effectively and efficiently, either by the Council or through delegation.

Terms of Reference

1. To exercise those powers and responsibilities which cannot legally be delegated by Council:
 - a) The power to make a rate.
 - b) The power to make a bylaw.
 - c) The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long Term Plan.
 - d) The power to adopt a Long Term Plan or Annual Plan, or Annual Report.
 - e) The power to appoint a Chief Executive.
 - f) The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long Term Plan, or developed for the purpose of the Council's governance statement, including the 30-Year Infrastructure Strategy.
 - g) The power to adopt a remuneration and employment policy.
 - h) The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991.
 - i) The power to approve or amend the Council's Standing Orders.
 - j) The power to approve or amend the Code of Conduct for Elected Members.
 - k) The power to appoint and discharge members of committees.
 - l) The power to establish a joint committee with another local authority or other public body.
 - m) The power to make the final decision on a recommendation from the Parliamentary Ombudsman, where it is proposed that Council not accept the recommendation.
 - n) The power to amend or replace the delegations in Council's *Delegations to Positions Policy*.
2. To exercise the following powers and responsibilities of Council, which the Council chooses to retain:
 - a) Resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer and reviewing representation arrangements.
 - b) Approval of any changes to Council's vision, and oversight of that vision by providing direction on strategic priorities and receiving regular reports on its overall achievement.
 - c) Approval of any changes to city boundaries under the Resource Management Act.
 - d) Adoption of governance level strategies, plans and policies which advance Council's vision and strategic goals.
 - e) Approval of the Triennial Agreement.

- f) Approval of the local governance statement required under the Local Government Act 2002.
- g) Approval of a proposal to the Remuneration Authority for the remuneration of Elected Members.
- h) Approval of any changes to the nature and delegations of the Committees.

Oversight of Policies:

- *Corporate Hospitality and Entertainment Policy*
- *Delegations to Positions Policy*
- *Elected Members Support Policy*
- *Significance and Engagement Policy*

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1 Apologies

2 Confirmation of Agenda

The Council to confirm the agenda.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer at the discretion of the Mayor.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Democracy Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Democracy by telephoning 07 838 6439.


Committee: Council

Date: 08 February 2017

Report Name: Council - Open Minutes - 13
December 2016

Author: Claire Guthrie

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Recommendation

That the Council confirm the Open Minutes of the Council Meeting held on 13 December 2016 as a true and correct record.

1. Attachments

2. Attachment 1 - Council - Open Minutes - 13 December 2016

Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Tuesday 13 December 2016 at 9.30am.

PRESENT

Chairperson	Mayor A King
Deputy Chairperson	Deputy Mayor M Gallagher
Members	Cr M Bunting
	Cr J R Casson
	Cr S Henry
	Cr D Macpherson
	Cr G Mallett
	Cr A O’Leary
	Cr R Pascoe
	Cr P Southgate
	Cr G Taylor
	Cr L Tooman
	Cr P Yeung

In Attendance:	Richard Briggs – Chief Executive
	Lance Vervoort – General Manager Community
	Sean Murray – Executive Director H3 and Events
	Debra Stan-Barton – Acting General Manager City Growth
	Chris Allen – General Manager Infrastructure
	David Bryant – General Manager Corporate
	Sean Hickey – General Manager Strategy and Communications
	Blair Bowcott – Executive Director Special Projects
	Luke O’Dwyer - City Planning Unit Manager
	Kelvin Powell – City Safe Unit Manager
	Andrew Parsons – City Development Manager
	Maire Porter – City Waters Manager
	Melissa Slatter – Senior Planner
	Lee Cowan – Communications Manager
	Nick Johnston – Strategic Advisor, Arts and Community
	Nancy Caiger – Chair, Mesh Sculpture Hamilton
	Stephen Halliwell – Project Advisor

Lachlan Muldowney – City Solicitor

Governance Advisors

Lee-Ann Jordan – Governance Manager
Becca Brooke – Governance Team Leader
Claire Guthrie – Committee Advisor

1. Apologies

Resolved: (Mayor King/Cr Yeung)

That the apologies for lateness from Deputy Mayor Gallagher, be received and accepted.

2. Confirmation of Agenda

Resolved: (Mayor King/Cr Mallett)

That the agenda be confirmed noting the points below:

- Item 13 (Ruakura Inland Port; Ruakura and Percival Road Stopping) to be taken after Item 5 (Council – Open Minutes – 30 November 2016) to accommodate external guests attending in relation to this Item.
- Late Item (under separate cover) – C5 (Housing Accord) to be taken in the Public Excluded session of the meeting. The reason for lateness was as a consequence of further and on-going discussions between Hamilton City Council and the Ministry of Business, Innovation and Employment (MBIE). The reason the Item is to be taken in Public Excluded is to enable Council holding the information, to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). The matter could not be taken to a later meeting due to external timeframes needing to be met.

3. Declarations of Interest

None

4. Public Forum

Dean Shields – General Manager Property, Tainui Group Holdings.

Spoke in relation to Item 13 (Ruakura Inland Port; Ruakura and Percival Road Stopping) stating that TGH is committed to the port development and would be starting works in the New Year 2017. The road closure was essential for the following reasons:

- it removed public traffic;
- allowed the efficient and effective functioning of the port;
- allowed users to access the port safely;
- permitted use of unregistered vehicles on the private road; and
- provided for an efficient rail platform.

Mr Shields confirmed TGH would meet all the costs of the road closure.

Sarah Nathan – Creative Waikato

Spoke in relation to Items 14 & 15 (Public Art Development Process and VOTR Public Artwork Panel respectively) and stated Creative Waikato would support a process to ensure artists and independent groups had access to art and urban design expertise when developing art projects. Ms Nathan believed the proposed process would provide a curation service for a consistent “look and feel” to the city.

Written Statement read out from Barbara and Allan Julian

In relation to Item 13 (Ruakura Inland Port; Ruakura and Percival Road Stopping), a statement from objectors Barbara and Allan Julian of Percival Road was read out. The statement referred to their concerns that the proposed rail crossing would breach the noise and visual mitigation measures considered appropriate by the Board of Inquiry; that there was no provision for residents cycling or walking on Ruakura Road where trucks would be entering and exiting the Inland Port; and there appeared to be no controlled intersection from Ruakura.

Deputy Mayor Gallagher joined the meeting (10.00am) during the Public Forum.

5. Council Open Minutes 30 November 2016

Resolved: (Cr Casson/Deputy Mayor Gallagher)

That the Council confirm and adopt as a true and correct record the Open Minutes of the Council Meeting held on 30 November 2016, subject to the minutes expressly recording that Mayor King withdrew from the meeting during discussion on Item 15 (Final decision on the A & A King Family Trust vs HCC Partly Operative District Plan) and Item C1 (Final decision on the A & A King Family Trust vs HCC Partly Operative District Plan) and was not present for discussion or voting on either matter.

Item 13 (Ruakura Inland Port; Ruakura and Percival Road Stopping) was taken after Item 5 (Council Open Minutes 30 November 2016) to accommodate external guests in attendance.

13. Ruakura Inland Port; Ruakura and Percival Road Stopping

The General Manager City Infrastructure introduced the staff report which sought decisions to finalise this nationally significant project which started in 2009. A series of processes had been used for community consultation on the road stopping.

Eight submissions were received, two in support and six objections with one further late objection. Staff have worked with objectors and resolved five of the seven objections. There were concerns around pedestrian and cycling safety which had been addressed, along with concerns around noise from the bells at the rail crossing. However, the final issues related to traffic efficiency could not be resolved and it was recommended that the final two objections go to the Environment Court for a decision.

Mr Muldowney, the City Solicitor, spoke to the image on page 151 of the Agenda, outlining the proposed road closure. He noted that the road would only be closed once the alternate access road had been implemented. Mr Muldowney gave an overview of the factors the Environment Court would consider in making a ruling, should the matter be referred there.

Resolved: (Mayor King/Cr Macpherson)

That:

- a) the report be received;
- b) Council approves the following conditions be confirmed as part of the road stopping process:

Ruakura and Percival Road shall not be stopped to the public until the following conditions have been met to the satisfaction of the General Manager City Infrastructure, Hamilton City Council, and in accordance with Boffa Miskell drawing A15101_058; Pedestrian and Cycle connections (December 2016):

1. *Realigned Ruakura Road shall be constructed and open for traffic*
2. *Road 3 of Tainui Group Holdings' Inland Port and the realigned Percival Road shall be constructed and open for traffic.*
3. *A 2.5m wide off-road shared footpath and cycle path shall be provided along Road 3.*
4. *A shared footpath and cyclepath shall be provided along existing Ruakura Road and Percival Road between Road 3 and the East Coast Main Trunk Railway connecting to the Ryburn/Percival Rd enclave.*
5. *A pedestrian sign (PW-29/WU1) shall be placed on Road 3 warning users of the presence of pedestrians potentially using this road.*
6. *The pre/post construction road safety audit required by conditions 45 & 46 of the Land Development Plan Consent for Areas A, C, E & F (010.2015.00008413.001) shall also consider and respond to the effect of the temporary and permanent transport network changes on pedestrians and cyclists.*
7. *Prior to the pre and post construction safety audits, the residents of the Ryburn/Percival enclave will be invited to meet with the independent safety audit team to advise them of any safety related concerns that they have observed or have in relation to the operation of the transport network connecting the enclave to the Ruakura/Silverdale Road intersection.*
8. *The new Percival Road level rail crossing shall be constructed using the KiwiRail Quiet Bell product.*
9. *2 x General Information Signs featuring the words "Furniture Refabricators"*

shall be provided and installed at the intersection of Realigned Ruakura Road and Road 3, and the intersection of Road 3 and old Ruakura Road. The sign will not feature a directional arrow.

10. *Two temporary sandwich board signs advertising the Furniture Refabricators shall be permitted at Ruakura/Silverdale Rd and Road 3/Realigned Ruakura Rd during the construction of the new Realigned Ruakura Road. These temporary signs will be removed once the construction of new road layout is completed.*

- (c) the Chief Executive be delegated authority to refer the outstanding objections to the road stopping process for parts of Ruakura and Percival Roads (approved by Strategy and Policy Committee on 3 November 2015) received from Alan and Barbara Julian of 53A Ryburn Road and Graeme Goodwin of 23 Ryburn Road to the Environment Court for a decision as prescribed by Schedule 10 of the Local Government Act 1974

The Meeting adjourned from 10.53am to 11.10am.

6. Waikato Waters Study - Consideration of Direction

The Executive Director Special Projects introduced the report which asked Council to confirm its preference on forming an asset-owning water and wastewater CCO for Hamilton City, Waipa and Waikato District Councils. This decision was postponed from last triennium to allow the newly elected councils to make the decision on the proposed CCO. There was also a recommendation to amend the draft Record of Agreement in relation to the decision making process for implementing waters meters to ensure the Council retained control of this decision.

The Executive Director reminded Elected Members that there had been a number of challenges and risks identified in the commissioned reports in relation to this project and, as a result, Waipa District Council now favoured a transitional approach. This was outlined in the MorrisonLow Report (Attachment 3 of the Report) and could be viewed as a pragmatic solution. A transitional approach to the establishment of an asset-owning CCO allowed Council to get started but introduced other decision points and opportunities to evaluate progress and options.

The Executive Director noted there would be costs involved to investigate options if the staged approach was preferred, possibly \$50,000-100, 000, but it was possible funding would be from savings in other areas and this would be reported to the Finance Committee.

In response to questions about the processes for billing ratepayers it was noted:

- That billing could be direct to consumers or it could be actioned through the Council;
- The process would be based on principles agreed to by the Council;
- The principles would be set out in the Record of Agreement; and
- The shareholders would have strong oversight to ensure processes were acceptable.

Motion: (Crs Mallett/Pascoe)

That:

- a) the report be received;
- b) Council amend the draft Record of Agreement for the decision to implement water metering as follows:

Decision	Decision-maker			Type of Shareholder Decision
	CCO Board/ Management	Shareholders Jointly	Individual Shareholders	
Implementing water metering			✓	

- c) Council confirm its decision of July 2016 to adopt a draft Record of Agreement (with the above amendment) in relation to the potential formation of a sub-regional water and wastewater CCO.
- d) the Chief Executive be delegated responsibility to progress the project including discussions with Waipa and Waikato District Councils and advisors; to identify practicable options for working together; seeking further advice and modeling and to work with the Waters Governance Group as necessary; and

- e) the Chief Executive report back to Council on the findings of any additional advice received, including a draft public consultation document, and the preferred direction of each Council for the service delivery option for Waters Services.

Amendment: (Crs Macpherson/Yeung)

That:

- a) the report be received;
- b) Council amend the draft Record of Agreement for the decision to implement water metering as follows:

Decision	Decision-maker			Type of Shareholder Decision
	CCO Board/ Management	Shareholders Jointly	Individual Shareholders	
Implementing water metering			✓	

- c) Council request further information and advice on the following options, whether for one, two or three Councils;
- a. Enhanced Shared Services;
 - b. Council Controlled Organisation(CCO), including:
 - i. Asset-owning CCO
 - ii. Non Asset-owning CCO, transitioning to Asset-owning CCO (Waipa Model)
- d) the Chief Executive be delegated responsibility to convene the Waters Governance Group, to consider progressing the project, in conjunction with Waipa and Waikato District Councils and advisors, identifying practicable options for working together; and
- e) following (c) above, the Chief Executive prepare a consultation document in discussion with the Hamilton City Council members of the Waters Governance Group, for approval by Council, by 30 June 2017.

The Amendment was put.

Those for the Amendment:

Councillors Gallagher, Yeung, O'Leary, Macpherson, Bunting, Casson, Henry, and Taylor.

Those against the Amendment:

Mayor King, Councillors Pascoe, Mallett Southgate, and Tooman.

The Amendment was declared carried.

The Amendment as the Substantive Motion was then put.

Resolved: (Crs Macpherson/Yeung)

That:

- c) the report be received;
- d) Council amend the draft Record of Agreement for the decision to implement water metering as follows:

Decision	Decision-maker			Type of Shareholder Decision
	CCO Board/ Management	Shareholders Jointly	Individual Shareholders	
Implementing water metering			✓	

- f) Council request further information and advice on the following options, whether for one, two or three Councils;
 - a. Enhanced Shared Services;
 - b. Council Controlled Organisation(CCO), including:
 - i. Asset-owning CCO
 - ii. Non Asset-owning CCO, transitioning to Asset-owning CCO (Waipa Model)
- g) the Chief Executive be delegated responsibility to convene the Waters Governance Group, to consider progressing the project, in conjunction with Waipa and Waikato District Councils and advisors, identifying practicable options for working together; and
- h) following (c) above, the Chief Executive prepare a consultation document in discussion with the Hamilton City Council members of the Waters Governance Group, for approval by Council, by 30 June 2017.

The Meeting adjourned from 1.20pm to 2.05pm.

Item14 (Public Art Development Process) and Item 15 (Victoria on the River Public Artwork Proposal) were taken after the adjournment to accommodate an external guest in attendance.

14. Public Art Development Process

General Manager Community and the Strategic Advisor for Arts and Community introduced the report. The following points were made:

- The proposed Public Art Development Process had been updated to reflect the change in Council's governance structure. It retained many aspects of the previous process and would also expedite art projects through greater delegation to the General Manager.
- The maintenance budget was for outdoor artworks only.
- There was opportunity to consider an increase in budget through the Annual Plan.
- In Stage Two of the Proposed Public Art Development Process, Elected Members' consideration would relate to health and safety issues, maintenance requirements and site suitability, and not what constitutes good art.
- Terms of reference and supplementary documentation would be provided for Stage Two of the Proposed Public Art Development Process.
- There would be provision for technical experts to provide detailed design information so there were no surprises for Stage Three of the Proposed Public Art Development Process.

Motion: (Crs Southgate/Yeung)

That:

- a) the report be received;
- b) Council approves the Proposed Public Art Development Process for Permanent Artworks (Attachment 1 of the staff report).

Amendment: (Cr Pascoe/O'Leary)

That:

- a) the report be received;
- b) Council approve the Proposed Public Art Development Process for Permanent Artworks; and
- c) a Public Art Advisory Board be established.

The Amendment was put.

Those for the Amendment: Councillors Pascoe, Tooman and O'Leary.

Those against the Amendment: Mayor King, Councillors Gallagher, Yeung, Mallett, Macpherson, Bunting, Casson, Henry, Southgate and Taylor.

The Amendment was declared lost.

The Motion was then put.

Resolved: (Crs Southgate/Yeung)

That:

- a) the report be received;
- b) Council approved the Proposed Public Art Development Process for Permanent Artworks (Attachment 1 of the staff report).

15. Victoria on the River Public Artwork Proposal

The Strategic Advisor for Arts and Community introduced the report with the Chair of the Mesh Sculpture Trust. They responded to questions on the proposal. Concerning costs to ratepayers, it was noted that Mesh is fully self-funded; costs to Council would be for future maintenance of artworks.

Nancy Caiger stated Mesh was happy with the proposed Public Art Process and wanted to continue to work with Council to bring new artwork to the City. The proposal sought approval of the artist's brief so the process could be started in the New Year. Their aim was an artwork that engaged the public with Victoria on the River and they would leave the artists to come up with concepts to achieve this. Guidance would be sought from Council once details of the proposed artwork were decided with the artist.

Resolved: (Mayor King/Cr O'Leary)

That:

- a) the report be received;
- b) Council approves Mesh Sculpture Trust's public art proposal for the Victoria on the River site at Stage One of the Public Art Development Process; and
- c) the General Manager Community ensures appropriate consultation is undertaken between MESH and VOTR architects as to the sculpture's location.

Item 11 (Rubbish and Recycling – Referral of Submissions to Regulatory Hearings Committee) was taken after Item 15 (Victoria on the River Public Artwork Proposal) to accommodate staff availability.

11. Rubbish and Recycling - Referral of Submissions to Regulatory Hearings Committee

Resolved: (Crs O'Leary/Tooman)

That:

- a) the report be received;
- b) Council approves the Regulatory and Hearings Committee to hear submissions in February 2017 from the rubbish and recycling public engagement process.

7. Chair's Report

Mayor King spoke to his report. He noted that external taskforce members would include non-planning professionals such as architects and surveyors, i.e. people who were involved in working with both sides of the planning and building processes. The Regulatory Efficiency and Effective Taskforce would include expert staff from within the organisation and would report back to Council.

Resolved: (Mayor King/Cr Casson)

That:

- a) the report be received;
- b) a Regulatory Efficiency and Effective Taskforce is established and that the membership of this taskforce is:
 - The Mayor;
 - Chief Executive;
 - General Manager, Infrastructure;
 - General Manager, City Growth; and
 - three External Members (to be selected by the members of the Taskforce)

8. Delegations to Positions Policy

The report was taken as read.

Resolved: (Crs Tooman/O'Leary)

That:

- a) the report be received;
- b) Council approves the delegations to the Committees and other subordinate decision-making bodies, and external appointments, as detailed in the Governance Structure document approved by Council on 9 November 2016; and
- c) Council approves the revised Delegations to Positions Policy (Attachment 2 of the staff report), which is to replace the current Delegations to Positions Policy with effect from 1 February 2017, and the delegations detailed in the Policy.

9. Re-appointment of Panel of Independent Hearings Commissioners for certain RMA Matters

It was noted that the list of commissioners did not include any new members or many women. It was confirmed that any Elected Members who are Commissioners would be approached to take hearings. The Chief Executive would source information on courses for Elected Members who wished to become Independent Hearings Commissioners.

Resolved: (Crs O'Leary/Tooman)

That the report be received.

Cr Southgate dissenting.

10. North City Road Land

The report was taken as read.

Resolved: (Mayor King/Cr Southgate)

That:

- a) the report be received;
- b) the areas of land identified as A and B in Attachment 1 of the staff report are declared surplus to Council requirements;
- c) the areas of land identified as A and B in Attachment 1 of the staff report, subject to legal survey, are offered back to the previous owners for purchase in terms of section 40 of the Public Works Act 1981;
- d) the areas identified as A and B in Attachment 1 of the staff report are not required by the previous owners, they are sold on the open market at a purchase price supported by independent market advice;
- e) the road area identified as C in Attachment 1 of the staff report be stopped and sold on the open market at a purchase price supported by independent market valuation, subject to finalisation of access arranged for the Hamilton Christian School; and
- f) the Chief Executive be delegated authority to:
 - i. commence the disposal of areas A & B in Attachment 1 of the staff report at this time;
 - ii. determine the appropriate time to initiate the formal road stopping process over Area C in Attachment 1 of the staff report and dispose of the land;
 - iii. execute all documentation in relation to the road stopping and sale and purchase process for the identified land areas shown on Attachment 1 of the staff report as A, B and C.

Cr Pascoe left the meeting at 3.55pm during the above Item. He was not present when the matter was voted on.

12. Access Hamilton Strategy

The General Manager Infrastructure introduced the report.

The report proposed revising the Access Hamilton Strategy to align with national and regional policy and to allow the city to access national land transport funding.

It was also proposed to form a Taskforce to review central city parking. Strategies from the Central City Transformation Plan, such as free parking before 9am and after 3pm, and new parking technology were already implemented or underway. It was considered appropriate to review the effectiveness of the changes.

In addition, on-street parking opportunities in the central city were being reviewed and consultation was to be undertaken with local businesses and the Hamilton Central Business Association and reported back to the Growth and Infrastructure Committee in February 2017.

Extension of Time

Resolved: (Crs Macpherson/Casson)

That the Meeting be extended in accordance with Standing Order 3.2.7.

Resolved: (Crs Bunting/Macpherson)

That:

- a) the report be received;
- b) Council approve the Terms of Reference for an Access Hamilton Strategy Task Force (noting Deputy Mayor Gallagher and Cr Southgate as the additional Elected Members; and a representative from NZTA and a representative from Waikato Regional Council as ex officio positions) attached to this report, and that the Task Force report back to the Growth and Infrastructure Committee by June 2017;
- c) Council approve the Terms of Reference for a Central City Parking Control Task Force (noting Crs Bunting and O'Leary as the additional Elected Members; and the Chair of Hamilton Central Business Association (HCBA) as the External Appointee) attached to this report, and that the Task Force report back to the Growth and Infrastructure Committee by June 2017; and
- d) Council request staff to report back to the Growth and Infrastructure Committee in February 2017 identifying all opportunities to increase the on street parking numbers in the Central City.

Cr Pascoe re-joined the meeting at 4.05pm during the discussion on the above Item. He was present when the matter was voted on.

16. Western Rail Trail Update

General Manager Infrastructure introduced the staff report and expressed his disappointment that the budget had not been met because of the following issues:

- A contract schedule error meant the traffic signal ducts had been omitted from both contractors agreements; and
- Land contaminated by asbestos and other refuse had increased costs substantially.

The General Manager Infrastructure stated an independent group had undertaken a review of the scope and remaining risk to this project and the additional requested funding was based on this review. The funding requested included a reasonable contingency figure.

Concerns were raised that the proposed areas of savings on the project would reduce the quality of the rail trail. It was clarified that the planting that was not proceeding at this point (because of the hot weather) would be completed next year at a suitable time and the reduction in CCTV and lighting would not affect safety.

There were three discretionary traffic projects that could be put on hold and the funding diverted to the rail trail as well as surplus funding from the Rototuna Roothing upgrade project. In combination this should be sufficient to offset costs ensuring no impact on Council's financial strategy.

Resolved: (Crs Mallett/Macpherson)

That:

- a) the report be received;
- b) Council approve an increase of \$920,000 to the Approved Contract Sum for Contract 15363; Western Rail Bike Trail from \$4,280,000 to \$5,200,000 excluding GST which includes a contingency allowance of \$500,000 for further unforeseen risks.

17. Resolution to Exclude the Public

Resolved: (Crs Casson/Bunting)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Council Public Excluded Minutes 30 November 2016	) Good reason to withhold) information exists under	Section 48(1)(a)
C2. Recommended appointment of a Trustee to Vibrant Hamilton Trust	) Section 7 Local Government) Official Information and) Meetings Act 1987)	
C3. Variation to Contract 11079 for the External Appointments to the Audit and Risk Committee		
C4. Approval - Renewal of Stadia Contracts		
C5. Housing Accord (LATE ITEM)		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C3.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C4.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
Item C5. (LATE ITEM).	to enable Council holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	Section 7 (2) (i)

The Meeting adjourned from 4.52pm to 5.05pm.

The Meeting went into a Public Excluded session at 5.05pm.

The Meeting adjourned at 6.00pm during the Public Excluded session and reconvened at 10.43am on Wednesday, 14 December 2016.

The Meeting was declared closed at 1.00pm, Wednesday, 14 December 2016.

Committee: Council**Date:** 08 February 2017**Report Name:** HCC's Draft 2 Submission to the Health (Fluoridation of Drinking Water) Amendment Bill**Author:** Mark Brougham

Report Status	<i>Open</i>
Strategy, Policy or Plan context	• Water New Zealand - Code of Practice for the Fluoridation of Drinking Water Supplies in NZ 2014 • MOH Drinking-Water Standards of NZ 2005 (Revised 2008) MOH Guidelines for Drinking-Water Quality Management for NZ
Financial status	<i>The cost of \$4,000 to undertake development of the draft submission has been incorporated within existing work programmes. There is no separate budget allocation.</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance.</i>

1. Purpose of the Report

- To seek Council approval of HCC's **Draft 2** submission to the Health (Fluoridation of Drinking Water) Amendment Bill.

3. Executive Summary

- The Health (Fluoridation of Drinking Water) Amendment Bill amends Part 2A of the Health Act 1956 by inserting a power for District Health Boards (DHBs) to make decisions and give directions about the fluoridation of local government drinking water supplies in their areas.
- In deciding whether to make a direction, DHBs will be required to consider scientific evidence and whether the benefits of adding fluoride to drinking water outweigh the financial costs, taking into account local oral health status, population numbers, and financial cost and savings.
- The Bill also provides two offence provisions, which make it an offence for a local government drinking water supplier not to comply with DHB directions on whether a water supply should be fluoridated, and for a local government drinking water supplier to discontinue fluoridating their water where they are already doing so, unless directed not to by the relevant DHB.
- The Bill was open for public submissions between 6 December 2016 and 2 February 2017.
- Staff therefore lodged a 'placeholder' submission to the Bill on 26 January 2017 with Parliament's Health Committee (as advised by the Deputy Clerk of the Health Committee).
- This stated that Council will be considering a draft submission to the Bill at its 8 February 2017 meeting and that once this is approved, a final version will be sent to the Health Committee.

10. HCC's **Draft 2** submission (Attachment 1) incorporates comments on **Draft 1**, which was circulated to Elected Members for feedback on 20 January 2017.
11. Section 2.5 ('Ongoing Research into Water Fluoridation') has been added as a result of feedback from Councillor Henry. No other Elected Member feedback was received.
12. **Draft 2** also includes a letter dated 17 June 2013 from HCC to the Minister of Health regarding the fluoridation of Hamilton's water supply (Attachment 2).

Recommendations from Management

That:

- a) the report be received;
- b) Council approve HCC's 8 February 2017 **Draft 2** submission (#481) to the Health (Fluoridation of Drinking Water) Amendment Bill;
- c) the approved submission #481 then be sent to Parliament's Health Committee;
- d) the approved submission be uploaded to HCC's website; and
- e) local Members of Parliament be advised of and encouraged to support the approved submission.

13. Attachments

14. Attachment 1 - HCCs Draft 2 Submission to the Health (Fluoridation of Drinking Water) Amendment Bill (8 February 2017)
15. Attachment 2 - Letter to the Minister of Health on Fluoridation of Hamiltons Water Supply (17 June 2013)

Signatory

Authoriser	Sean Hickey, General Manager Strategy and Communications
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DRAFT 2

Private Bag 3010
Hamilton 3240
New Zealand

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hamilton.govt.nz

Submission by Hamilton City Council

Health (Fluoridation of Drinking Water) Amendment Bill

8 February 2017

1 Introduction

- 1.1 Hamilton City Council (HCC) thanks Parliament's Health Committee for the opportunity to make a submission to the Health (Fluoridation of Drinking Water) Amendment Bill.
- 1.2 As noted in its 26 January 2017 'placeholder' submission to the Bill, the following submission was approved by HCC at its 8 February 2017 meeting.

2 Specific Comments

2.1 LGNZ's Submission

- 2.1.1 HCC supports LGNZ's submission to the Health (Fluoridation of Drinking Water) Amendment Bill in relation to Central Government taking responsibility for decision-making in regard to the fluoridation of drinking water supplies (including meeting the costs associated with fluoridation of drinking water supplies).
- 2.1.2 HCC notes that the Bill was introduced to enable District Health Boards (DHBs) rather than local authorities to decide whether drinking water supplies are fluoridated.
- 2.1.3 HCC agrees that such decision-making should rest with central government. As the addition of fluoride is a public health initiative, public health experts should make the decision as to whether a district or city or should fluoridate its drinking water supplies.
- 2.1.4 This position is consistent with a previous HCC decision conveyed to the Minister of Health in a letter dated 17 June 2013 (copy attached – refer Appendix 1).

2.2 Community Input into DHB Decision-Making

- 2.2.1 HCC notes that previous decisions around the issue of fluoride have had a strong element of community engagement.
- 2.2.2 Given this, HCC requests that consideration is given to meaningful ways for the community in a district or city to provide input into any decision-making about fluoridating drinking water supplies or not fluoridating drinking water supplies.

2.3 The Cost of Fluoridation

- 2.3.1 The Bill does not specify who should be responsible for meeting the costs of fluoridating drinking water supplies.
- 2.3.2 HCC supports LGNZ's submission on this issue i.e. that the costs should be covered by the decision-maker.
- 2.3.3 This provision needs to be incorporated into the final Act, and include councils who currently fluoridate their drinking water supplies as well as councils who will be required to fluoridate their drinking water supplies in the future.

2.4 Fluoride-Free Taps

- 2.4.1 In April 2016, HCC approved two options for people wanting access to an unfluoridated drinking water supply in Hamilton. The options were developed after submissions made to HCC's 2015-25 Long-Term Plan.
- 2.4.2 The Taitua Arboretum site (on the western side of Hamilton) uses an existing bore, which is UV-treated and has no chlorine or fluoride added. The supply has been registered with the NZ Drinking Water Supply Register.
- 2.4.3 The other site (Claudelands Park, on the eastern side of Hamilton) draws its water from the city's reticulated supply, and uses de-ionising technology to remove the fluoride. This supply is chlorinated.
- 2.4.4 The capital cost of establishing both supplies was approximately \$70,000, with an ongoing combined annual operational cost estimated to be around \$5,000.
- 2.4.5 HCC would like bring to the attention of the Health Committee that these supplies were provided in response to a request from the community for the provision of a fluoride-free drinking water source.
- 2.4.6 The final Act needs to make provision allowing for this type of fluoride-free drinking water supply to the community.

2.5 Ongoing Research into Water Fluoridation

- 2.5.1 HCC supports central government's ongoing research into water fluoridation (particularly research from reputable national and international agencies), which can be used to refine national guidelines provided to local authorities who are directed to add fluoride to their community drinking water supplies.

3 Further Information

- 3.1 Should the Health Committee require clarification of the points raised in this submission, or further information, please contact Maire Porter (City Waters Manager) on 021726977, email Maire.Porter@hcc.govt.nz in the first instance.

Yours faithfully

Richard Briggs
CHIEF EXECUTIVE

HCC Ref: D-2311940 / Sub #: 481

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OFFICE OF THE MAYOR
HAMILTON

17 June 2013

COPY

Hon Tony Ryall
Minister of Health
Freepost Parliament
Private Bag 18 888
Parliament Buildings
Wellington 6160

By email: t.ryall@ministers.govt.nz

Dear Minister

I am writing to advise you of the decision made by the Hamilton City Council on 5 June 2013 in relation to fluoridation of the city's water supply.

The Council resolved that it stop adding fluoride to Hamilton's water supply effective from the date current stocks on hand have been used, that date expected to be no later than Friday 21 June 2013.

This decision followed a public consultation process which received 1557 submissions and a four day Tribunal hearing process, which included the Ministry of Health/Waikato District Health Board and Free Fluoride having 90 minutes each to present their position and to then sum up their respective positions at the end of the Tribunal hearing. Written and oral submissions were received from a range of people, including medical and dental practitioners and people with qualifications in science and pharmacology.

The written submissions and webcam recording of the Tribunal process are available on the Hamilton City Council website.

The Council also resolved that you be advised of the following matters:

1. The cost of the Tribunal process was approximately \$4,000 plus staff time, which involved around 150 hours of a senior policy analyst role and another 100 hours of administrative support.
2. The Council's view is that central government is responsible for providing health services and the decision about whether to fluoridate drinking water or not, is a decision for central government not local government.

Telephone +64 7 838 6976
Email mayor@hcc.govt.nz Hamilton City Council Garden Place, Hamilton
Postal Address Private Bag 3010, Hamilton 3240, New Zealand



For your information, attached are copies of communication made to the Prime Minister's Chief Science Advisor in July 2012 following a request by the Council, and the response received. I am advised that Council staff followed up twice seeking a response, but none was received.

Yours sincerely

Julie Hardaker
Mayor of Hamilton
File Ref: D-1028663

Cc: Tim Macindoe MP for Hamilton West
David Bennett MP for Hamilton East

Telephone +64 7 838 6976
Email mayor@hcc.govt.nz Hamilton City Council Garden Place, Hamilton
Postal Address Private Bag 3010, Hamilton 3240, New Zealand

6 July 2012

Mr Peter Gluckman
Chief Science Advisor
Office of the Prime Minister's Science Advisory Committee
PO Box 108-117,
Symonds Street,
Auckland 1150,

Dear Sir

FLUORIDATION OF MUNICIPAL WATER SUPPLIES

Hamilton City Council has received a number of submissions on the issue of fluoridation of the city's water supply through its 10-Year Plan consultation process.

The issue of fluoridation is highly technical with scientific evidence provided by both sides of the debate. Council's Elected Representatives do not feel they have the appropriate knowledge or skills to assess the conflicting research on this matter.

As this issue is raised with local authorities across the country on a regular basis, it is suggested that a national position would be useful. It is further suggested that the Prime Ministers Chief Science Advisor would be in the best position to provide such a view.

At Council's 10-Year Plan deliberations, Elected Representatives resolved to refer the issue of whether or not to continue to fluoridate Hamilton's water supply to an upcoming Strategy and Policy Committee meeting.

To assist with this discussion and decision making, Council has requested that I contact you with a formal request to provide advice and a national position for local authorities concerning the fluoridation of municipal water supplies.

The Strategy and Policy Committee meeting has been schedule for September 2012. Your views would be appreciated within this timeframe.



Paul Gower
Acting Strategy and Research Manager

Strategy & Research



OFFICE OF THE PRIME MINISTER'S SCIENCE ADVISORY COMMITTEE

Professor Sir Peter Gluckman, KNZM FRSNZ FMedSci FRS
Chief Science Advisor

3 August 2012

Mr Paul Gower
Acting Strategy and Research Manager
Hamilton City Council
Private Bag 3010
HAMILTON 3240
paul.gower@hcc.govt.nz

Dear Mr Gower

Fluoridation of municipal water supplies

Thank you for your letter of 6 July, and I apologise for not responding earlier.

The issue of water fluoridation is indeed contentious (although in our opinion unnecessarily so) as illustrated by the recent decision of the New Plymouth District Council. We are sympathetic to your request for advice on a national position, although it is unclear what this would add to existing advice from the National Fluoridation Information Service and other sources.

Next week I will discuss the best approach with the Chief Dental Officer at the Ministry of Health, and will get back to you.

Regards

Dr Alan S Beedle
Chief of Staff, Office of the Prime Minister's Science Advisory Committee
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Telephone: +64 9 923 1788 Facsimile: +64 9 373 7497
Website: www.pmcsa.org.nz Email: csa@pmcsa.org.nz

Committee: Council**Date:** 08 February 2017
Report Name: Provisional Local Alcohol Policy
 - Update
Author: Riki Manarangi

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Provisional Local Alcohol Policy</i>
Financial status	<i>The costs for progressing the policy through the appeals process to date are \$10,000.</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

To:

- a) inform Council of the status of the Provisional Local Alcohol Policy (**PLAP**) appeals process;
- b) inform Council of requests to reconsider provisions; and
- c) seek Council approval for one of the four options provided in this report for progressing the PLAP.

2. Executive Summary

3. Councils may develop a Local Alcohol Policy (LAP) to introduce specific restrictions in regard to the supply and sale of alcohol within their territorial authority area (refer point 21).
4. If Council does not have an LAP, applications for alcohol licences will be determined by the Sale and Supply of Alcohol Act 2012 (the Act).
5. Council commenced the development of an LAP in 2012 and notified a Proposed LAP on 27 January 2016.
6. Three (3) appeals were filed against the PLAP from Progressive Enterprises, Foodstuffs North Island Ltd and Te Whanau Roopu O Aotearoa.
7. The key themes of the appeals from the supermarket chains are:
 - a) Later off-licence closing times.
 - b) Location restrictions relating to zoning to be removed and/or to be addressed through the District Plan and Resource Management Act (RMA), rather than through the Local Alcohol Policy (LAP)
 - c) Location restrictions relating to schools and early childcare facilities to be clarified, to be more permissive for supermarkets, and/or to be addressed through the District Plan and RMA, rather than through the LAP.
8. Council resolved to address the appealed elements by entering into negotiations with the three appellants on 28 April 2016 (Link to Council report: [C-5343](#)).
9. Council has been in negotiations with the three appellants and has progressed further with both Progressive Enterprises and Foodstuffs North Island Ltd.

10. The Whanau Roopu O Aotearoa-Komiti Maaori's grounds for appeal are less clear but the organisation appears to support restrictions to off-licence premises. Staff will continue to negotiate with the group based on the agreement with the two other appellants.
11. Council has since received requests from the New Zealand Police (**the Police**) and the Waikato District Health Board (**the DHB**) to reconsider the inclusion of a one-way door restriction in the LAP.
12. The current PLAP does not include a one-way door restriction. The draft LAP did include a restriction but Council, in the deliberations on the PLAP on 3 November 2015, resolved to remove the restriction. This is outlined in paragraphs 54 – 62 of this report.
13. As the one-way door policy is not part of the current PLAP, the clause would be a new element and therefore cannot be inserted into the current PLAP during the appeal process.
14. Council has the following options:
 - a) Option 1 - Continue to negotiate and agree on a policy that all parties will agree to. If a resolution is achieved, the PLAP is then re-notified to all original submitters, including the Police and the DHB. The Police and the DHB could then object to the policy and ask for inclusion of the one-way door restriction. However, as this element is currently not part of the PLAP, there is uncertainty as to whether the Alcohol Regulatory and Licensing Authority (**ARLA**) would allow the appeal. This option could result in the adoption of a LAP with some restrictions. This could be in place while Council considers whether to review the LAP.
 - b) Option 2 - Cease to negotiate, allow the PLAP to be considered by ARLA as adopted and defend the PLAP. This would not provide the opportunity for the inclusion of a one-way door restriction. This option could result in the adoption of a LAP with some restrictions. This could be in place while Council considers whether to review the LAP.
 - c) Option 3 - Abandon the PLAP and commence the development of a new policy. This policy can include any other changes determined by Council including that of a one-way door restriction. This policy would follow the same process and could be appealed by the submitters. ARLA has made clear, through the appeals it has already heard, that restrictions must be supported by local evidence.
 - d) Option 4 – Abandon the PLAP and have no Local Alcohol Policy. In this case, the Act would apply.

Recommendations from Management

That:

- a) the report be received;
- b) Council approves one of the following options:
 - (i) **Option 1** - Continue to negotiate and agree on a policy that all parties will agree to.
 - (ii) **Option 2** - Cease to negotiate, allow the PLAP to be considered by ARLA as adopted and defend the PLAP.
 - (iii) **Option 3** - Abandon the PLAP and commence the development of a new policy.
 - (iv) **Option 4** – Abandon the PLAP and have no Local Alcohol Policy.

15. Attachments

16. Attachment 1 - LAP - PLAP Appeal Process Flowchart
17. Attachment 2 - NZ Police - One-way Door Restriction - 2016-12-06
18. Attachment 3 - Waikato DHB Letter - One-way Door Restriction - 2016-12-08

19. **Background to the LAP**
20. The Act allows territorial authorities to develop a LAP.
21. The LAP allows Council to set specific restrictions in relation to the supply and sale of alcohol. These restrictions are:
 - a) limiting the location of licences in particular areas or near certain types of facilities such as in specific neighbourhoods or near schools or churches (this doesn't apply to special licences)
 - b) limiting the density of licences by specifying whether new licences or types of licences should be issued in a particular area (this doesn't apply to special licences)
 - c) imposing conditions on groups of licences, such as a 'one-way door' condition that would allow patrons to leave premises but not enter or re-enter after a certain time
 - d) restricting or extending the maximum opening hours set in the Act.
22. An LAP provides guidance to applicants applying for a licence. It is used by the District Licensing Committee (**DLC**) and ARLA when determining licence applications.
23. The requirement for Council to adopt an LAP is not mandatory. If Council does not adopt an LAP, the DLC and ARLA apply the provisions of the Act in determining licence conditions.
24. Local evidence
25. An LAP can have different conditions for different areas within the council's district. ARLA made it clear in an earlier decision that a LAP "is not a national policy and evidence of national characteristics will seldom be of value except to provide a background for evidence of local issues. It is a local policy prepared by local people who know and understand the local problems in their locality."
26. This was reinforced in another decision, where ARLA stated that "evidence of research undertaken in other countries or even on a national basis in New Zealand, is unlikely to be of assistance ... What is of assistance is what happens in the relevant district. The national or international research evidence needs to have a connection with what occurs in the district ... it is the local issues that are relevant."
27. Therefore elements within the LAP must be supported by local evidence to stand the test against ARLA.
28. In developing a LAP, Council must:
 - a) Develop a draft LAP in consultation with the Police, licensing inspectors and Medical Officers of Health.
 - b) Consult the community on the draft policy using the special consultative procedure (**the SCP**) in the Local Government Act 2002 (**the LGA**).
 - c) Prepare a PLAP based on consultation feedback.
 - d) Give public notice of the PLAP. The PLAP can be appealed at this stage.
 - e) Adopt the PLAP. A PLAP becomes final 30 days after it is publicly notified (or after any appeals are addressed).
29. 'Unreasonable in light of the object of the Act'
30. When preparing a PLAP, Council must consider what must be incorporated in the PLAP to achieve the object of the Act in its locality. If:
 - a) the proposed measures constitute a disproportionate or excessive response to the perceived problems; or
 - b) its proposed measures are partial or unequal in their operation between license holders; or
 - c) an element of a PLAP is manifestly unjust or discloses bad faith; or
 - d) it is oppressive or gratuitous (i.e. interference) with the rights of those affected;then it is likely that the new measures will be unreasonable in the light of the object of the Act.

31. If the PLAP is appealed (See attachment 1)
- a) Appeals are limited to any person(s) or agency that made submissions on the draft LAP appealing against any element of the PLAP.
 - b) The only ground on which an element in the PLAP can be appealed is that it is unreasonable in light of the object of the Act (safe and responsible sale, supply and consumption of alcohol and minimization of harm caused by excessive or inappropriate consumption of alcohol). The appellant must identify the element or elements of the PLAP appealed against and why they consider it unreasonable in light of the object of the Act.
 - c) Appeals are made directly to ARLA. ARLA issued a practice note for the process by which agreed resolutions to appeals are resolved. Specifically this requires:
 - i. All parties to the appeal to come to an agreement on the appeal elements.
 - ii. All submitters to the draft LAP being notified of the proposed agreement and their right to be heard.
 - iii. None of the submitters to oppose the proposed element (these are called s205 parties).
 - iv. ARLA being satisfied the proposed agreement is not unreasonable in light of the object of the Act.
 - d) The practice note requires all parties to agree on the proposed changes to an element. This includes any original submitters to the draft LAP that may object a resulting proposal negotiated with the appellants.
32. The burden is on the appellant to satisfy ARLA that an element is unreasonable in light of the object of the Act (*Hospitality New Zealand Incorporated v Tasman District Council*).
33. The degree to which the element achieves the objective of the Act is not a matter to be determined by ARLA unless the element significantly invades public or private rights (*Christchurch City Council PLAP Consent Order*, 18 August 2016).
34. Where the parties to an appeal approach ARLA and concede that an element is unreasonable, the Authority will be slow to disagree (*Christchurch City Council PLAP Consent Order*, 18 August 2016).
35. Once the LAP is adopted, Council must give public notice of the LAP's adoption and the date it will come into effect (as determined by council resolution).
36. **Council's LAP Development**
37. [A draft LAP](#) was developed between November 2012 and June 2013 by a Councillor Working Group consisting of Her Worship the Mayor Julie Hardaker and Councillors O'Leary, Forsyth, Bos, Gallagher, and Westphal.
38. Council considered the draft LAP on [21 November 2013](#) and approved the draft LAP for consultation on [28 November 2013](#). The Act requires the use of the SCP for the draft LAP.
39. Public consultation opened on 14 January and closed on 17 February 2014.
40. In total 95 submissions were received with 36 submitters scheduled to be heard. A list of the submitters with full copies of submissions was made available on [Council's website](#) on Friday 7 March 2014.

41. The following table outlines the level of support for the draft LAP:

	Support policy	Oppose policy	Not Stated
Individuals	21	5	5
Industry representatives	1	1	3
Off-licences + Clubs + Remote sellers	1	6	12
On-licences	6	1	17
Community representatives	7	2	5
Total (93)	36	15	42

42. Hearings were held on 28 March 2014.
43. On 30 April 2014 Council deferred the development of the PLAP until ARLA heard the first appeals against other councils. These appeals clarified fundamental issues for the development of LAPs.
44. A LAP update was provided to Councillor briefings in September 2014 and later in May 2015.
45. On 12 May 2015 Council agreed for the Councillor LAP working group to reconvene and progress the development of the PLAP. Members of the working group met on 22 July 2015 (Her Worship the Mayor and Councillors O'Leary, Tooman and Pascoe) and requested that deliberations be scheduled for a September 2015 Strategy and Policy Committee meeting. A summary of the 21 key issues were prepared based on the submissions received in February 2014.
46. Council adopted the PLAP on 26 November 2015 after the three-year process.
47. The PLAP was prepared on the basis of the direction provided from the decisions as per the 29 September 2015 Strategy and Policy Committee deliberations and was presented to the Strategy and Policy Committee 3 November 2015 which debated three items:
- One-way door restriction
 - Maximum trading hours (on-licences)
 - Maximum trading hours (off-licences)
48. The PLAP was notified on 27 January 2016 and was open for appeal for 30 days, as required by the Act.
49. Three (3) Notices of Appeal against the PLAP have been filed with ARLA. The appellants are:
- Progressive Enterprises
 - Foodstuffs North Island Ltd
 - Te Whanau Roopu O Aotearoa-Komiti Maaori.

50. Negotiation Summary

51. Council resolved on 28 April 2016 to address the appealed elements by entering into negotiations with the three appellants. A link to the public excluded report is provided: [C-5343](#) (The report was public excluded as it details Council's negotiation positions and approach).
52. Staff were empowered to negotiate with the appellants.
53. The following table outlines the relevant clause, position of the PLAP, position of the appellants and the status in terms of negotiations:

a) Clause 10 – Off-licence trading hours

Matter	Maximum trading hours for premises holding off-licences (s77(1)(e))
Position in the PLAP	<i>Clause 10 Maximum trading hours applicable to off-licences in Hamilton City are as follows: 7.00am to 9.00pm Monday to Sunday</i>

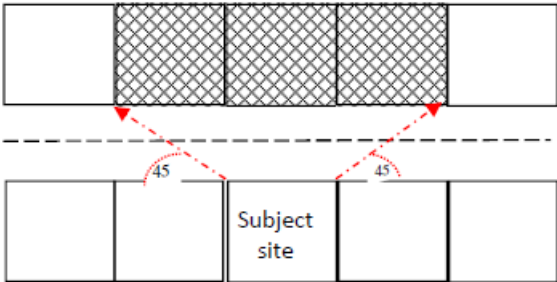
Appealed by	Progressive Enterprises Foodstuffs North Island Ltd Te Whanau Roopu O Aotearoa-Komiti Maaori
Appellant Position	Progressive Enterprises – 11pm closing time Foodstuffs North Island Ltd – preference 11pm closing time but comfortable with 10pm closing time. Te Whanau Roopu O Aotearoa-Komiti Maaori – not clarified
Appellant Grounds	That the element is unreasonable in light of the object of the Act as there is lack of evidence to show that an earlier closing time minimises harm caused by excessive or inappropriate consumption of alcohol. Supermarkets have restrictions that apply to supermarkets and other grocery stores but not to other off-licences: - they cannot sell hard liquor and RTDs - they cannot have external displays of advertising. The parties argue that Council does not have the evidence to support the rationale for the clause. The parties argue that they have data relating to 18-25 year olds purchasing alcohol between 9pm and 11pm do mostly at bottle stores and on-licences.
Negotiation Status	An agreement has been entered into with Progressive Enterprises and Foodstuffs North Island Ltd regarding off-licence trading hours. Council has been unable to get agreement with Te Whanau Roopu O Aotearoa in relation to off-licence trading hours. The agreed position is not disclosed given negotiations are still taking place.

b) Clause 11 – Location of Off-licences

Matter	Restrictions on location of off-licences
Position in the PLAP	Section 11 <i>From the date this policy comes into force, no further off-licences shall be issued for any premises unless that premises is located in the central City Zone, Major Facilities, or Business Zones 1-6 of the Proposed District Plan (or the resulting Operative District Plan).</i>
Appealed by	Progressive Enterprises Foodstuffs North Island Ltd
Appellant Position	Progressive Enterprises – Location restrictions should be addressed under the RMA and District Plan tools. Foodstuffs North Island Ltd – Concerned their current stores (that are in industrial and residential zones) would breach zoning conditions. This was addressed in the PLAP. The parties requested that the PLAP does not contain location restrictions as they perceive this to reduce opportunities to support future growth.

Appellant Grounds	That the element is unreasonable in light of the object of the Act as evidence does not show that a restriction on location minimises harm caused by excessive or inappropriate consumption of alcohol. A restriction is unreasonable based on lack of evidence and lack of consideration of the restrictions which apply to supermarkets. Foodstuffs also state that the zones in question cannot be precisely determined.
Negotiation Status	An agreement has been entered into with both Progressive Enterprises and Foodstuffs North Island Ltd regarding restrictions on location of off-licences. The agreed position is not disclosed given negotiations are still taking place.

c) Clause 13 – Location in relation to schools and early childcare facilities

Matter	Restriction on location of off-licences in relation to schools and early childcare facilities.
Position in the PLAP	Section 13 <i>From the date this policy comes into force, no further off-licences shall be issued for a premise that directly borders any school or early childcare facility existing at the time the licence application is made. "Directly borders" includes across any road from such facility as shown in the graphic below:</i> 
Appealed by	Progressive Enterprises Foodstuffs North Island Ltd
Appellant Position	Progressive Enterprises – Location restrictions should be addressed under the RMA and District Plan. Foodstuffs North Island Ltd – Concern over use of ‘new’. This was addressed in the PLAP. Requested distinction between supermarkets and bottle stores, with bottle stores having a location restriction in relation to schools and early childcare facilities.
Appellant Grounds	That the element is unreasonable in light of the object of the Act as evidence does not show that a restriction on location minimises of harm caused by excessive or inappropriate consumption of alcohol. Restriction is unreasonable based on lack of evidence and lack of consideration of the restrictions that apply to supermarkets – namely they cannot have external displays of advertising. Foodstuff criticizes the lack of definitions for ‘school’ and ‘early childhood facility’, and says that the graphic illustrating the meaning of ‘directly borders’ is unclear.

Negotiation Status	An agreement has been entered into with both Progressive Enterprises and Foodstuffs North Island Ltd regarding restrictions on locations in relation to schools and early childcare facilities. The agreed position is not disclosed given negotiations are still taking place.
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d) Clause 5 – On licence trading hours

Matter	Maximum trading hours for premises holding on-licences Clause 5
Position PLAP	<i>Maximum trading hours applicable to on-licences in Hamilton City are as follows:</i> <i>Central City Zone as outlined in the Proposed District Plan (or resulting Operative District Plan)</i> <i>Monday to Sunday 7.00am to 3.00am the following day</i> <i>Other</i> <i>Monday to Sunday 7.00am to 1.00am the following day</i>
Appealed by	Te Whanau Roopu O Aotearoa-Komiti Maaori
Appellant Position	Not stated
Negotiation Status	Staff have been empowered to negotiate with the appellant Te Whanau Roopu O Aotearoa and have been unable to come to an agreement regarding this clause.

54. One-way door restriction

55. The draft LAP, which was consulted on, did include a one-way door restriction but The Strategy and Policy Committee in the deliberations on the PLAP on 3 November 2015 resolved to remove it.
56. The motion of the removal of the clause was put forward on the basis that there was minimal local evidence to suggest there are benefits in relation to alcohol-related harm minimisation. (The motion was carried 7 for and 4 against). In particular there was no local evidence readily available to support a one-way door restriction.
57. A further rationale recorded was that licensees are required under their licence conditions to manage people, intoxication and behaviours at any time of the day. Accordingly, on-licences provide a controlled environment.
58. On 24 November 2016, the Police strongly recommended that a one-way door condition be reconsidered in the PLAP in a letter (Attachment 2). The Police suggest that “there is international and domestic evidence to support the effectiveness of a one-way-door policy...to mitigate migration and hard closing times in entertainment precincts containing higher densities of licensed premises”.
59. The DHB wrote to Council on 8 December 2016 regarding their support of the Police that a one-way door provision for on-licenses be reconsidered (Attachment 3).
60. Neither the Police nor the DHB appealed the notified PLAP (which did not include a one-way door restriction) and therefore were not included as appellants in the current appeal process.
61. As per advice from the City Solicitor, if Council wishes to reconsider the inclusion of a one-way door restriction, it can either:
- withdraw from the appeals process, abandon the current PLAP and commence the development of a new policy (see option 3 below), or
 - once the current PLAP is adopted as the LAP, commence a review LAP (options 1 or 2).
62. If Council develops a PLAP with the inclusion of a one-way door restriction, and the element is appealed, there is no guarantee the restriction will be considered reasonable in light of the

object of the Act by ARLA. Accordingly, there is no guarantee that the restriction will be included in any subsequent LAP that is adopted.

63. As local evidence will need to be provided for any elements that are inserted into the new policy, Council would need to ensure both the local Police and the DHB can provide local evidence to support the clauses being included.

64. **Options**

65. **Option 1 - Process if Council continues to negotiate**

66. ARLA has issued a practice note for the process by which agreed resolutions to appeals are resolved. Specifically this requires:

- a) All parties to the appeal to come to an agreement, that is Council, Progressive Enterprises, Foodstuffs North Island Ltd and Te Whanau Roopu O Aotearoa must agree to any changes to the PLAP.
- b) All submitters to the draft LAP being notified of the proposed agreement and their right to be heard. That is the 95 original submitters have to be notified of the changes and have a right to be heard.
- c) None of the 95 original submitters opposes the changes (these are called s205 parties).
- d) ARLA being satisfied that the proposed agreement is not unreasonable in light of the object of the Act.

67. Risks

68. The original submitters oppose the changes to the PLAP and wish to be heard.

69. ARLA may deem the proposed agreement to be unreasonable in light of the object of the Act and require the parties to reconsider it. This may result in the same as if Council defended the PLAP.

70. Benefits

71. If Council has a PLAP that is agreed by the three appellants, then it can have the PLAP considered by ARLA without a hearing (assuming none of the original submitters oppose it).

72. Assuming Council is successful in the adoption of the PLAP, Council will move from having no restrictions (i.e. the status quo) to having some restrictions.

73. **Option 2 - Process if Council ceases to negotiate and defend the PLAP**

74. The appeals will be heard by ARLA.

75. For each element of the PLAP defended, ARLA can either dismiss the appeal or ask Council to reconsider that element, noting that ARLA cannot provide suggestions as to what might be a reasonable provision.

76. Following the hearing, if the appeal(s) are upheld, Council must do one of the following:

- a) Appeal to the High Court against ARLA's decision (if Council lost the appeal then it must continue with one of the actions below).
- b) Resubmit the PLAP with the element deleted.
- c) Resubmit the PLAP with the element amended following reconsideration of the element.
- d) Abandon the PLAP entirely.

77. Risks

78. ARLA may deem the elements in the original PLAP to be unreasonable in light of the object of the Act. This means Council will have to resubmit the PLAP with either the element amended or deleted.

79. Benefit

80. Council achieves certainty as to which of the appealed elements in the original PLAP are unreasonable in light of the object of the Act. This will allow Council to focus on these elements and either reconsider or delete them so that the policy can progress toward adoption.

81. Assuming Council is successful, even in part, there will be a policy with some restrictions whereas Council currently has no restrictions in place.

82. **Option 3 - Abandon the PLAP and develop a new policy**
83. Council can abandon the current PLAP and commence the development of a new policy. (ARLA and the appellants would need to be advised of this).
84. Development of a new policy would require:
- Developing a draft LAP in consultation with Police, licensing inspectors and Medical Officers of Health.
 - Consulting the community on the draft policy using the SCP.
 - Preparing a provisional policy based on consultation feedback.
 - Giving public notice of the provisional policy. The LAP can be appealed at this stage.
 - Adopting the provisional policy. A provisional policy becomes final 30 days after it is publicly notified (or after any appeals are resolved).
85. Without a policy in the interim, the status quo would remain in that Council must rely on the Act. The default maximum national trading hours permitted under the Act are:
- 8am - 4 am on the next day for the sale and supply of alcohol for consumption on premises for which an on-licence or a club licence is held.
 - 7 am - 11 pm on any day for the sale of alcohol on premises for which an off-licence is held.
86. ARLA, through the hearing of appeals, has provided clear direction that only local evidence will be considered in support of elements in LAP's.
87. Under this option, Council will be able to deliberate on the introduction of a one-way door restriction.
88. Risks
89. Council will have to go through the complex adoption process from the beginning with the potential of the same outcome as the present (or further appellants to appease).
90. Council may not have access to local evidence to support elements in the new PLAP.
91. Council will not have the ability to put in place restrictions and will have to rely on the Acts provisions which may not cater for the local community.
92. Council has not included the cost to develop a new LAP in the work programme or budgets for 2017/18.
93. Benefits
94. Council will get the opportunity to introduce, consider and deliberate on elements in the PLAP including the introduction of a one-way door restriction.
95. **Option 4 – Abandon the PLAP and have no policy**
96. Council can, at this stage, still abandon the PLAP and have no policy. No consultation is required if this occurs, but ARLA would need to be advised.
Without a policy Council must rely on the Act provisions. The default maximum national trading hours permitted under the Act are:
- 8.00am-4.00am on the next day for the sale and supply of alcohol for consumption on premises for which an on-licence or a club licence is held
 - 7.00am-11.00pm on any day for the sale of alcohol on premises for which an off-licence is held.
97. Risks
98. Council would not have the ability to put in place restrictions and would have to rely on the Act's provisions, which may not cater for the local community.
99. Benefits
100. Council would achieve certainty in that it will no longer have to go through the appeals process.

101. Financial and Resourcing Implications

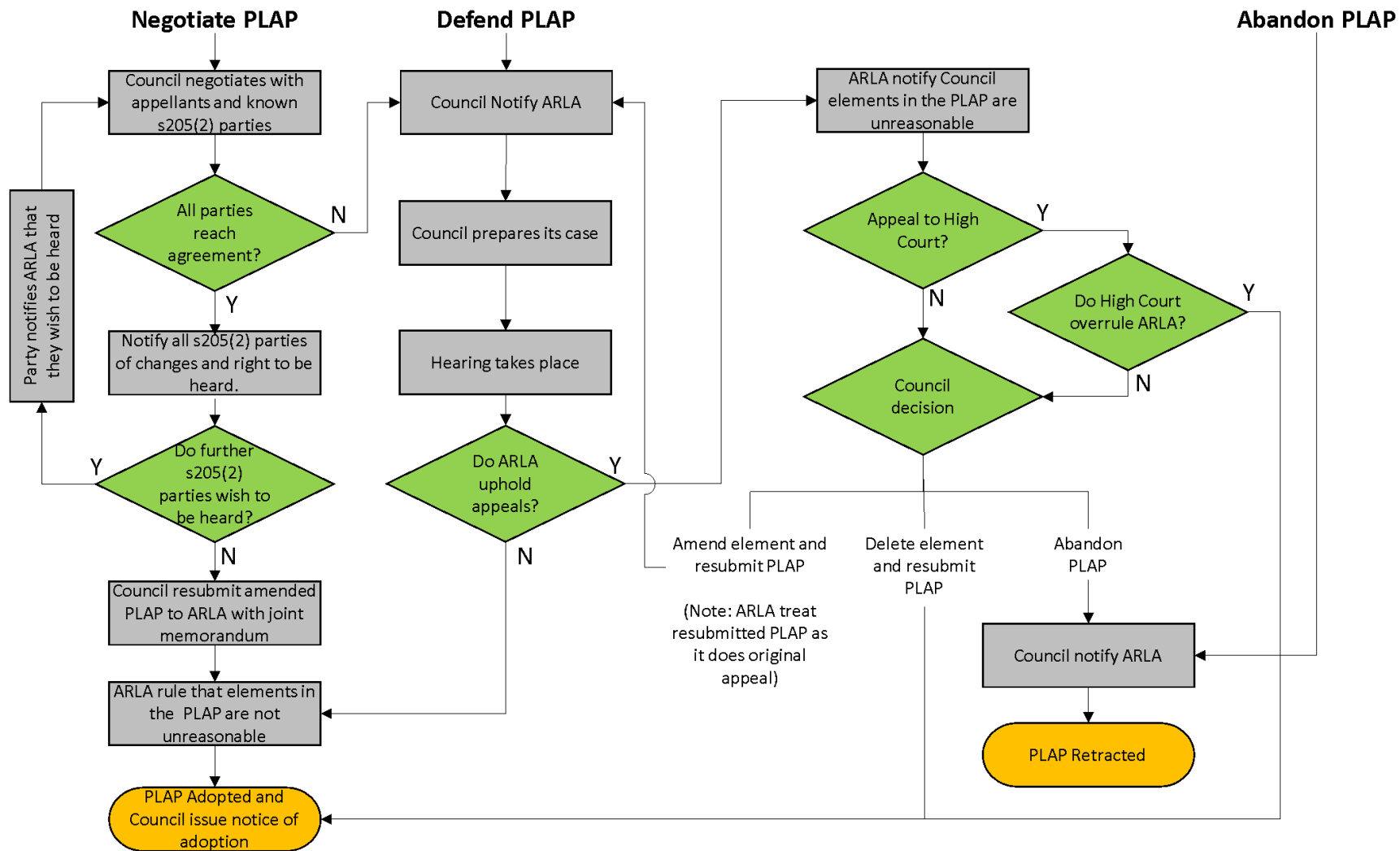
- 102. The approximate cost to progress the PLAP through the appeals process to date is \$10,000.
- 103. The budget for the appeal of the PLAP has been absorbed into existing budgets.
- 104. ARLA has the power to impose costs against unsuccessful parties but to date it has not done so in regard to the appeals it has heard.
- 105. If Council were to appeal to the High Court and lose, it would expect a cost award to be made against it.

106. Risk

- 107. If a LAP is not adopted by Council, restrictions under the Act may not cater for the local community.

Signatory

Authoriser	Kelvyn Eglinton, General Manager City Growth
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30 NOV 2016

- 6 DEC 2016 CE's office

24 November 2016

His Worship the Mayor Andrew King
 Hamilton City Council
 Private Bag
 HAMILTON

Dear Andrew

ONE WAY DOOR CONDITION

Police strongly recommend that a one-way-door condition be reconsidered in the Hamilton Proposed Local Alcohol Policy (PLAP) for all 3:00am trading licenses. Any on-licensed premises licensed until after 2:00am shall have a one-way-door restriction in place from 2:00am.

Rationale

There is international and domestic evidence to support the effectiveness of a one-way-door policy to mitigate migration and hard closing times in entertainment precincts containing higher densities of licensed premises. Recent research of the statutory conditions applied in Newcastle, Australia (Kypri 2012), revealed that a combination of conditions to regulate the availability of alcohol combined with shortened hours and a one-way-door policy reduced assaults by over 30%.

Local reasons/conditions

During the consultation process there was considerable debate about the "night time vibrancy" of the city which may be the case earlier in the night until about 11:30pm. From this time, the "vibrancy" deteriorates to violence as shown in the statistics that were provided by Police at the time of the consultation.

The issue of alcohol related harm must be addressed within the city particularly after midnight. A one-way-door condition may reduce safety concerns (i.e., fewer intoxicated people in one place leading to lower chances of alcohol related violence) and policing issues such as patrons who are already affected by alcohol migrating between premises late at night.

There is evidence to suggest that one-way-door policies do result in reduced alcohol related harm, and are most effective when enacted in conjunction

-2-

with other initiatives such as reduced trading hours. Examples of the effectiveness of the one way door condition can be seen in Tauranga city centre:

"Tauranga City Local Alcohol Policy

5.2.2 Maximum licensed hours – Tauranga city centre

· Maximum licensed hours for all on-licensed premises in the Tauranga city centre shall be 9am to 3am the following day

5.2.3 One-way door restrictions

· Any on-licensed premises licensed until after 2am shall have a one-way door restriction in place from 2am."

The Tauranga LAP came into effect in early 2016 and is seen as an effective tool in reducing the alcohol related harm in the late night economy.

Yours sincerely,



Superintendent Bruce Bird
District Commander
WAIKATO

DISTRICT COMMANDER
WAIKATO DHQ
 Private Bag 3078, Hamilton
 Phone: (07) 8586200

Jonell Herbert

From: Donna Straiton <Donna.Straiton@waikatodhb.health.nz>
Sent: Thursday, 8 December 2016 12:21
To: Hamilton Mayor
Cc: Richard Hoskins
Subject: Letter from Chief Executive, Waikato DHB
Attachments: Letter Mayor HCC, re one way door condition, 8 December 2016.pdf

Good afternoon

Please find attached a letter from Dr Nigel Murray regarding a one way door condition.

Regards

Donna

Donna Straiton | Personal Assistant to Chief Executive | Waikato District Health Board | p +64 7 834 3638 | f +64 7 834 3606 | m 021 369 884 | e donna.straiton@waikatodhb.health.nz

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15 DEC 2016 – CE's office

8 December 2016

His Worship the Mayor Andrew King
Hamilton City Council
Private Bag
Hamilton

Email: Mayor@hcc.govt.nz

Dear Andrew

ONE WAY DOOR CONDITION

The Waikato District Health Board strongly supports the recommendation of the NZ Police that a one way door condition be reconsidered in the Hamilton Local Alcohol Policy (PLAP) for all early morning trading licenses.

Carefully managing the opening hours of alcohol outlets is a key component to addressing some of the more harmful types of alcohol consumption within Hamilton city. The DHB acknowledges that Hamilton city has unique challenges in this regard compared to other Territorial Authorities within the Waikato DHB jurisdiction, due to Hamilton being an entertainment hub with many bars and nightclubs open until 3:00am. However, it is important to acknowledge the harm that extended opening hours can bring, and address these as part of the Local Alcohol Policy.

The DHB **advocates** for the following opening hours for Hamilton city:

	Opening time	Closing time
Off licence	9:00am	9:00pm
On licence (CBD)	10:00am	2:00am
On licence (urban Sunday-Thursday)	10:00am	10:00pm
On licence (urban Friday-Saturday)	10:00am	1:00am

There should be no exceptions or exemptions to these hours.

These opening hours will strike a balance between the potential health impacts on communities of alcohol availability and the needs of the hospitality and alcohol industry. Extended opening hours ensures alcohol is available to more people for longer periods of time. Late closings are likely to benefit people who are already under the influence of alcohol. However, long opening hours for neighbourhood off licences invite crime and poor health outcomes for those living in the community. This is especially problematic for those in areas of high deprivation, which have the greatest number of off licences in Hamilton city.

The Waikato DHB strongly supports the adoption of a one way door policy, and advocates for this to be in place from 1:00am within Hamilton city. If used in conjunction with the opening hours suggested previously, only bars within the CBD will be required to implement a one way door policy. Suburban on licences would therefore not incur costs associated with additional security staff to police the policy.

P1002FXS

A one way door policy will facilitate a steadier and slower number of patrons leaving bars within the CBD as opposed to the current situation which sees a large number of people leaving bars at the same time as they close. A one way door policy may reduce safety concerns (less inebriated people in one place leading to lower chances of alcohol related violence) and associated policing issues. As well as the obvious benefits to public safety, a vibrant central city relies upon it also having a reputation as a safe and enjoyable place to visit. The reputational damage to the general area and CBD as a whole that arises from the current concerns over drunken behaviour in the early hours of the morning is something that is ultimately damaging to the vibrancy of the city's night life. There is evidence from other jurisdiction that a one way door policy is a viable means of addressing these concerns. The Tauranga LAP which includes a one way door policy came into effect in early 2016 and has been an effective tool in reducing the alcohol related harm in the late night economy in that city.

The Waikato DHB requests that the One Way Door policy proposed by Superintendent Bruce Bird be given active consideration and that the Hamilton Local Alcohol Policy (PLAP) for all early morning trading licenses be reviewed in line with his recommendation.

Yours sincerely



 Dr Nigel Murray
Chief Executive

c.c. Richard Hoskins (Public Health Medicine Specialist/Medical Officer of Health,
Waikato Population Health Service)

Committee: Council

Date: 08 February 2017

Report Name: Easter Sunday Shop Trading Policy

Author: Riki Manarangi

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>New Policy as a result of the amendment to the Shop Trading Hours Act 1990</i>
Financial status	<i>The approximate cost for the policy development process to date is \$15,600 and has been funded out of the Strategy budget</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is considered to have a high degree of significance</i>

1. Purpose of the Report

- To seek approval for public consultation on a draft Easter Sunday Shop Trading Policy between 9 March and 9 May 2017.

3. Executive Summary

- The Shop Trading Hours Act 1990 (**the Act**) was amended on 29 August 2016 allowing councils, through the adoption of an Easter Sunday Shop Trading Policy (policy), the ability to enable shops (shops) to trade within all or parts of their districts/cities on Easter Sunday.
- There is no obligation on Council to have a policy. If a policy is not adopted the current legislation will apply. Unless a shop has an exemption they will not be allowed to trade on Easter Sunday.
- The policy cannot regulate the types of shops that may open; nor can it regulate their opening hours.
- The policy only applies to Easter Sunday. It would not impact on Good Friday which would remain a non-trading day; nor would it apply to Easter Monday.
- If a policy is adopted, Easter Sunday trading will be allowed but shops will not be required to open if they do not wish to.
- The Act also makes it clear that all shop employees can refuse to work on Easter Sunday without having to give a reason.
- Council, by consulting on a draft policy allows the community the opportunity to provide feedback on whether to have a policy or not. Council has two options around timing of the consultation:
 - Decision after Easter 2017 by Easter 2018 - Council resolve to publicly notify the draft Policy and the Statement of Proposal (Attachment 1) on 9 March 2017 for consultation, consider any submissions received, and deliberate on a Policy at the 27 July 2017 Council meeting; or

- ii. Decision by Easter 2017 - Council resolve to publicly notify the draft Policy and the Statement of Proposal (Attachment 2) on 9 February 2017 for consultation, consider any submissions received, and deliberate on a Policy at the 6 April 2017 Council meeting.

Recommendations from Management

That:

- a) the report be received; and
- b) Council approve the notification of the draft Easter Sunday Shop Trading Policy and the Statement of Proposal – Easter 2018 for consultation between 9 March and 9 May 2017 in accordance with section 83 (special consultative procedure) of the Local Government Act 2002.

11. Attachments

- 12. Attachment 1 - Easter Sunday Shop Trading Policy - Statement of Proposal - Easter 2018
- 13. Attachment 2 - Easter Sunday Shop Trading Policy - Statement of Proposal - Easter 2017
- 14. Attachment 3 - Easter Sunday Shop Trading Policy - Stakeholders (Retailers & Churches) 8 February 2017

15. Background

- 16. The 29 August 2016 amendment to the Shop Trading Hours Act 1990 (**the Act**) provided Council with the power to introduce a policy to allow trading on Easter Sunday.

17. Key discussion points considered leading up to the legislative change

- 18. The common themes from the [submissions](#) which were made to the amendment Bill are outlined below:

19. Arguments for enabling Councils to have a policy

- i. Currently, businesses lack the ability to choose whether or not to allow trading on restricted trading days. This lack of choice has the potential to hinder economic development for regions where there may be a strong demand for trading on restricted days.
- ii. Workers will have the ability to work and be paid on Easter Sunday. Under current legislation, workers who would otherwise work on an Easter Sunday, but do not because of shop trading restrictions, are only entitled to be paid where they take annual leave.
- iii. Employees can also refuse to work on Easter Sunday without being required to give a reason.
- iv. A city wide policy would provide a consistent approach across the city and economic benefit to the city in allowing all shops in the city to open. Consumers will also have certainty as to where they can shop.
- v. The need for enforcement will not be necessary as a city wide approach would require no monitoring of businesses outside the permitted area(s).

20. Arguments against enabling Councils to have a policy

- i. Easter Sunday is an important day in the Christian calendar and New Zealand has Christian foundations. In the 2013 census, approx. 44% of people identified with being Christian in Hamilton City and 42% in the Waikato Region.
- ii. Undertaking the process of creating a policy would incur a financial cost for Council to do so as well as the cost for reviewing the policy. The Act requires the policy to be reviewed every five years.
- iii. The protection of New Zealand workers guarantee three and a half days off each year enabling families, whanau and communities to take priority over commerce. Although employees have the right to refuse work, they may not refuse work both out of loyalty to work colleagues and the concern that they would be disadvantaged by employers indirectly.
- iv. Many shops can remain open on Easter Sunday irrespective of a policy. If a shop outside of those permitted decides to open, the occupier of the shop is only liable on conviction to a fine not exceeding \$1000.

21. Elements that may be included in the Policy**22. A policy can be developed which:**

- i. Determines whether to allow shop trading on Easter Sunday.
- ii. Determines whether to allow shop trading on Easter Sunday across the entire city or in certain (limited) areas.

23. A policy cannot be developed which:

- i. Permits shops to open only for some purposes or;
- ii. Permits only some types of shop to open or;
- iii. Specifies times at which shops may or may not open or;
- iv. Includes any other conditions as to the circumstances in which shops in the area may open.

24. The policy does not contain any enforcement elements. Council has no enforcement role, it sits with the Labour Inspectorate.

25. Current Legislation

26. Currently some shops can remain open on Easter Sunday. These include:

Shops that sell or is:
• Food • Drink • Household items • Personal items, automotive fuel, lubricant, parts and accessories of a kind that people may reasonably need to be able to buy at any time (e.g. Dairy, Service Station). Restriction: Can open if the quantity of goods for sale is no greater than that sufficient to meet the demands of the people who live or are staying in the area where the shop is, and people travelling through the area.
• Goods intended to be bought as souvenirs.
• Duty free goods to people intending to take the goods out of New Zealand.
• Prepared or cooked food ready to be eaten immediately (e.g. Take away bars, restaurants, cafes).
• At any transport terminal and sells: ○ Books ○ Magazines ○ Newspapers ○ Duty Free for people Departing NZ ○ Souvenirs
• A pharmacy.

Shops that sell or is:	
	• A shop in a premises where an exhibition/ show on agriculture, art, industry or science (e.g. museum shop).
	• A garden centre.

27. All existing historical exemptions to shop trading restrictions remain in place such as those granted under Section 18(2) of the Shop Trading Hours Act (1977). This includes the Market Place, in Collins Road, Hamilton which can operate on Easter Sunday between 9am - 5pm.

28. Consequences for shops which open and are not allowed to

29. The occupier of a shop is liable, on conviction, to a fine not exceeding \$1000 ([s5](#) of the Act). The Act does not name a particular regulator or organisation for the purposes of enforcement. The Labour Inspectorate currently fills this role; Council has no enforcement role. The Labour Inspectorate has indicated that for prosecutions it has taken against non-compliant businesses, the Courts have only been prepared to fine up to \$500.

30. Development of a draft Policy

31. Council, by consulting on a draft policy, allows the community the opportunity to provide feedback on whether to have a policy or not. In drafting the policy the following matters have been addressed.

32. Area covered by the policy

33. The draft policy is based on an entire city wide approach to provide. This will provide consistency for businesses and consumers about where shops may be open.

34. Research

35. Marketview Ltd have been commissioned to provide an Easter trade report with key data on Easter trade in Hamilton. The report is expected to be available in time for deliberations.

36. Position adopted by neighboring Councils

37. Matamata-Piako and Waipa District Councils have decided against having a policy in place for 2017. Waikato District Council resolved to approve a district wide policy for consultation. Waipa District Council resolved to consult using special consultative procedure (SCP) mid-late 2017.

38. Sale of Alcohol

39. The Act does not affect any of the provisions relating to the supply of alcohol. The Sale and Supply of Alcohol Act 2012 prohibits the sale or supply of alcohol to anyone from any licensed premises (including restaurants and entertainment venues) on Good Friday, Easter Sunday and prior to 1pm on ANZAC Day other than to persons on the premises to dine on the premises as a guest, lodger or as an employee or where a special license has been obtained.

40. Engagement

41. Council must consult using the SCP which requires a minimum consultation period of one month and provide a Statement of Proposal (SOP).

42. The proposed consultation approach will be:

- Community (Public) – Online ‘Have your say’
- Letters/emails to targeted key stakeholders (Attachment 3) informing them of the consultation period and inviting them to participate.

43. The submissions received from engagement will be presented in the deliberations report to Council.

44. Timing of engagement and decision

Timing Option	Decision after Easter 2017 for Easter 2018	Decision by Easter 2017
Adopt draft policy and SOP	Draft policy and SOP – Easter 2018 (Attachment 1)	Draft policy and SOP – Easter 2018 (Attachment 2)
Consultation Period	Thursday 9 March 2017 to Tuesday Thursday 9 May 2017 (During the Easter period and over a two month period)	Thursday 9 February 2017 to Thursday 9 March 2017
Hearings (Regulatory and Hearings Committee)	12 June 2017	23 March 2017
Deliberations (Council)	27 July 2017	6 April 2017
Benefits	- The community can be consulted on the policy over the actual Easter period to give the consultation context. - Committees and boards will be provided a two month period over which to go to their members/internal communities and respond to Council with a well-informed view. - Shops and employees will be given more time (i.e. two months) and opportunity to plan for Easter 2018.	A decision is made by Easter 2017.
Disadvantages	The policy (if adopted) will not be in place for Easter 2017.	The consultation process may not allow sufficient opportunity for stakeholder groups to canvass their communities and provide a submission to the consultation.

45. Staff Recommendation

46. It is recommended that Council commence a consultation process to determine the community views in preparation for making a decision after 2017 for Easter 2018.

47. **Financial and Resourcing Implications**

48. The approximate cost for the policy development process up to the point of this Council report is \$15,600. This cost includes staff time and the Marketview Ltd report, both of which are covered within existing budgets. If Council resolves to adopt the policy for consultation, the costs leading up to and including adoption and implementation are estimated at an additional \$10,000-\$30,000 depending on submissions received. In total the cost to develop, adopt and implement the policy is approximately \$25,600-\$45,600.

49. Risks

50. The decision to not make a decision and allow the current legislation to apply is a decision not to have a policy. If Council decides not to have a policy, the community may perceive Council has made a decision without consultation. It is recommended that Council undertakes a consultation and then decides on the policy position.

Signatory

Authoriser	Sean Hickey, General Manager Strategy and Communications
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STATEMENT OF PROPOSAL

Proposed Easter Sunday Shop Trading Policy

WHAT'S BEING PROPOSED

Hamilton City Council (Council) is seeking feedback on the proposed Easter Sunday Shop Trading Policy (policy) which will enable trading on Easter Sunday.

The proposed policy sets out that trading can take place on Easter Sunday.

BACKGROUND

In August 2016, the Shop Trading Hours Act 1990 (the Act) was amended. The amendment allows local Councils to adopt a policy giving retailers the option to trade on Easter Sunday.

Before this legislation change, most shops had to remain closed on three and a half days of the year – Good Friday, Easter Sunday, Anzac Day (until 1pm) and Christmas Day.

The changes to the Shop Trading Hours Act gives local communities the choice of whether or not to allow trading on Easter Sunday.

QUICK FACTS

What can the policy regulate?

Council is only allowed to create a local policy to allow shop trading across their entire city or in limited areas on Easter Sunday. Council **cannot** adopt a policy which permits:

- Shops to open for only some purposes
- Only some types of shops
- Specific hours a shop can be open/closed.
- Other conditions in which a shop may open.

The policy also cannot override shop trading provisions in other legislation, such as liquor licensing provisions.

Do employees have to work?

All shop employees will be able to refuse to work on Easter Sunday without any repercussions for their employment relationship.

There are requirements associated with this right to refuse to work on Easter Sunday for both employers and employees. See employment.govt.nz website for information about this.

Why is a city wide policy proposed?

A city wide policy would provide a consistent approach for businesses and consumers to provide certainty as to where they can shop.

Who enforces the policy?

The Act does not name a particular regulator or organisation for the purposes of enforcement. The Labour Inspectorate currently fills this role.

Is the policy required to be reviewed?

Council must review the policy no later than five (5) years after its adoption.

OPTIONS

Option A: No Policy - current legislation

Option A entails having no policy. Under the Act, only the following shops will be able to remain open:

A shop that sells or is:

- Food
 - Drink
 - A household item
 - A personal item, automotive fuel, lubricant, parts and accessories of a kind that people may reasonably need to be able to buy at any time (e.g. Dairy, Service Station).
- Restriction: Can open if the quantity of goods for sale is no greater than that sufficient to meet the demands of the people who live or are staying in the area where the shop is, and people travelling through the area.*
- Goods intended to be bought as souvenirs.
 - Duty free goods to people intending to take the goods out of New Zealand.
 - Prepared or cooked food ready to be eaten immediately (e.g. Take away bars, restaurants, cafes).
 - At any transport terminal that sells:
 - Books
 - Magazines
 - Newspapers
 - Duty Free for people Departing NZ
 - Souvenirs
 - A pharmacy
 - A shop in a premises where an exhibition/ show on agriculture, art, industry or science (e.g. museum shop).
 - A garden centre

All existing historical exemptions to shop trading restrictions remain in place such as those granted under Section 18(2) of the Shop Trading Hours Act (1977). This includes the Market Place, in Collins Road, Hamilton which can operate on Easter Sunday between 9am - 5pm.

If a shop opens when it is not permitted to, the occupier of a shop is liable on conviction to a fine not exceeding \$1000 (s5 of the Act).

Option B: Introduce a Policy allowing trading city wide

The draft policy allows shops within the Hamilton City Boundaries to trade (if they choose to).

Council recognises the importance of the retail sector to the city, particularly during holiday periods. It is important that not only our local community has a choice as to whether to shop on Easter Sunday, but that retail businesses can benefit from trade from Hamiltonians, visitors and passing traffic.

A city wide policy would provide a consistent approach for businesses and consumers to provide certainty as to where they can shop.

TELL US YOUR THOUGHTS ON THE POLICY

Before making any final decisions, we'd like to have your input.

You can give us feedback from **9 March 2017 to 9 May 2017**.

How to give feedback

There are a number of ways you can give your feedback:

- Fill out a feedback form online at hamilton.govt.nz/consultation
- Fill out the feedback form included in this Statement of Proposal and send to Hamilton City Council, Strategy Unit, Private Bag 3010, Hamilton 3240.
- Fill out the feedback form and deliver it to the Municipal Building Reception Lounge or one of Council's libraries.

Feedback forms and the proposed policy are on our website and available from Council libraries and the ground floor reception of Council's Municipal Building in Garden Place.

For any queries please ring 07 838 6699.

First adopted:	July 2017
Revision dates/version:	Version 1
Next review date:	July 2022
Engagement required:	Special Consultative Procedure is required (Part 2, Subpart 1, 5D(2) of the Act)
Document Number	D-2303585
Associated documents:	
Sponsor/Group:	Chief Executive

Draft Easter Sunday Shop Trading Policy

Purpose and scope

1. The purpose of this policy is to enable shops to trade on Easter Sunday in Hamilton City if they wish to.
2. The Policy neither requires shops to open, or individuals to shop on Easter Sunday.

Definitions

Definition	Detail
Council	Hamilton City Council.
Hamilton City	The area of jurisdiction of Hamilton City Council (see Map).
Shop	A building, place, or part of a building or place, where goods are kept, sold, or offered for sale, by retail; and includes an auction mart, and a barrow, stall, or other subdivision of a market; but does not include— (a) a private home where the owner or occupier's effects are being sold (by auction or otherwise); or (b) a building or place where the only business carried on is that of selling by auction agricultural products, pastoral products, and livestock, or any of them; or (c) a building or place where the only business carried on is that of selling goods to people who are dealers, and buy the goods to sell them again.
The Act	The Shop Trading Hours Act 1990

Policy

3. Council will permit shop trading in the entirety of Hamilton City on Easter Sunday as provided for under the Act.
4. This Policy does not:
 - a. Control the types of shops that may open, or their opening hours as per the requirements of Part 2, subpart 1, 5A(1A) of the Act.
 - b. Limit Council's ability to undertake its duties, powers or functions under any other Act (i.e. the regulation of the Sale and Supply of Liquor).
 - c. Address shop employee rights which are governed by the requirements of the Act under Part 2, subpart 2, 5G-5L. For the avoidance of doubt, shop employees have the right to refuse to work on Easter Sunday.
5. Council is not responsible for the enforcement of this Policy. Enforcement is undertaken by the central government department that is responsible for the administration of the Act.

Monitoring and implementation

6. The policy will be reviewed in response to any issues that may arise, every five years as required under the Act, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).
7. The policy will be in force and effective from 27 July 2017.

References

- The policy is made under Part 2 (subpart 1) of the Act which provides Council with the ability to establish a local policy to enable shop trading on Easter Sunday.

SCHEDULE 1 – MAP OF HAMILTON WHERE SHOP TRADING ON EASTER SUNDAY IS PERMITTED



FEEDBACK FORM

PROPOSED Easter Sunday Shop Trading Policy



Hamilton City Council is proposing to adopt a Local Easter Sunday Shop Trading Policy. Tell us what you think.

1. Do you think shop owners should be able to choose to open on Easter Sunday (please explain why/why not below)?

☐ Yes

☐ No

(Please print clearly)

2. Are you responding as or representing (tick all that apply)?

- ☐ A resident of Hamilton City
- ☐ A shop owner in Hamilton City
- ☐ A shop worker (employee) of a shop in Hamilton City
- ☐ A resident of Waikato, Waipa or Matamata-Piako district
- ☐ Other

3. Can you tell us your age group?

- ☐ 16-24
- ☐ 25-35
- ☐ 36-50
- ☐ 51-64
- ☐ 65+

4. Can you provide your details?

Name: Mr / Mrs / Miss / Ms / Dr _____

Organisation (where applicable): _____

Postal Address: _____

Phone: (day) _____ (evening) _____

Email: _____

5. Do you wish to speak in support of your submission at a Council hearing (The hearing is scheduled for March 2017)?☐ Yes☐ No

Please note all submissions will be treated as public documents, and they may be loaded on to the Council's website with the names and contact details of submitters included.

Please get your feedback to us by the 9 May 2017**You can:**

- Complete it online at hamilton.govt.nz/consultation
- Post the form to Freepost 172189, Strategy Unit, Hamilton City Council, Private Bag 3010, Hamilton 3240
- Dropped it off to a Council library or the main reception, ground floor of Council (Municipal) Building, Garden Place.

STATEMENT OF PROPOSAL

Proposed Easter Sunday Shop Trading Policy

WHAT'S BEING PROPOSED

Hamilton City Council (Council) is seeking feedback on the proposed Easter Sunday Shop Trading Policy (policy) which will enable trading on Easter Sunday.

The proposed policy sets out that trading can take place on Easter Sunday.

BACKGROUND

In August 2016, the Shop Trading Hours Act 1990 (the Act) was amended. The amendment allows local Councils to adopt a policy giving retailers the option to trade on Easter Sunday.

Before this legislation change, most shops had to remain closed on three and a half days of the year – Good Friday, Easter Sunday, Anzac Day (until 1pm) and Christmas Day.

The changes to the Shop Trading Hours Act gives local communities the choice of whether or not to allow trading on Easter Sunday.

QUICK FACTS

What can the policy regulate?

Council is only allowed to create a local policy to allow shop trading across their entire city or in limited areas on Easter Sunday. Council **cannot** adopt a policy which permits:

- Shops to open for only some purposes
- Only some types of shops
- Specific hours a shop can be open/ closed.
- Other conditions in which a shop may open.

The policy also cannot override shop trading provisions in other legislation, such as liquor licensing provisions.

Do employees have to work?

All shop employees will be able to refuse to work on Easter Sunday without any repercussions for their employment relationship.

There are requirements associated with this right to refuse to work on Easter Sunday for both employers and employees. See employment.govt.nz website for information about this.

Why is a city wide policy proposed?

A city wide policy would provide a consistent approach for businesses and consumers to provide certainty as to where they can shop.

Who enforces the policy?

The Act does not name a particular regulator or organisation for the purposes of enforcement. The Labour Inspectorate currently fills this role.

Is the policy required to be reviewed?

Council must review the policy no later than five (5) years after its adoption.

OPTIONS

Option A: No Policy - current legislation

The current legislation allows the following shops to open:

A shop that sells or is:

- Food
- Drink
- A household item
- A personal item, automotive fuel, lubricant, parts and accessories of a kind that people may reasonably need to be able to buy at any time (e.g. Dairy, Service Station).

Restriction: Can open if the quantity of goods for sale is no greater than that sufficient to meet the demands of the people who live or are staying in the area where the shop is, and people travelling through the area.

- Goods intended to be bought as souvenirs.
- Duty free goods to people intending to take the goods out of New Zealand.
- Prepared or cooked food ready to be eaten immediately (e.g. Take away bars, restaurants, cafes).
- At any transport terminal that sells:
 - Books
 - Magazines
 - Newspapers
 - Duty Free for people Departing NZ
 - Souvenirs
- A pharmacy
- A shop in a premises where an exhibition/ show on agriculture, art, industry or science (e.g. museum shop).
- A garden centre

All existing historical exemptions to shop trading restrictions remain in place such as those granted under Section 18(2) of the Shop Trading Hours Act (1977). This includes the Market Place, in Collins Road, Hamilton which can operate on Easter Sunday between 9am - 5pm.

If a shop opens when it is not permitted to, the occupier of a shop is liable on conviction to a fine not exceeding \$1000 ([s5](#) of the Act).

Option B: Introduce a Policy allowing trading city wide

The draft policy allows shops within the Hamilton City Boundaries to trade (if they choose to).

Council recognises the importance of the retail sector to the city, particularly during holiday periods. It is important that not only our local community has a choice as to whether to shop on Easter Sunday, but that retail businesses can benefit from trade from Hamiltonians, visitors and passing traffic.

A city wide policy would provide a consistent approach for businesses and consumers to provide certainty as to where they can shop.

TELL US YOUR THOUGHTS ON THE POLICY

Before making any final decisions, we'd like to have your input.

You can give us feedback from **9 February 2017 to 9 March 2017**.

How to give feedback

There are a number of ways you can give your feedback:

- Fill out a feedback form online at hamilton.govt.nz/consultation
- Fill out the feedback form included in this Statement of Proposal and send to Hamilton City Council, Strategy Unit, Private Bag 3010, Hamilton 3240.
- Fill out the feedback form and deliver it to the Municipal Building Reception Lounge or one of Council's libraries.

Feedback forms and the proposed policy are on our website and available from Council libraries and the ground floor reception of Council's Municipal Building in Garden Place.

For any queries please ring 07 838 6699.

Draft Easter Sunday Shop Trading Policy

Purpose and scope

1. The purpose of this policy is to enable shops to trade on Easter Sunday in Hamilton City if they wish to.
2. The Policy neither requires shops to open, or individuals to shop on Easter Sunday.

Definitions

Definition	Detail
Council	Hamilton City Council.
Hamilton City	The area of jurisdiction of Hamilton City Council (see Map).
Shop	A building, place, or part of a building or place, where goods are kept, sold, or offered for sale, by retail; and includes an auction mart, and a barrow, stall, or other subdivision of a market; but does not include— (a) a private home where the owner or occupier's effects are being sold (by auction or otherwise); or (b) a building or place where the only business carried on is that of selling by auction agricultural products, pastoral products, and livestock, or any of them; or (c) a building or place where the only business carried on is that of selling goods to people who are dealers, and buy the goods to sell them again.
The Act	The Shop Trading Hours Act 1990

Policy

3. Council will permit shop trading in the entirety of Hamilton City on Easter Sunday as provided for under the Act.
4. This Policy does not:
 - a. Control the types of shops that may open, or their opening hours as per the requirements of Part 2, subpart 1, 5A(1A) of the Act.
 - b. Limit Council's ability to undertake its duties, powers or functions under any other Act (i.e. the regulation of the Sale and Supply of Liquor).
 - c. Address shop employee rights which are governed by the requirements of the Act under Part 2, subpart 2, 5G-5L. For the avoidance of doubt, shop employees have the right to refuse to work on Easter Sunday.
5. Council is not responsible for the enforcement of this Policy. Enforcement is undertaken by the central government department that is responsible for the administration of the Act.

Monitoring and implementation

6. The policy will be reviewed in response to any issues that may arise, every five years as required under the Act, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).
7. The policy will be in force and effective from 7 April 2017.

References

- The policy is made under Part 2 (subpart 1) of the Act which provides Council with the ability to establish a local policy to enable shop trading on Easter Sunday.

SCHEDULE 1 – MAP OF HAMILTON WHERE SHOP TRADING ON EASTER SUNDAY IS PERMITTED



FEEDBACK FORM

PROPOSED Easter Sunday Shop Trading Policy

Hamilton City Council is proposing to adopt a Local Easter Sunday Shop Trading Policy. Tell us what you think.

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☐ Yes

☐ No

(Please print clearly) _____

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☐ A resident of Hamilton City

☐ A shop owner in Hamilton City

☐ A shop worker (employee) of a shop in Hamilton City

☐ A resident of Waikato, Waipa or Matamata-Piako district

☐ Other

3. Can you tell us your age group?

☐ 16-24

☐ 25-35

☐ 36-50

☐ 51-64

☐ 65+

4. Can you tell provide your details?

Name: Mr / Mrs / Miss / Ms / Dr _____

Organisation (where applicable): _____

Postal Address: _____

Phone: (day) _____ (evening) _____

Email: _____

5. Do you wish to speak in support of your submission at a Council hearing (The hearing is scheduled for March 2017)?

☐ Yes

☐ No

Please note all submissions will be treated as public documents, and they may be loaded on to the Council's website with the names and contact details of submitters included.

Please get your feedback to us by the 9 March 2017.

You can:

- Complete it online at hamilton.govt.nz/consultation
- Post the form to Freepost 172189, Strategy Unit, Hamilton City Council, Private Bag 3010, Hamilton 3240
- Dropped it off to a Council library or the main reception, ground floor of Council (Municipal) Building, Garden Place.

Organisation	Owner/Shareholder/Representative of
Activate Church	Activate Church
Afrikaans Christian Church of New Zealand (Hamilton Congregation)	Afrikaans Christian Church of New Zealand (Hamilton Congregation)
All Saints Community Church	All Saints Community Church
Anglican Diocese of Waikato	Anglican Diocese of Waikato
Anglican Diocese of Waikato – Hamilton Diocesan Office	Anglican Diocese of Waikato – Hamilton Diocesan Office
Arise Church Hamilton	Arise Church Hamilton
Baptist Church of New Zealand	Baptist Church of New Zealand
Brave Church	Brave Church
Bunnings	Bunnings
Waikato Chambers of Commerce	Business Owners
Property Council	Businesses
C3 Hamilton	C3 Hamilton
C3 North City Hamilton	C3 North City Hamilton
Calvary Chapel	Calvary Chapel
Carmel Pentecostal Assembly of God New Zealand	Carmel Pentecostal Assembly of God New Zealand
Cathedral of the Blessed Virgin Mary	Cathedral of the Blessed Virgin Mary
Catholic Diocese of Hamilton, New Zealand	Catholic Diocese of Hamilton, New Zealand
Celebrating Age Centre	Celebrating Age Centre
Hamilton Central Business Association	Central City Businesses Including Centre Place
Chapel Hill Community Church	Chapel Hill Community Church
Chartwell Cooperating Parish	Chartwell Cooperating Parish
Stride	Chartwell Shopping Centre
Christian Hamilton Truth Church	Christian Hamilton Truth Church
City Bible Church Hamilton	City Bible Church Hamilton
Commoners Church	Commoners Church
Congregational Christian Church of Samoa – Hamilton	Congregational Christian Church of Samoa – Hamilton
Progressive Enterprises	Countdown
Cristo Viene Charitable Church	Cristo Viene Charitable Church
Destiny Church Hamilton	Destiny Church Hamilton
Discovery Christian Centre	Discovery Christian Centre
Enderley Community Centre Churches	Enderley Community Centre Churches
Fairfield Baptist Church	Fairfield Baptist Church
Fairfield Community Centre - Samoan Worship Church	Fairfield Community Centre - Samoan Worship Church
Fellowship Baptist Church	Fellowship Baptist Church
Forest Lake Anglican Church	Forest Lake Anglican Church
Free Church Of Tonga	Free Church Of Tonga
Freedom Christian Church	Freedom Christian Church
Gateway Christian Centre	Gateway Christian Centre
Generations Church	Generations Church
Good News Baptist Church	Good News Baptist Church
Graceway Church	Graceway Church
Hamilton Bible Church	Hamilton Bible Church
Hamilton Central Baptist	Hamilton Central Baptist
Hamilton Church of Christ	Hamilton Church of Christ
Hamilton City Elim Church	Hamilton City Elim Church
Hamilton Methodist Parish	Hamilton Methodist Parish
Hamilton North West Baptist	Hamilton North West Baptist
Hamilton South Baptist	Hamilton South Baptist
Hillcrest Baptist Church	Hillcrest Baptist Church
Hillcrest Chapel	Hillcrest Chapel
Hukanui Bible Church	Hukanui Bible Church
JLL Hamilton Church	JLL Hamilton Church
Kmart	Kmart
Lighthouse Christian Fellowship	Lighthouse Christian Fellowship
Link City Church	Link City Church
Manifest Love Church	Manifest Love Church
Melville Methodist Church	Melville Methodist Church
Methodist Waikato – Waiariki Synod	Methodist Waikato – Waiariki Synod
Mitre10 Mega	Mitre10 Mega
Northgate Community Church	Northgate Community Church
Order of St Luke	Order of St Luke
Foodstuffs	PaknSave, New World, Four Square, Gilmours
Placemakers	Placemakers
Reformed Church of Hamilton	Reformed Church of Hamilton
Rhode Street Gospel Chapel	Rhode Street Gospel Chapel
Salvation Army Grandview	Salvation Army Grandview
Salvation Army Hamilton	Salvation Army Hamilton
Scots Presbyterian Church	Scots Presbyterian Church
St Aidans Anglican Church	St Aidans Anglican Church
St Andrews Presbyterian Church	St Andrews Presbyterian Church
St Columba Parish	St Columba Parish
St Francis Cooperating Church	St Francis Cooperating Church
St James Anglican Church	St James Anglican Church
St Johns Methodist Church	St Johns Methodist Church
St Josephs Parish	St Josephs Parish
St Marks Anglican Church	St Marks Anglican Church
St Matthew Parish	St Matthew Parish
St Paul's Methodist Church	St Paul's Methodist Church
St Peter Chanel Parish	St Peter Chanel Parish
St Peters Anglican Cathedral	St Peters Anglican Cathedral

St Piua X Parish	St Piua X Parish
St Stephens Presbyterian Church	St Stephens Presbyterian Church
Storehouse Chapel Fellowship	Storehouse Chapel Fellowship
Kiwi Property	The Base (50%), Centre Place North
The Church of Jesus Christ of Latter-Day Saints	The Church of Jesus Christ of Latter-Day Saints
The Village Church	The Village Church
The Vine	The Vine
The Warehouse Group Ltd	The Warehouse, Warehouse Stationary, Noel Lemmings
Trinity Reformed Baptist Church	Trinity Reformed Baptist Church
Voice of Christ	Voice of Christ
Westside Hamilton	Westside Hamilton
Whitiora Bible Church	Whitiora Bible Church

Committee: Council**Date:** 08 February 2017**Report Name:** Plan and Strategy Summary
Report**Author:** Julie Clausen

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Plans and Strategies</i>
Financial status	<i>The cost to undertake the update of \$3,600 has been incorporated within existing work programmes. There is no separate budget allocation.</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- The purpose of this report is to inform Council about the current status of the actions contained within each of the key plans and strategies.

Recommendation from Management

That the report be received.

3. Attachments

- Attachment 1 - Plan and Strategy Status Report

5. Background

- Council's vision for the city is outlined in the Hamilton Plan. To support the delivery of the vision, Council has developed a number of plans and strategies which identify specific aspirations and actions.
- The plans and strategies give direction to Council in determining budgets as part of the 10 Year Plan process.
- During the development of the 10 Year Plan, the priority and timing of the actions of the plans or strategies are determined by Council.

9. Next Steps

- This report is an informing report to provide Council with a 'stocktake' of actions already completed or planned and to identify those actions which should be considered as part of the 10 Year Plan. Council is not required to make any decisions at this stage.

11. As the 10 Year Plan 2018-2028 is being developed, staff will provide Council with more detailed information on proposals for inclusion in the 10 Year Plan work programmes.
12. There is no intention to change the current work programme for the 2017/2018 year.

13. Financial and Resourcing Implications

14. There are no financial implications as the report is an informing report and there is no intention to change the current work programme for Annual Plan 2017/2018.
15. The cost to undertake the update of \$3,600 has been incorporated within existing work programmes.

16. Risk

17. There are no risks associated with the provision of the information in the report.

Signatory

Authoriser	Sean Hickey, General Manager Strategy and Communications
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Council Report

Key Strategic Plans and Strategies

Introduction

For each plan/strategy there is the overview statement of the plan/strategy and then the key actions by the theme structure of the plan/strategy are listed.

A status is assigned to each action.

Completed – these are actions that have been completed.

Funded BAU (business as usual): these actions are part of the activities annual work programme

Funded Projects: These actions have been included in the 16/17 Annual Plan, the 17/18 Annual Plan or the LTP(Long Term Plan) 2015-25. The budgeted costs for these actions have been included.

Activities to be considered in the 10 Year Plan 2018-2028: These are actions that have been identified in the plans/strategies but which have not yet been sufficiently scoped to determine the funding requirement. Therefore they have not been included within Council's LTP 2015-2025 or in Annual Plans. In some instances, such as the Hamilton East Neighbourhood Plan, the plan was developed after the LTP 2015-2025 and therefore could not be included in the LTP 2015-2025.

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Biking Plan

Adopted in 2015

Hamilton's Biking Plan will contribute to a more attractive and liveable city for families. The plan aims to make biking safe, convenient and visible; encouraging more people to bike more often in Hamilton.

Completed Projects		Driver
Biking Network	Make the Hamilton biking network visible by providing maps which identify the primary and secondary networks	LOS
Biking Network	Making the maps available on the Hamilton City Council website by quarter 4 2015.	LOS
Major Project	State Highway 3	Growth

Funded BAU		Driver
BAU -Biking Network	Identify biking network gaps which are barriers to safe and convenient biking.	LOS
BAU - Design Standards	Align with national standards for safe biking network design	LOS
BAU -Educate	Road safety programmes for all road users will be developed on a rolling annual basis.	LOS
BAU -Educate	Work with stakeholders to develop an education programme that encourages more people to bike targeted at school aged children & adults who ride bikes.	LOS
BAU -Maintain	Maintenance programmes appropriately address the projects and networks identified in the Biking Plan	LOS
BAU - Monitor	Report on key performance indicators and measures of success for the Biking Plan.	LOS
BAU - Promote	Work with stakeholders, including Hamilton/ Waikato Tourism, Te Awa River Ride, Cycling New Zealand, Sport Waikato and the community	LOS
Major Project	Te Awa River Ride	LOS

Funded Projects (\$000's)		16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015-25 Opex (ongoing)	LTP 2015-2025 Capex/ one-off	Driver
Major Project	Resolution Drive					(as part of Waikato Expressway)		Growth
Major Project	Western Rail Trial		\$5,540		\$	\$0	\$0	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Facilities	Identify appropriate places on the network for biking facilities	LOS
Facilities	Existing routes will be retrofitted over a 10 year period	LOS
Promote	Develop a marketing plan that promotes Hamilton as a biking destination for visitors	LOS
Signage	Design signage for directional and wayfinding information	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Signage	Implement signage	LOS
Major Project	Te Awa Ride consequential opex	LOS
Major Project	Central City Route	LOS
Major Project	Minogue Park Bridge	LOS
Major Project	School Link Route	LOS
Major Project	Te Awa South River Ride	Growth
Major Project	University Route	LOS
Major Project	Wairere Drive (part of Wairere Drive project)	Growth
Major Project	Western Rail Trail - Frankton Heritage Loop	LOS

Central City Transformation Plan

Adopted in 2015

The Central City Transformation Plan (CCTP) aims to transform Hamilton's central city into a prosperous commercial centre, with a vibrant metropolitan lifestyle. The plan is an action-focused practical approach with a mixture of short and long-term projects designed to revitalise the central city and encourage more people to visit, live and work there.

Completed Projects		Driver
Waikato River - VTOR	Stability work	LOS
Reshape Central City & Precinct	Garden Place upgrade – shade umbrella's, tables & chairs	LOS
City space amenity & beautification	Beautification Policy	LOS
Green frame & green spaces	Maple Grove	LOS
Investment & Business Attraction	BID Policy review	LOS
	Business Hub	LOS
	Quarterly Central City Economic Report	LOS
Strengthening Connections	Embassy Park	LOS
	Transport & pedestrian routes – pedestrian Routes Venues	LOS
	Transport & pedestrian routes- bollard & barriers	LOS
	Parking – parking zones	LOS
Retail Plan	Retail mix customer survey & analysis	LOS
	Retail prospectus & promotional material	LOS
	Retail & hospitality performance reporting	LOS

	Funded BAU	Driver
Reshape Central City & Precinct	Victoria Structure Plan	LOS
Reshape Central City & Precinct	Precinct - District Plan review - Building Rules/Precinct	LOS
Strengthening Connections	Transport & pedestrian routes - Sonning Carpark	LOS
Strengthening Connections	Parking - Parking Strategy	LOS
Strengthening Connections	Parking – Parking Reporting review	LOS
Investment & Business Attraction	Business & Investment Attraction Plan	LOS
Investment & Business Attraction	Central City Building Rules & Consent Booklet	LOS
Investment & Business Attraction	Urban Design Panel review	LOS
Investment & Business Attraction	Bylaws & Policy Review - Alignment with CCTP Plan	LOS
Investment & Business Attraction	Future Investment Fund	LOS
Laneways	District Plan Review - Support laneway transformation	LOS

Funded Projects (\$000's)		16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015- 25 Opex (ongoing)	LTP 2015- 2025 Capex/ one-off	Driver
Waikato River - VTOR	VTOR Park construction		\$4,900	\$100		\$700	\$0	LOS
Strengthening Connections	Parking - parking technology		\$730					LOS
Strengthening Connections	Transport & pedestrian routes - 30 yr traffic model		\$77					Growth
Business & Investment Attraction	International Education Strategy	(externally funded)						LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
City space amenity & beautification	Street Furniture & Footpath Guidelines	LOS
City space amenity & beautification	HCBA - lick of paint	Renewal
City space amenity & beautification	Free Wi-Fi	LOS
City space amenity & beautification	Avenue of Trees - Victoria Street	LOS
City space amenity & beautification	Caro Street clock	LOS
City space amenity & beautification	Civic Square paving amenity	LOS
Investment & Business Attraction	Hamilton Investment Office	LOS
Retail Plan	Retail Clusters	LOS
Retail Plan	Common opening & closing times	LOS
Retail Plan	CBD marketing & branding campaign	LOS
Retail Plan	Events Plan for Retail & Hospitality	LOS
Reshape Central City & Precinct	Garden place upgrade - Garden Place Management Transfer to HCBA	LOS
Reshape Central City & Precinct	Upgrade Library facade	LOS
Reshape Central City & Precinct	Garden place upgrade - fairy lights	LOS
Reshape Central City & Precinct	Garden place upgrade - feature gardens	LOS
Reshape Central City & Precinct	Garden place upgrade - Reception Lounge entry	LOS
Reshape Central City & Precinct	Garden place upgrade - fountain upgrade	LOS
Reshape Central City & Precinct	Garden place upgrade - news screen	LOS
Reshape Central City & Precinct	Precinct - Precinct Gateway Plan	LOS
Green frame & green spaces	Green Frame Amenity Plan	LOS
Green frame & green spaces	Victoria Pocket Park Plan	Growth
Green frame & green spaces	CBD Planting Guidelines	LOS
Green frame & green spaces	Greenspace naming	LOS
Green frame & green spaces	Skate Park	LOS
Strengthening Connections	Transport & pedestrian routes - 30 year traffic model (unfunded years)	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Strengthening Connections	Transport & pedestrian routes - shared zone Garden place north	LOS
Strengthening Connections	Transport & pedestrian routes - shared zone Alexandra Street	LOS
Strengthening Connections	Transport & pedestrian routes - shared zone – Caro Street one way entry to zone	LOS
Strengthening Connections	Transport & pedestrian routes - Reroute Free Bus	LOS
Strengthening Connections	Transport & pedestrian routes - Pedestrians Victoria Street - London to Liverpool St	LOS
Strengthening Connections	Transport & pedestrian routes - Claudelands Connectivity Plan	LOS
Strengthening Connections	Transport & pedestrian routes - Bike racks	LOS
Laneways	HCC Owned Laneways Redevelopment Plan	LOS
Laneways	Demonstration Laneways Project - Alexandra Street (2 nd stage – entryway to Central Library from the Lane	LOS

Disability Action Plan

Adopted in 2016

The Disability Action Plan was developed in collaboration with the disability sector. The plan outlines specific actions that Council units will undertake to ensure people with disabilities have equity and access so they can participate in and contribute to community and civic life. The plan gives effect to Council's Disability Policy.

Completed		Driver
Culture and communication	Ensure candidates election material is accessible	LOS

Funded BAU		Driver
Participation and inclusion	Disabled people provide feedback to council on plans & strategies	LOS
	Promote Booklink	LOS
	Physical and public transport access to Hamilton Gardens assessed each year	LOS
Removing Barriers	Playgrounds include accessible and inclusive equipment	LOS
	Facilities review access and provide guides for people with disabilities	LOS
	Street access, entrance to buildings and mobility parks considered in development	LOS
	Monitor access to public transport	LOS
Culture and communication	City safe education programme includes people with disabilities	LOS
	Council A-Z services include disability information	LOS
	Council website and hardcopy is reviewed for accessibility	LOS
	Facilities emergency & evacuation processes are accessible	LOS
	Review Employment tool kit annually	LOS
	Disability training to staff	LOS
	Work with WRC and WDHB to ensure emergency processes are accessible	LOS
	Disabled people informed about what to do in emergency	LOS
Monitoring & implementing plan	Action plan reported annually to Council	LOS
	Advisory group meets regularly	LOS
Participation and inclusion	Section added to council website	LOS
	Survey results from Travel habits of Families with disable members be promoted	LOS
	Investigate use of companion card programme	LOS
Removing Barriers	Investigate feasibility of be.Accessilbe	LOS
Monitoring & implementing plan	Disability Policy reviewed by June 2019	LOS

Frankton Neighbourhood Plan

Adopted in 2016

The Frankton Neighbourhood Plan outlines actions to support the development of one of Hamilton's oldest suburbs over the next 10-20 years. The plan sets out a number of early, short and longer term projects for the area that support the outcomes of:

- Retaining and growing Frankton's unique economy
- More people living in Frankton
- Preserving, enhancing and sharing Frankton's history
- Attracting visitors to Frankton's history and quirky character
- Strengthening Frankton's connections with Hamilton as a city

Completed Project		Driver
Investment	Communications team to work on communication strategy following Forlong's closure	LOS
Investment	Resolve DP appeals	LOS

Funded BAU		Driver
Investment	Encourage key development sites	LOS
Investment	Reduce red tape via Better Business Services Plan	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Celebrating Heritage	Frankton Hall - review function and role	LOS
Celebrating Heritage	Waitawhiriwhiri Gully restoration plan	LOS
Celebrating Heritage	Develop heritage trail including signposting, history boards	LOS
Celebrating Heritage	Frankton Railway Cottage area conservation plan	LOS
Celebrating Heritage	Develop Museum in the Frankton Village (community lead project)	LOS
Celebrating Heritage	Establish pop up heritage exhibitions	LOS
Celebrating Heritage	Install story boards and tour guide – Maaori Sites	LOS
Celebrating Heritage	Restoration programme for Maaori Sites	LOS
Celebrating Heritage	Map of significant Maaori sites	LOS
Connecting Frankton	Connect the Frankton Rail Station to Frankton Village	LOS
Connecting Frankton	Connecting to major facilities (Seddon Park, FMG Stadium Waikato and Founders Theatre)	LOS
Connecting Frankton	Install way-finding signs	LOS
Connecting Frankton	Swarbrick Park playground upgrade	LOS
Connecting Frankton	Upgrade of Massey-Hall overbridge	LOS
Frankton Village	Angle parking provision on High Street, Somerset Street and Commerce Street.	LOS
Frankton Village	Kent Street pocket park	LOS
Frankton Village	Commerce Street historical building design guide	LOS
Frankton Village	Replacement of the existing Melia Trees – Commerce Street	LOS
Frankton Village	Upgrade of footpaths, planting, street furniture – Commerce Street	LOS
Frankton Village	Design guide for investors and property owners – Commerce Street	LOS
Frankton Village	Include a Special Heritage Zone character overlay area for Commerce Street in the District Plan	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Investment	Create events programme (partnership with community and & business)	LOS
Investment	Establish a BID for the Frankton area.	LOS
Investment	Market the business retail and residential opportunities	LOS

Hamilton Arts Agenda and Public Art Plan

Adopted in 2015

The Hamilton Arts Agenda was developed to support and grow the arts by providing direction and leadership. The Agenda is a plan outlining the delivery of arts-related initiatives and projects to grow the creative economy. The desired outcome of the plan is to enable Hamiltonians to celebrate and enjoy the arts. The plan will help guide the allocation of the Council's funding and resources and it will provide direction for the arts sector.

Completed Projects		Driver
Spaces and Places	Complete & implement Waikato Museum Strategic Review	LOS
	Support completion of Embassy Park redevelopment	LOS
Toi Maaori	Prioritise Maaori art as part of Museum Review	LOS

Funded BAU		Driver
Creative Economy	Advocate for art-themed hotel in central city	LOS
	Advocate for increased government and corporate support	LOS
	Continue Councils investment in arts sector	LOS
	Support art incubation projects & emerging artists	LOS
	Use multi-year community grant to support creative sector development	LOS
	Work with Hamilton & Waikato Tourism on art promotional opportunities	LOS
	Facilitate collaboration between arts organisations & funders	LOS
Engagement	Complete survey of engagement in arts	LOS
	Continue councils programme of events and activities	LOS
	Support projects and initiatives that encourage participation	LOS
	Support community projects & events in neighbourhoods	LOS
	Support events that celebrate Hamilton's multicultural communities	LOS
Promotion	Establish annual reporting scorecard on Arts Agenda	LOS
	Support art projects that promote city, suburb & neighbourhood	LOS
	Communication & marketing plan	
Spaces and Places	Encourage use of spaces not usually seen as art spaces	LOS
	Reduce red tape	LOS
	Support public art and urban design	LOS
Toi Maaori	Support Maaori art festivals and events	LOS
	Support projects that celebrate Waikato-Tanui history	LOS
	Support projects /initiatives that grow Maaori art practices & audiences	LOS
	Maaori Art promotion and marketing	

Funded Projects (\$000's)		16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015-25 Opex (ongoing)	LTP 2015- 2025 Capex/ one-off	Driver
Promoti on	Hamilton Public Art Catalogue & Digital Platform (partially funded)				\$30	\$0	\$0	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Creative Economy	Art education and employment promotion	LOS
	Creative sector business attraction strategy	LOS
Promotion	Regional Art Award	LOS
Spaces and Places	Regional pop-up venues	LOS
	Complete upgrade of Founders Theatre	LOS
	Art gallery pre-feasibility study	LOS

Hamilton East Neighbourhood Plan

Adopted in 2016

The Hamilton East Neighbourhood Plan aims to make Hamilton East a popular and attractive character suburb that embraces its history. The plan is a key project to highlight our distinctive suburban villages and guide future developments.

Completed Project		Driver
Hamilton East Village	Hamilton East Business Association (Business Association)	LOS

Funded BAU		Driver
Hamilton East Village	Encourage development sites	LOS
Hamilton East Village	Character Retention Development Guidelines	LOS

Funded Project (\$000's)		16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015-25 Opex (ongoing)	LTP 2015-2025 Capex/ one-off	Driver
Hamilton East Village	Steele Park - neighbourhood playground		\$100			\$0	\$0	LOS

Partnership Projects		Driver
Hamilton East Village	Ham East street beautification - makeover WEL substation	LOS
Hamilton East Village	Ham East street beautification - upgrade Rotary Clock Tower (Rotary)	LOS
Hamilton East Village	Hamilton East Branding Plan (Business Association)	LOS
Living Heritage	Hamilton East Heritage Trail (Hamilton East Community Trust)	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Active Places	Medical cluster - stronger links to Dawson Park	LOS
Active Places	Dawson Park Pocket Park	LOS
Active Places	Medical cluster - signage and branding	LOS
Active Places	Memorial Park signage	LOS
Connections	Avenue of Cherry trees	LOS
Connections	AUSTROADS safe system implementation	LOS
Connections	Entry point treatments	LOS
Connections	Parking Plan	LOS
Connections	Sillary Street underpass to Gardens - underpass and themed planting	LOS
Hamilton East Village	Hamilton East street beautification - footpath treatments, planting and street furniture	LOS
Hamilton East Village	Hamilton East Safety Plan	LOS
Hamilton East Village	Improve river access from Cook St	LOS
Hamilton East Village	Steele Park - BBQ area and seating	LOS
Hamilton East Village	Steele Park - pavilion	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Hamilton East Village	Steele Park - upgrade toilets	LOS
Hamilton East Village	Ham East street beautification - Investigate undergrounding of powerlines Grey Street	LOS
Hamilton East Village	City safe patrols for Hamilton East	LOS

Hamilton Libraries Strategic Plan

Adopted in 2015

The Hamilton Libraries Strategic Plan provides direction for the enhancement of Council's libraries services. The plan aims to provide a modern library service which caters for influences from new technology and the changing needs of users.

Completed Projects		Driver
Operations	Investigate new library management system	LOS

Funded BAU		Driver
Collections	Build the number of eTitles and boast eContent	LOS
	Provide collections that reflect our diverse community	LOS
Marketing	Develop & implement marketing plan for central library	LOS
	Implement plan for community hubs at suburban libraries	LOS
Operations	Develop benchmarking tool and value measurements for libraries	LOS
	Explore opportunities for revenue generation	LOS
Technology	Increase the uptake in activities and technologies that simulate imagination and literacy-based learning	LOS
	Provide and utilise technologies that support literacy development	LOS

Funded Project		16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015-25 Opex (ongoing)	LTP 2015- 2025 Capex/ one-off	Driver
Technology	New library management system		\$200			\$0	\$0	Renewal

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Collections	Continue to digitise the heritage collection	LOS
Services	Expand library functions to include other Council services at libraries	LOS
Facilities	Central Library redesign - implementation	LOS
	Central Library redesign - plan	LOS
	Central Library Seismic upgrade	Renewal
	Community Hub Plan implementation - Hillcrest	Growth
	Community Hub Plan implementation - Rotokauri	Growth
	Community Hub Plan implementation - Rototuna	Growth
	Long-term storage of Heritage collection	LOS
	Space for Heritage collections	LOS
	Central Library - access from Alexandra laneway	LOS
	Community Hub Plan implementation - Peacockes	Growth
Services	Increase opportunity for community participation in literacy programmes	LOS
Technology	Digital and online strategies	LOS
	Full-self service and return systems	LOS

Heritage Plan

Adopted in 2016

The Heritage Plan sets out Council's approach to celebrating Hamilton's heritage in all its forms. The plan outlines actions for the Council to identify, manage, protect, conserve and appreciate Hamilton's historic heritage.

Completed Projects		Driver
Identification	Develop process for identification and assessment of heritage	LOS
Sustainability	Develop statutory and non-statutory incentives to encourage use of heritage space	LOS
Management	Secure funding to support promotion, protection and management of heritage	LOS

Funded BAU		Driver
Identification	Take into account objectives and policies of Waikato-Tainui Environment Plan when dealing with discovery and identification of sites	LOS
Promotion	Complete digitisation of documents	LOS
	establish relationships with key stakeholders and specialist groups	LOS
	recognise owners of heritage places and those who contribute to conservation of heritage	LOS
Protection	Follow principles set out in guidelines of Heritage NZ, The River Authority and Conservation of Places of Cultural Heritage	LOS
	Provide advice	LOS
	Update District Plan with heritage overlays	LOS
	develop and monitor implementation of conservation plans for buildings	LOS
Management	Follow best practice for collection, storage and protection of heritage	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
BAU - Sustainability	Establish working group for central city heritage	LOS
BAU - Management	Benchmark council nationally and internationally	LOS
Identification	Update heritage inventory lists	LOS
	Identification and scoping of spatial & thematic Heritage	LOS
Promotion	Heritage trails in key heritage areas	LOS
	Plaques & interpretive signage	LOS
	give heritage more prominence on council website	LOS
Protection	Design guidelines & information sheets	LOS
	establish criteria for use of encumbrances, heritage orders, covenants and vesting of reserves and esplanade strips	LOS
	Central city heritage overlay	LOS
Sustainability	Establish heritage specialist list	LOS
	Establish acquisition fund for heritage under threat	LOS
Management	Develop staff training programme	LOS

Older Persons Plan

Adopted in 2015

The Older Persons Plan has been developed to ensure Hamilton is a desirable place to live for older people. The plan outlines objectives around improving access, safety and inclusion relating to older people.

Completed		Driver
Acknowledge and celebrate contribution	Plan for accessing older persons views	LOS
Actively participate	Provide at least six workshops on library mobile technology service	LOS
Facilities and services provided	Guidelines for council information	LOS

Funded BAU		Driver
Acknowledge and celebrate contribution	Acknowledge International Older Persons Day	LOS
	Implement at least two programmes	LOS
	Profile 10 volunteers within older persons community	LOS
Perception of safety and security	City safety signage produced in large font	LOS
	at least two city safety workshops	LOS
	Surveys to monitor issues for older persons	LOS
	New resources to prepared older persons for civil defence emergency	LOS
Actively participate	Engage with Older Persons Panel	LOS
	Provide age appropriate collections in libraries	LOS
	Audit of recreation programme	LOS
	Guidelines to support community gardens	LOS
	Explore opportunities for computers for use by older persons with council facilities	LOS
Facilities and services provided	Consider older persons in disability audits	LOS
	New outdoor furniture is age-friendly	LOS
	Consider transport options for older persons	LOS
	Use communication channels to raise awareness	LOS
	Conduct review of parking options and pick up zones	LOS

Open Spaces Plan

Adopted in 2013

The Open Space Plan sets out a 50-year strategic direction for Hamilton's parks and open spaces. The plan presents a series of goals, priorities and an action plan that responds to the needs, challenges and opportunities facing Hamilton's open space.

Completed Projects		Driver
Community Partnership	Sponsorship Policy for open space	LOS
Hamilton's green identity is upheld	Review species list for planting in public open spaces	LOS
	Identify priority planting areas to sustain & enhance ecological health	LOS
Safe, well designed & Distinctly Hamilton	Develop concept plans - Te Manatu Park, Mangaiti Park	Growth
Open Spaces meet constantly changing needs	Assess recommendations from Waikato Regional Sports Facility Plan and Winter Sports Field Demand study	LOS
	Review approach to Reserves Act Management planning	LOS
	Review service level agreements for maintenance of parks and open spaces	LOS

Funded BAU		Driver
Accessible, connected and make Hamilton easy to get around	Accessibility audit	LOS
Bringing People Together	Develop an annual events calendar	LOS
Community Partnership	Establish community partnership agreements with key community groups	LOS
	Establish form partnership with DOC	LOS
	Establish joint use agreements with other open space providers	LOS
	Work with neighbour councils	LOS
	Work with volunteer grounds on community planting	LOS
Ecosystems & Biodiversity	Align gully reserves management plans priorities to 10 year plan	LOS
	Continue to acquire riparian areas	LOS
	Habitat assessment and restoration plan for Mangakotuku Gully (part of Southern Links Roding Project)	LOS
Open Space network	Complete annual national industry benchmark	LOS
	Submit nominations for industry awards	LOS
Safe, well designed & Distinctly Hamilton	promote and manage parks & open spaces as smoke-free environment	LOS
	Network Utilities Guidelines	LOS
	Review Parks, Domain & Reserves Bylaw	LOS
Open Spaces meet constantly changing needs	Increase capacity of sports field network for current and future demand	LOS
	Open space acquisition & disposal plan	LOS

Funded Projects (\$000's)		16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015- 25 Opex (ongoing)	LTP 2015- 2025 Capex/ one-off	Driver
Safe, well designed & Distinctly Hamilton	Concept plan - Hare Puke Park					\$0	\$10	Growth
	Concept plan - Rototuna sports park					\$0	\$200	Growth
Ecosystems & Biodiversity	Develop a biodiversity strategy					Included in City Planning budget		LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
BAU	Strategy for open space market research & visitor monitoring	LOS
	Improve promotion of the value of parks and open spaces	LOS
BAU - Hamilton's green identity is upheld	Significant tree maintenance & replacement programme	LOS
BAU - Safe, well designed & Distinctly Hamilton	Develop Stake Park Plan	Growth
BAU - Community Partnership	Commercial activities policy	LOS
	Community gardens guidelines	LOS
Bringing People Together	Signage implementation programme	LOS
	Improve promotion of the value of parks and open spaces	LOS
	Develop interpretation strategy	LOS
Community Partnership	Education & engagement project	LOS
	Establish friend groups for appropriate parks	LOS
Ecosystems & Biodiversity	Climate change	LOS
	Mangaiti Gully restoration	LOS
Open Space network	Green Flag accreditation	LOS
Safe, well designed & Distinctly Hamilton	Design guidelines for parks & open spaces	LOS
	Open space network plan	LOS
Open Spaces meet constantly changing needs	Homes of sport project	LOS

Playgrounds of the Future Plan

Adopted in 2015

The Playgrounds of the Future Plan outlines Council's direction and priorities relating to the delivery of new playgrounds. The Plan guides the maintenance, upgrading and/or the development of new playgrounds. The plan aims to make playgrounds an experience with equipment that stimulates both physical and mental activity.

Completed Projects		Driver
New Destination Playgrounds	Dominion Park	LOS
	Minogue Park	
	Hamilton Gardens	LOS

Funded Projects (\$000's)	16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015-25 Opex (ongoing)	LTP 2015-2025 Capex/ one-off	Driver
Ashurst Park					\$0	\$500	LOS
Bremworth Park					\$0	\$500	LOS
Glenview Park					\$0	\$500	LOS
Hillcrest Park					\$0	\$500	LOS
Moonlight Drive Reserve					\$0	\$500	LOS
Porritt Stadium					\$0	\$500	LOS
Te Huia Reserve			\$500		\$0	\$0	LOS
Te Manatu Park					\$0	\$500	LOS

Activities to be considered in the 10 Year Plan 2018-2028	Driver
4 new destination playgrounds in future growth areas after 2030 • Rototuna • Ruakura • Peacocke • Rotokauri	Growth

Pooches and Parks Plan

Adopted in 2015

The Pooches and Parks plan outlines where new dog exercise areas will be established in the city including two fenced dog exercise areas. It also outlines how we intend to make the central city more dog friendly and provides an overview of actions to launch an etiquette campaign aimed at both people who own pooches and those who don't.

Funded BAU		Driver
Dog etiquette campaign	Implement dog etiquette campaign	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Enhance existing	Beetham Park - signs, bins, bag dispenser	LOS
Enhance existing	Braithwaite Park - signs, bins, bag dispenser, drinking fountain, agility equipment	LOS
Enhance existing	Bristol Park - signs, bins, bag dispenser	LOS
Enhance existing	Claudlands Park - signs, bins, bag dispenser, drinking fountain	LOS
Enhance existing	Days' Park - signs, bins, bag dispenser, drinking fountain, agility equipment, dog wash station	LOS
Enhance existing	Innes Common - signs, bins, bag dispenser, fenced area	LOS
Enhance existing	Melville Park - fenced area	LOS
Enhance existing	Melville Park - signs, bins, bag dispenser	LOS
Enhance existing	Minogue Park - signs, bins, bag dispenser, drinking fountain	LOS
Enhance existing	Porritt Stadium - signs, bins, bag dispenser, drinking fountain	LOS
Enhance existing	Pukete Farm Park - signs, bins, bag dispenser, seat	LOS
Enhance existing	Resthills Park - signs, bins, bag dispenser	LOS
Enhance existing	Tauhara Park - signs, bins, bag dispenser	LOS
Enhance existing	Till's Lookout - signs, bins, bag dispenser, drinking fountain	LOS
Enhance existing	Crawshaw Park - signs, bins, bags dispenser	LOS
Proposed areas	Aberfoyle Park - signs, bins, bag dispenser	LOS
Proposed areas	Chelmsford Park - signs, bins, bag dispenser	LOS
Proposed areas	Lake Domain - signs, bins, bag dispenser, drinking fountain	LOS
Proposed areas	Peacocke	Growth
Proposed areas	Rotokauri	Growth
Proposed areas	Rototuna	Growth
Proposed areas	Te Kooti Park - signs, bins, bag dispenser	LOS
Proposed areas	Te Manatu Park - signs, bins, bag dispenser, drinking fountain	LOS
Proposed areas	Templeview Park - signs, bins	LOS
Proposed areas	Waiwherowhero Park - signs, bins, bag dispenser	LOS

River Plan

Adopted in 2014

The Hamilton City River Plan is a comprehensive strategy to transform the way we use and view the 16km of Waikato River running through the city. The Plan is a 30-year vision for the river and will guide how we plan and use the river into the future.

Completed Project		Driver
Hamilton East	Develop Hamilton East Neighbourhood Plan	LOS

Funded BAU		Driver
Claudelands Bridge to Fairfield Bridge	Maintain an experience of natural landscapes and planting	LOS
	Work with land and building owners to develop a positive relationship between the city and the river, including artwork and new construction	LOS
Opoia & Jesmond Park	Promote medium development	LOS
Victoria Bridge to Claudelands Bridge	Work with land and building owners to develop a positive relationship between the central city and the river, including artwork and new construction	LOS
Ferrybank	Plan Implementation	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
BAU -Days Park and Swarbricks Landing	Enhance planting & riverbank treatment	LOS
BAU -Opoia & Jesmond Park	Improve connections to Hamilton East, City and Sonning carpark	LOS
BAU -Short term projects	Vegetation management across all areas	LOS
Arstpost & Waikato Museum	Arts themed hotel feasibility study	LOS
Braithwaite Park/ Pukete Pa	Carparking - additional	LOS
	Jetty improvements	LOS
	Signage and wayfinding	LOS
	Toilets & facilities	LOS
	Pukete pedestrian garden bridge	LOS
Claudelands Bridge to Fairfield Bridge	Boardwalks and pathways at river level	LOS
	Improved access from adjoining properties to paths and boardwalks	LOS
	Places for access to river	LOS
	Provide directional signage	LOS
Days Park and Swarbricks Landing	Improve access from park to beach	LOS
	Rowing Facilities & parking	LOS
	Signage and wayfinding	LOS
	Days Park pedestrian link across river to St Andrews golf course	LOS
Hamilton East	Von Tempskey Street connection to river	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Hamilton Gardens	Garden Venues develop for events and festivals	LOS
	Hamilton Gardens Masterplan	LOS
	Improve linkage with river	LOS
	Increase connectivity with Peacocke	LOS
	Sculpture - enhance river paths	LOS
Hayes Paddock	Exercise equipment	LOS
	Install night lighting	LOS
	Jetty for river boats	LOS
	Signage on park significance & history	LOS
	Upgrade riverbank for safe access & seating	LOS
	Upgrade toilet facilities	LOS
	Wellington Street beach	LOS
Medium and Long term projects	City of Bridges Plan	LOS
	Drinking fountain location map	LOS
	Jetty review	LOS
	Memorandum of understand with Waikato Regional Council	LOS
	Street furniture plan	LOS
	Toilet facility location map	LOS
Memorial Park & Parana Park	Access to Rangariri	LOS
	Upgrade landscaping	LOS
	Conversion of buildings to cafes	LOS
Opoia & Jesmond Park	Improve connection to Claudelands Bridge	LOS
	Promenade style river walkway	LOS
Short term projects	Lighting improvements	LOS
	Signage plan	LOS
St Andrews Golf Course	Golf Club multi-purpose facility	LOS
Victoria Bridge to Claudelands Bridge	Claudelands Bridge pedestrian & cycle access	LOS
	Promenade walkway on upper river level	LOS
	Provide directional signage	LOS
Ferry bank Development Plan - Stage One	City and Park Terrace upgrade	LOS
	Ferrybank River Promenade	LOS
	Grantham Street (north of Victoria Bridge)	LOS
Ferry bank Development Plan - Stage Two	Riverview Terrace	LOS
	Roose Com Park River Promenade	LOS
	Victoria Street/City Terrace	LOS
Ferry bank Development Plan - Stage Three	Grantham Street (south of Victoria Bridge)	LOS
	Park Terrace (by Museum)	LOS

Partnership Projects		Driver
Ferry bank Development Plan - Stage One	City Terrace playground	LOS
	Ferrybank Ecological Terrace	LOS
	Pontoons	LOS
	Riverside playground	LOS
	Roose Wharf	LOS
	Waikato River Centre Building	LOS
Ferry bank Development Plan - Stage Two	Boat ramps	LOS
	Celebrating Age Community Centre building	LOS
	Landing Terraces	LOS
	River Building #1	LOS
	Roose Com Park Ecological Terraces	LOS
Ferry bank Development Plan - Stage Three	Bridge landscaping	LOS
	Event Lawn	LOS
	Pedestrian / cycle bridge	LOS
	Victoria Bridge clip on	LOS
	New crossing to Anzac Parade	LOS

Waikato Museum Strategic Plan

Adopted in 2016

The Museum Strategic Plan outlines how the Waikato Museum will respond to changing shifts and trends facing museums. The plan provides actions to develop a distinctly Waikato identity and be relevant to our communities.

Funded BAU		Driver
Improve	Expand and develop merchandising	LOS
	Funding plan and partnerships with sponsors	LOS
	Investigate for event-hosting	LOS
Enhance	Exhibitions plan with a focus on themes promoting Waikato identity	LOS
	Form an expert inter-disciplinary group	LOS
Rebrand	Plan with Hamilton & Waikato Tourism (part partially funded)	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
BAU - Enhance	Educational focus to include a learning centre for children	LOS
	Tainui Advisory Group	LOS
Game Changer	Concept Plan	LOS
	Detailed design	LOS
	Implementation	LOS
Rebrand	Communications and marketing plan	LOS
	Implementation of communications & marketing plan	LOS
	Renaming of Museum	LOS
	Rebranding of Museum	LOS
Redesign	Link to river	LOS
	Victoria Street museum entrance	LOS
	Arts post	LOS
Enhance	improve exhibitions and programmes with modern, participatory technology	LOS

Youth Action Plan

Updated in 2015

The Youth Action Plan aims to maximise opportunities for Hamilton's young people to be actively involved in their city. This plan commits to providing ways for our young people to contribute to the development of their city. It also provides a practical way forward in planning for youth in Hamilton and offer opportunities to showcase our future leaders.

Completed		Driver
Enable young people to build future in Hamilton	Smart Waikato's FAN Activate pilot - monitor and mentor	LOS
Positive Youth Development	Develop youth leadership programme in Enderley	LOS
	Work with schools on 24/7 Youth Work programme	LOS
	Develop and implement web strategy for Htown Youth website	LOS
Strengthen Perception of and from young people towards safety and security	Develop information on staying safe	LOS
	Implement transport centre research project recommendations	LOS

Funded BAU		Driver
Enable young people to build future in Hamilton	Provide at least one Gateway programme project	LOS
	Support programmes for young migrants & refugees	LOS
	Work with Smart Waikato	LOS
Positive Youth Development	Host at least four Htown Youth Connect sector meetings	LOS
	Host youth leadership event	LOS
	Share information and online resources	LOS
	Facilitate at least two youth leadership programmes	LOS
Young People Contribute	Facilitate early engagement with Youth advisory group	LOS
	Provide opportunities to contribute to discussions & programmes	LOS
	Implement at least one project to increase engagement /knowledge on democratic processes	LOS
Strengthen Perception of and from young people towards safety and security	Develop information on staying safe	LOS
Build positive profile	Celebrate Youth Week	LOS
	Promote civic awards	LOS
Build positive profile	30 under 30 project	LOS

Partnership Programmes		Driver
Enable young people to build future in Hamilton	Identify research gaps and prioritise projects	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Enable young people to build future in Hamilton	Implement at least one research project per year	LOS

Reserve Management Plans

Beale Cottage Management Plan

Reviewed in 2016

The Beale Cottage Management Plan provides for the management of Beale Cottage.

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Beale Cottage Management Plan	Implement management plan	LOS

Hamilton Cemeteries Plan

Adopted in 2015

The Hamilton Cemeteries Plan provides the vision for Hamilton Cemeteries to provide burial and cremation services in a respectful way, in a beautiful park settings where the community can remember loved ones and appreciate our city's heritage.

Completed		Driver
Looking after what we've got	Update contracts and service level agreements in line with maintenance plan	LOS

Funded BAU		Driver
Looking after what we've got	Consider scheduling Ham East & West cemeteries as significant archaeological, historic & culture sites in District Plan	LOS
	Incorporate eco-friendly construction methods, energy-efficient technologies & water harvesting	LOS
Looking ahead	Consider financial viability of denominational groups	LOS
	Identify external funding sources for specific conservation projects	LOS
	Foster participation in conservation activities	LOS
Responding to customer needs	Implement assessment criteria for cultural & denominational groups	LOS
	Respect Maaori tikanga and guardianship	LOS
	Support Maaori descendant to exhume remains & set aside in original place	LOS
	Offer range of burial & ash internment & memorialisation options	LOS
	Review of opening hours	LOS

Funded Project		16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015- 25 Opex (ongoing)	LTP 2015- 2025 Capex/ one-off	Driver
Looking ahead	Staged expansion of burial & ash interment lawn		\$21			\$0	\$0	Growth

Partnership Programmes		Driver
Looking ahead	Planting on graves of Maaori Ancestors	LOS
Responding to customer needs	Enable hapu to honour their ancestors	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
BAU - Looking after what we've got	Gully planting on gully adjacent to Hamilton Park Cemetery	LOS
Looking after what we've got	Develop design guidelines for Hamilton East & West cemeteries	LOS
	Develop maintenance plan for conservation & carry out works in line with plan	LOS
	Identify locations of human remains - Ham East & West cemeteries	LOS
	Establish Friends of cemeteries group	LOS
	Establish Heritage Cemeteries advisory group	LOS
Looking ahead	Business model review	LOS
	Create outdoor meeting room	LOS
	Improve interpretation signage & maps	LOS
	Smart phone technology	LOS
	Implement concept plan - children's burial area	Growth
	Space efficient & intensification burial options	Growth
	Land acquisition	Growth
Responding to customer needs	Implement concept plan - outdoor committal shelter	LOS
	Implement concept plan - toilet block	LOS
	Implement concept plan - upgrade of existing Morrinsville Road entrance	LOS
	Implement concept plan - works depot	LOS
	Online access to services & information	LOS
	Implement concept plan - reception/administration & lounge	LOS
	Implement concept plan - children's play area	LOS

Hamilton Gardens Management Plan

Adopted in 2014

The Management Plan is to define strategies, objectives and policies for the development, operation, management and public use of Hamilton Gardens.

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Future Development	Carpark extension	LOS
	Information Centre expansion	LOS
	Renaissance Jetty	LOS
	Concept Garden	LOS
	Mansfield Garden	LOS
	Surrealist Garden	LOS
	Tarot, Lawn & Maze Gardens	LOS
	Picturesque Garden	LOS
	Destination Playground`	LOS

Hamilton Lake Domain Reserve Management Plan

Adopted in 2016

The Hamilton Lake Domain Reserve Management Plan provides the for the future development and management of the Domain

Funded BAU		Driver
Recreation & Leisure	Promote Domain as venue for outdoor community events	LOS
Recreation & Leisure	Work with water based sport groups for efficient use of area around Yacht Club	LOS
Recreation & Leisure	Work with groups towards a purpose built water sports hub on Innes Common	LOS
Recreation & Leisure	Work with Waikato Hockey to investigate expansion of turf area	LOS
Ecological Value	Pest Control programme	LOS

Funded Project (\$000;s)		16/17 Opex (ongoing)	16/17 Capex/ one-off	17/18 Annual Plan Opex (ongoing)	17/18 Annual Plan Capex/ one-off	LTP 2015-25 Opex (ongoing)	LTP 2015-2025 Capex/ one-off	Driver
Accessible & Safe	New public toilets - Innes Common		\$50			\$0	\$0	LOS

Partnership Project		Driver
Recreation & Leisure	Install new public artwork	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Recreation & Leisure	Assessment options for former golf area	LOS
Accessible & Safe	Accessibility audit	LOS
Accessible & Safe	Assessment of bus & car parking	LOS
Accessible & Safe	Path Lighting on main entrance & exit	LOS
Accessible & Safe	Pedestrian & cycle connections to hospital, Ruakiwi Rd, Western Rail Trail	LOS
Accessible & Safe	Upgrade existing Innes Common toilet	LOS
Ecological Value	Lake Edge & Margin Planting	LOS
Ecological Value	Lake Water Quality (base now, measures and improvement strategy)	LOS
Historic & culture value	Interpretive Signage	Renewal
Recreation & Leisure	Develop new picnic areas and add park furniture to high use areas	LOS
Recreation & Leisure	Outdoor exercise stations	LOS
Recreation & Leisure	Upgrade Innes Common playground	Renewal

Gully Reserves Management Plan

Adopted in 2007

The Gully Reserves Management Plan (GRMP) provides a strategic framework for the management of the parts of six gullies within Hamilton City that are in the administration of Hamilton City Council (HCC):

- Kirikiriroa Gully
- Waitawhiriwhiri Gully
- Mangakotukutuku Gully
- Mangaonua Gully
- Te Awa O Katapaki Esplanade
- AJ Seeley Gully

Funded BAU		Driver
Gully side and stream bank stability	Review of drainage management practices (Waters)	LOS
	Training staff on herbicide and control measures	LOS
Vegetation conservation and enhancement	Protect gully from people and domestic animals	LOS
	Train staff on best practice approach	LOS
	Use local sourced planting material	LOS
	Weed Control programme	LOS
Preserving and enhancing landscape and aesthetic qualities	Screening of properties	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Gully side and stream bank stability	Survey Audit	LOS
	Audit of stream bank and gully slope stability	LOS
	Baseline survey of vegetation	LOS
Vegetation conservation and enhancement	Protection of natural and cultural values in sensitive areas	LOS
Community connection	Community Participation programme	LOS
Tangata Whenua Values	Two areas for cultivation of Rangoa	LOS
Landscape and aesthetics	Waste material removal	LOS
Education and research	Education programme	LOS
Promoting links and green network	Acquisition of key gully areas and linkages	LOS
Kirikiriroa	Planting and restoration	LOS
	Weed and pest control	LOS
	Access way and walking and cycling ways	LOS
	Fish access	LOS
	Audit survey	LOS
	Interpretation and signage	LOS
	Picnic area and car park linked to River	LOS
Mangakotukutuku	Planting and restoration	LOS
	Weed and pest control	LOS
	Access way and walking and cycling ways	LOS
	Fish access	LOS
	Audit survey	LOS
	Interpretation and signage	LOS
	Picnic area and car park linked to River	LOS
Mangaonua	Planting and restoration	LOS
	Weed and pest control	LOS
	Access way and walking and cycling ways	LOS
	Fish access	LOS
	Audit survey	LOS
	Interpretation and signage	LOS
	Picnic area and car park linked to River	LOS
Te Awa O Katapaki Esplanade	Planting and restoration	LOS
	Weed and pest control	LOS
	Access way and walking and cycling ways	LOS
	Fish access	LOS
	Audit survey	LOS
	Interpretation and signage	LOS
	Picnic area and car park linked to River	LOS
Al Seeley Gully	Planting and restoration	LOS
	Weed and pest control	LOS
	Access way and walking and cycling ways	LOS
	Fish access	LOS
	Audit survey	LOS
	Interpretation and signage	LOS
	Picnic area and car park linked to River	LOS

Maaori Landmarks Riverside Reserves

Adopted in 2003

This Management Plan has been prepared to assist in the management of traditional Maaori landmarks. These sites are situated on reserves along the Waikato River within Hamilton City boundary.

The sites are:

- Te Totara
- Pukete Pa
- Te Owango Pa
- Matakanohi Pa
- Te Tupari Pa
- Waitawhiriwhiri Urupa
- Kirikiriroa Pa
- Opoia Pa
- Urupa (unnamed)
- Te Rapa Pa
- Te Kourahi Pa
- Te Moutere O Koipikau Pa
- Te Nihinihi Pa
- Te Parapara Pa
- Unnamed Pa (Hammond Park)
- Te Pa O Ruamutu
- Mangaonua Pa

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Interpretive and signage	Interpretive and signage material	LOS
Site restoration	Carved Pouwhakarae	LOS
Site restoration	Planting, fencing	LOS
Facilities	Lighting, drinking fountains. Paths, park benches	LOS

Taitua Arboretum Development Plan

Adopted in 2003

The Taitua Arboretum Development Plan provides for the management of the Arboretum in line with the Taitua Strategic Plan.

Completed Projects		Driver
Rural Woodland	Central lake development	LOS
	Farm fences screened or replaced	LOS
	Main walkway system developed	LOS
	Planting to screen external views/transmission lines	LOS
Enhancing the visitor experience	Country lane investigate	LOS
	Main walkway circuit	LOS
	Shelter for visitors	LOS

Funded BAU		Driver
Arboretum	Annual curatorial review process	LOS
	Audit of tree collections	LOS
	Theme collection framework	LOS
Rural Woodland	Landscape designs statement for each zone	LOS

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Arboretum	Identification of key locations and development of 7 areas	LOS
Rural Woodland	Pond Management Strategy	LOS
Enhancing the visitor experience	Car parking	LOS
	Interpretive and signage material	LOS
	Toilets & facilities	LOS

Waiwhakareke Natural Heritage Park Management Plan

Adopted in 2011

The Waiwhakareke Natural Heritage Park Management Plan provides a framework for the development and management of Waiwhakareke Natural Heritage Park to conserve and enhance the natural, recreational, educational and cultural values of the Waiwhakareke Natural Heritage Park for the benefit of the community.

Activities to be considered in the 10 Year Plan 2018-2028		Driver
Future development	Develop water volume & nutrient targets	LOS
	Entrance Building	LOS
	Install two Pou	LOS
	Interpretive and signage material	LOS
	Main entrance way	LOS
	marketing material	LOS
	Paths, viewing areas and furniture	LOS
	Perimeter cycleway	LOS
	Pest proof fence	LOS
	Progressively plant	LOS
	Realign outflow drain	LOS
	Roading and parking	LOS
	Toilets & facilities	LOS

Committee: Council

Date: 08 February 2017

Report Name: Service Delivery Review - Parks **Author:** Stephen Halliwell

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Service Delivery Review - s.17A of the Local Government Act 2002</i>
Financial status	<i>There is budget allocated Amount \$65,000</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

- To inform Council of the findings of the Service Delivery Review of Parks and Open Spaces and City Parks for Councils consideration; and
- To seek Council approval to continue with the current delivery model (Enhanced Status Quo Option) as the most cost-effective delivery option for Council's park management activity.

4. Executive Summary

- In early 2016 staff did an assessment of the cost versus benefits of undertaking Service Delivery Reviews. As a result of that Council concluded that a Service Delivery Review was required for Parks and Open Spaces and City Parks.
- A Service Delivery Review seeks to identify the most cost effective method of service delivery.
- PWC were appointed to undertake the review and their report is appended.
- PWC considered nine service delivery options.
- PWC concluded that the current in-house model, with some improvements (Enhanced Status Quo) is the most cost effective service delivery model for the delivery of Parks and Open Spaces and City Parks services.

Recommendations from Management

That:

- a) the report be received;
- b) Council approves Parks and Open Spaces continuing with the Enhanced Status Quo service delivery model as the most cost effective service delivery option for Council's park management activity; and
- c) Council receives a report in the 2017/18 Annual Plan process that outlines the vehicle fleet investment requirements to move the City Parks vehicle fleet within asset management plan specifications.

10. Attachments

11. Attachment 1 - SDR - Parks - PWC Service Delivery Review Final 22.12.16

12. Service Delivery Review Overview

13. Background

14. Council has been undertaking Service Delivery Reviews since 2009, and this has been considered good business for some time. More recently the Government amended the Local Government Act 2002 (LGA), making it a requirement to undertake a Service Delivery Review where the potential benefits arising outweigh the cost of undertaking the review.
15. The new LGA requirements link to the purpose of local government and require Council to identify the most cost effective service delivery option. This requires a comparison of the status quo service delivery model with a range of other service delivery options.
16. In order to make this assessment it is necessary to identify two key elements:
 - What is effective service delivery?
Council sets the service levels and the key performance indicators in the 10-Year Plan. It is assumed that effective service delivery is achieved when these service levels are met. A review will determine whether these service levels are being met and if not what is required for these to be met. A review will then assume the same service level for each of the other options considered.
 - What is the least cost option for delivery effective service delivery?
This is a financial calculation taking into account the potential cost of change, operating costs of the new delivery option and stranded overheads. The analysis must consider the impact on the whole of Council not just the activity being reviewed.
17. When considering options it is also beneficial to consider the risk of failure (for each of the alternative options under consideration). It might be that the least cost option carries unacceptable risk.
18. A Service Delivery Review is not a Business Case. It looks at a wide range of options and is therefore undertaken at a high level. The financial assessment will usually be expressed in ranges to reflect the high level of the analysis. If a change from the status quo is identified as the most cost effective option then a detailed business case on that option would usually be required.

19. Summary of PWC Report – Key Matters

20. The following summarises key matters from the appended PWC Report received by staff on 22 December 2016.

21. Scope

22. The review covered the following activities:

- Parks and Open Spaces (planning, asset management and project management)
- City Parks (mowing, litter control, sports field preparation arboriculture and garden maintenance)

23. The review did not cover:

- Cemeteries (reports to the Parks and Open Spaces Manager)
- Hamilton Gardens (part of the Parks and Greens Spaces Group of Activities)

24. Service Delivery Options Analysed and Considered

25. The review considered the advantages and disadvantages of a long list of potential service delivery options. From that long list it developed a short list of reasonably practicable options which are analyzed in more detail in the report:

- Enhanced Status Quo
- Sell City Parks
- Green Space Alliance

26. The three shortlisted options were considered in more detail including:

- *cost effectiveness* - the extent to which the option is more cost effective than the status quo
- *non-delivery risk* – the risk that the stated benefits fail to be realised
- *service level risk* – the risk of service standards not being maintained at their existing level

27. Most Cost Effective Option

28. PWC concluded that the most cost effective option is the Enhanced Status Quo.

29. This conclusion has been determined including an investment of \$1.7m to move the aging parks fleet within asset management plan specifications.

30. PWC benchmarked HCC against other Councils and concluded that “HCC direct operating costs are \$8.48 per hectare, 13% lower than its most comparable Council by size”

31. The fleet investment is critical to the Enhanced Status Quo recommendation. Additionally staff have further enhancement plans. They have developed a programme of improvement that has the two council units of Parks and Open Spaces and City Parks working more closely together with a higher level of trust and collaboration. This has already resulted in significant efficiencies which for example have enabled the budgets to absorb growth of 62.4 ha of parks being managed.

32. Other Information

33. The Quality of Life Survey 2016 asked respondents for their “most common reasons for pride in the look and feel of the city”. 72% of Hamiltonians responded positively that parks, green spaces or gardens are a reason to have pride in the city responded (the highest of all 7 cities surveyed).

34. Financial and Resourcing Implications

35. Adoption of the recommendation supports the investment of \$1.7m to bring the parks fleet into asset management specifications and ongoing funding at a level that maintains these asset management requirements. The PWC report has modelled this investment over three years. A separate report to the 2017/18 Annual Plan should address the amount and timing.

36. Risk

37. There is minimal risk in accepting the enhanced status quo option.
38. A decision (not recommended) to choose another service delivery option would require a business case to more fully understand the implications of the proposal.

Signatory

Authoriser	Lance Vervoort, General Manager Community
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Consulting

HCC Service Delivery Review

December 2016



pwc

Item 10

Attachment 1



Lance Vervoort
General Manager, Community
Hamilton City Council
Garden Place
Hamilton

22 December 2016

PricewaterhouseCoopers
Cnr Anglesea & Ward Streets, PO Box 191
Hamilton 3240, New Zealand
T: +64 (7) 838 3838

Dear Lance,

We are pleased to provide our report regarding our service delivery review of the City Parks and Parks and Open Spaces business units.

This report is provided in accordance with the terms of our engagement letter dated 14 June 2016, and is subject to the restrictions set out in the Disclaimer section of this report.

If you have any queries please do not hesitate to contact us.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Wayne Tainui', enclosed within a light blue rectangular border.

Wayne Tainui
Partner
wayne.n.tainui@nz.pwc.com
07 838 7722

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1. Executive Summary

PwC

December 2016
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Executive Summary

Background

- PwC was engaged to undertake a review of the Service Delivery activities undertaken by the City Parks Unit and the Parks and Open Spaces Unit.
- The work was undertaken within the context of section 17A of the Local Government Act 2002 which requires Hamilton City Council (HCC) to review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.

HCC's parks and open spaces are managed by two units within the Community Group function, Parks and Open Spaces and City Parks.

- The Parks and Open Spaces Unit is accountable for the overall planning, asset management, capital works and project management in ensuring the City's parks and open spaces are maintained.
- Parks and Open Spaces engages City Parks to undertake the majority of the maintenance activities.

Benchmarks for total operating costs and individual activities identified HCC costs to be typically below the average cost of benchmarked Councils.

- HCC's total operating costs per hectare are 13% lower than the Council that is most comparable by size.
- We analysed 4 specific activities in more detail and found HCC costs to be between 4% and 48% lower than the average costs of our sample.
- Therefore, we believe the current operation to be cost effective when compared to other Councils, irrespective of service delivery method.

The following nine options have been identified with Management and subsequently analysed and considered:

- Option 1. Enhanced Status Quo
- Option 2. Council Controlled Organisation (CCO)
- Option 3. Outsource - Full
- Option 4. Outsource - Functional
- Option 5. Outsource - Geographical
- Option 6. Shared Service
- Option 7. Sell City Parks
- Option 8. Standalone Business Unit
- Option 9. Green Space Alliance

We compared each option against several criteria identified with management and shortlisted three options:

- **Option 1. Enhanced Status Quo:** retain the City Parks operations in-house and maintain the existing processes and structures, but with improved efficiency levels.
- **Option 7. Sell City Parks:** sell City Parks as a going concern to either an existing provider or as a new business.
- **Option 9. Green Space Alliance:** involves entering a long-term business arrangement with an external contractor which is designed to deliver shared goals on integrated planning, customer service and delivery, efficiencies and value for money. This option would involve staff from the City Parks and Parks and Open Spaces Unit's working closely with, and from the same office as, the contractor.

Executive Summary

It would be challenging to achieve sufficient operational benefits to justify the set up of Option 9 - Green Space Alliance.

- The NPV of the Green Space Alliance was between negative \$394k and \$780k, indicating that the costs of set up and additional operational costs may outweigh the efficiencies gained under a more commercial approach.
- In addition, there is the risk that a suitable Alliance Partner may not be found and that efficiencies may not be realised as anticipated.

Contract savings of greater than \$392k per annum and a fair sale price of the assets would need to be achieved to make Option 7 – Sell City Parks a more attractive option than the Enhanced Status Quo.

In addition there are several risks associated with this option including:

- Being able to find a purchaser for the assets at a fair price;
- A fall in quality of work due to the increased focus on profitability by a commercial provider; and
- The contract may incur significant cost overruns, particularly if not set up well.

We recommend Option 1 - Enhanced Status Quo as the most cost effective and lowest risk option.

- The benchmarking undertaken in this report, while limited, does show City Parks operates at or below average cost levels of comparable Councils, including those who contract out this function.
- The Enhanced Status Quo provides a positive NPV of between \$843k and \$2.2m compared to the existing operation, while limiting disruption, maintaining flexibility and continuing high quality delivery under the existing structure. However, the risk still exists that the anticipated benefits under this option may not be fully realised.

2. Scope and Approach

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Objective & Approach

Objective

The objective of the Service Delivery Review for the City Parks and Parks and Open Spaces business units was to assess the cost effectiveness of the current service delivery model and compare cost effectiveness with alternative options. Cost effectiveness was considered in terms of:

- The delivery of services to the required quality standard; and
- Ensuring that the cost of delivery is the cheapest option to the ratepayer.

Scope

The scope of the review included:

- Analysis of the historical and budgeted cost effectiveness of the current business model
- Compare the key performance indicators to that achieved by other Councils (Comparative information to be sourced by both HCC and PwC)
- Identification of service delivery options, including improved internal options, including high-level advantages and disadvantages
- Critique of options and identification of short-listed options
- Detailed option assessment of the short-listed options, including advantages and disadvantages of each option for delivering cost effective service delivery
- Analysis of the performance of short-listed options with equivalent models operated by other Council's, if comparative data is available
- Conclude on the most cost effective option warranting further action, including the risks and assumptions associated with the recommended option.

The Review excludes analysis of Hamilton Gardens and Cemeteries.

Approach

The review undertaken consisted of four key steps: Desktop Review, Benchmark Analysis, Stakeholder Interviews and Workshops and Option Development and Recommendations. The key activities for each stage are described below.

Desktop Research

A desktop review of all available data as it relates to both Parks and Open Spaces and City Parks was completed. This review included relevant Council documentation (e.g. previous HCC reports, business cases, financial reports) external independent reports and other local Council documentation.

Benchmark Analysis

A number of information sources were used to benchmark key activities against a range of NZ Councils and third party providers. This information was collected and analysed in order to assess and determine the current level of operational efficiency.

Stakeholder Interviews and Workshops

Interviews with key stakeholders were conducted to understand current state issues, opportunities for improvements, potential model options and challenges and constraints. In addition, workshops with staff from each of the Parks and Open Spaces Unit and the City Parks Unit were conducted to understand what works well, existing areas for improvement, additional efficiency opportunities and identification of any activities no longer required.

Develop Options and Recommendations

A range of service delivery options were then developed with each option scored to identify a recommended service delivery model. Each option was prioritised according to potential savings, ease of benefit realisation and service delivery impact to arrive at the shortlisted options and preferred option.

3. Current State

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December 2016
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Overview

Background

Hamilton City Council's parks and open spaces are managed by two units within the Community Group function, the Parks and Open Spaces Unit and the City Parks Unit. The Parks and Open Spaces Unit are ultimately responsible for the planning, management and administration of the City's amenity parks, natural environments, sports fields, playgrounds, public toilets, walkways, cycleways and the streetscape.

HCC provides the Parks and Open Spaces unit with a budget of \$18.5m for the management of the city's parks and open spaces assets. Revenue from third parties of \$3.1m supplements the rates contribution of \$15.4m. Parks and Open Spaces contracts City Parks to undertake maintenance works of the city's parks and open spaces with a budget allocation of \$5.13m. City Parks also undertakes additional maintenance work for other HCC units which is budgeted at \$2.17m.

Service Level Agreement

In April 2016 the City Parks and Parks and Open Spaces Units finalised a review of the SLA which took 'a fresh approach' as to how maintenance activities were to be achieved. The two Units have also been under relatively new leadership with both Unit Managers having an increased desire to develop a closer working relationship. The ultimate vision is to have the two Units and teams work as one to ensure defined standards of customer service are achieved, health and safety of the community is protected, compliance requirements of assets is met and ratepayers are receiving value for service.

A recent benchmarking review¹ observed that with the new SLA in place the methodology used by City Parks was one of the best in NZ and concluded that:

- HCC enjoys a very high standard of gardens, floral in particular, and this standard is higher than those local authorities benchmarked with
- The majority of maintenance work is being delivered at low to medium costs
- HCC is technically very strong across all horticultural disciplines

¹ *HCC Market Comparison Benchmarking Methodology Report*

HCC Service Delivery Review
PwC

Recent Changes

In undertaking this review, it is clear that both of the Unit Managers and their teams are committed to delivering on this vision and have implemented a number of efficiency improvements as part of this process. One of the more significant changes in recent years, was to align the two units organisation structures, resulting in a 10% reduction in FTEs across the two unit's in 2012. In addition, implementing the new SLA enabled the City Parks Unit to absorb cost increases as a result of population growth (8.3% since 2010) and the increase in size of HCC's actively managed park assets (including an addition of 62.4 hectares and 3,363 new street trees).

One of the largest contributing factors to the change would appear to be a cultural shift which has seen the focus of the relationship between the Units move from a 'command and control' type arrangement to one based on a shared understanding of the outcomes expected and a more flexible approach to delivering these outcomes. One of the financial benefits of improved flexibility has enabled Parks and Open Spaces to transfer any non-scheduled works (previously carried out by contractors and/or City Parks) exclusively to City Parks, providing anticipated efficiency savings of up to \$100k pa.

A significant issue raised in the review was both the age of the City Parks fleet (an average of 75% of useful life in 2014) and the management of repairs and maintenance, both which impact on the effectiveness of service delivery.

Both Units have also identified a range of improvement opportunities that are in the process of being implemented as part of business as usual, some of which have been incorporated into the assumptions within this report.

Parks and Open Spaces and City Parks are highly reliant on support from Finance, IT, HR, Customer Services and Property and Facilities. The effectiveness of in-house options can be greatly affected by the performance of these support units. There is evidence that Parks and Open Spaces and City Parks could be more effective with an improvement in services provided by these support units, such as the timeliness of information and support received and the maintenance and replacement of fleet as scheduled.

December 2016
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Organisation Structures

City Parks

City Parks has a total of 102 FTEs with an annual salary and wages budget for 2016/17 of \$4.5m, an average of \$44k per staff member.

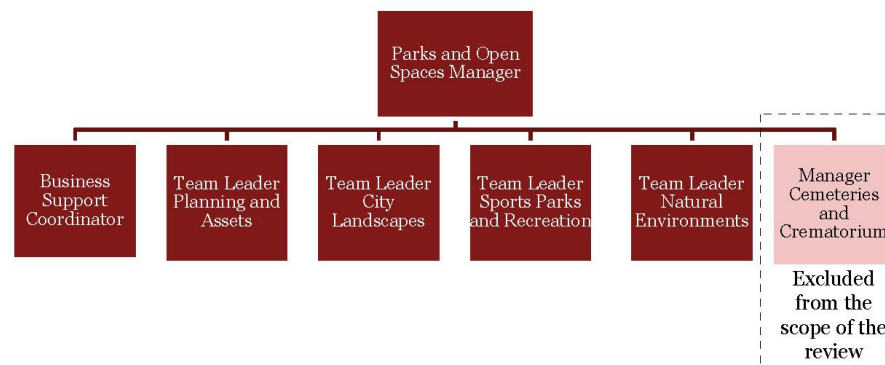
The City Parks Unit, by way of the Service Level Agreement (SLA), maintain the City's parks on behalf of the Parks and Open Spaces Unit. This includes activities such as litter control, mowing, sports field preparation, arboriculture services, after hours services, shrubberies and garden maintenance. Additional ad-hoc parks and open spaces work is completed by City Parks through day works or reactive maintenance and when required, the use of external contractors. Activities undertaken through the SLA make up approximately 75% of City Parks revenue. In addition, City Parks undertakes contract work for several HCC business units including the Infrastructure Alliance, Aquatic Facilities, Accessible Properties.



Parks and Open Spaces

Parks and Open Spaces has a total of 20.7 FTEs (excluding cemetery staff) with an annual salary and wages budget for 2016/17 of \$1.5m, an average of \$72k per staff member.

The Parks and Open Spaces Unit is accountable for the overall planning, asset management, capital works and project management of activities to ensure the city's parks and open spaces are maintained. The Parks and Open Spaces Unit engages City Parks to undertake the majority of the maintenance work along with other external contractors, to ensure assets are of a high-quality and are safe for users.



The services, delivery and funding model is wide ranging covering a number of functional areas for the benefit of the community

FUNCTION	SERVICE	MODE OF DELIVERY	FUNDING MODEL
Amenity Parks	• Council amenity parks provide for informal recreation opportunities, links between neighbourhoods, buffers and visual relief.	City Parks	Rates
	• Amenity parks range from high profile parks such as Hamilton Lake Domain and Memorial Park to neighbourhood parks such as Derby Park and Te Toe Toe Reserve.		Domain Endowment Fund
	• A range of support facilities are provided on these parks including, seating, toilets, rubbish bins, walkways and cycleways.		
Natural Environments	• Areas of conservation and restoration of the city's unique natural heritage are provided for people to experience nature within the city.	City Parks	Rates
	• Natural environments include ecological restoration sites such as Waiwhakareke Natural Heritage Park, gully systems and significant natural areas.		Grant Applications
	• A range of support facilities are provided on these parks including seating, toilets, rubbish bins, walkways and cycleways.		
Sports Parks	• Sports parks are designed and used for sport and recreation. Sports parks are often multi use and provide for a range of community activities, from large sports grounds which are home to designated codes to smaller parks catering for social sport.	City Parks	Rates
	• Assets include formally maintained sports turf, hard court and built recreation facilities that are bookable for sports play.		Fees, user charges and other income
	• A range of support facilities are provided on sports parks including toilets and changing rooms, seating, rubbish bins, walkways and cycleways.		
Public Toilets	Public toilets are provided to meet community and visitors needs, at a range of reserves as well as in civic spaces. These are maintained and cleaned regularly to ensure their ongoing service provision.	City Parks / Contracted	Rates
Playgrounds	Playgrounds are provided throughout the city ranging from one or two pieces of play equipment catering to a neighbourhood to destination playgrounds incorporating many elements of play and catering for a wider catchment.	City Parks	Rates
City Landscapes	Council provides for annual bedding, amenity plantings and street trees throughout the city's streets to enhance the aesthetic appeal of these spaces.	City Parks	Rates
Community Occupancy	Council supports community groups by providing land and buildings for them to rent or lease. A number of leases and licences are held on parks.	Parks and Open Spaces	Fees, user charges and other income

Benchmarking – all activities

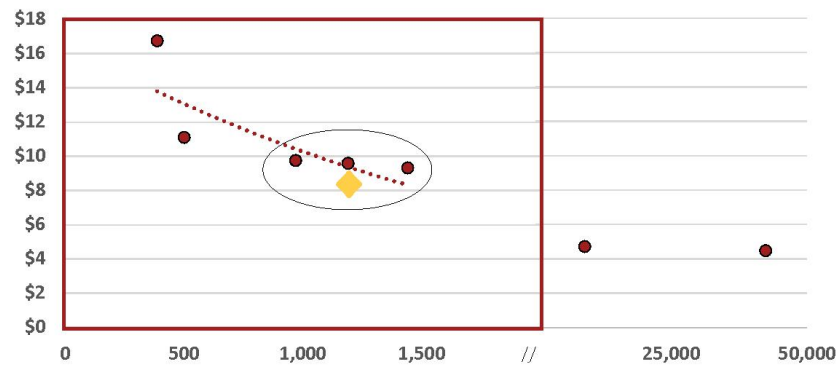
HCC direct operating costs are \$8.48 per hectare, 13% lower than its most comparable Council by size

To provide a high-level view of the cost effectiveness of the City Parks and Parks and Open Spaces Units, the Councils direct annual operating costs were compared with seven other New Zealand Councils. The selected Councils used a range of different service delivery models to maintain their parks and open spaces, including in-house provision, CCO, partial outsourcing and fully outsourced options.

The information used for this analysis was sourced from publicly available information including Council Annual Reports and Council websites. The chart below shows the results of this analysis on a cost per hectare basis for each Council undertaking the equivalent function of the City Parks and Parks and Open Spaces. When plotted against the number of hectares managed, the analysis shows these activities have strong economies of scale. For example, Auckland Council with approximately 42,350 hectares provides their services for approximately \$4.49 per hectare, compared to Napier with 386 hectares costing almost four times the amount at \$16.64 per hectare.

The three most comparable Councils (by size) included Palmerstone North (968 ha), Rotorua (1,189 ha) and New Plymouth (1,440 ha) with operating costs per hectare of \$9.75, \$9.58 and \$9.32 respectively. HCC appears to be the most cost effective overall with 1,196 hectares managed and operating costs of \$8.48 per hectare (13% less than Rotorua, which is the most comparable by size). Furthermore, given the Councils included in the comparison have a mix of in-house and outsourced service provision it would appear that HCC is achieving similar cost efficiencies compared to those Councils using outsourced providers.

Cost Per Hectare - All Activities



◆ HCC

Benchmarking – individual activities

Four out of nine individual maintenance activities were benchmarked and indicated that the activities undertaken were similar or slightly below the average costs incurred by other New Zealand Councils

The total budget for City Parks activities within the Parks and Open Spaces SLA is \$5.13m and of this approximately \$2.3m or 45% of these activities have been benchmarked. From this analysis, and supported by anecdotal evidence from Management and Geoff Canham Consulting*, it would appear that the existing service provision by City Parks is relatively cost effective. See over for a breakdown of City Parks activity by area.

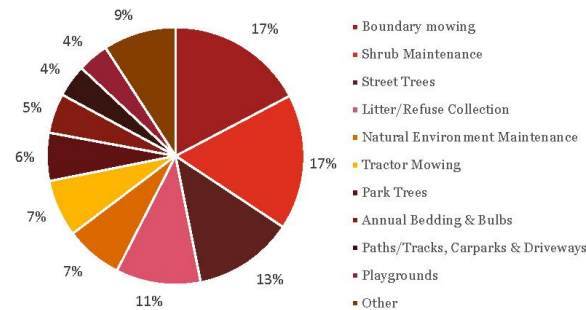
In particular, four maintenance activities have been benchmarked to provide a more detailed understanding and view of HCC's parks maintenance costs. The results of this analysis are consistent with the high level operating cost comparison, and indicate that City Parks are undertaking their activities at below the average cost incurred by other New Zealand Councils. The four individual maintenance activities benchmarked are shown on the following pages with further detail provided.

This analysis has been used to determine a base level of efficiency when comparing the current in-house model against the range of alternative service delivery options.

We noted limitations in assessing the costs of each activity compared given the level of service each individual Council defines as appropriate to meet the needs of their constituents. As such no two Councils are exactly comparable and the nature of maintaining parks and open spaces, due to variations such as geography, climate, botany, park size and distribution, age, and topography, impact on the costs incurred by Councils.

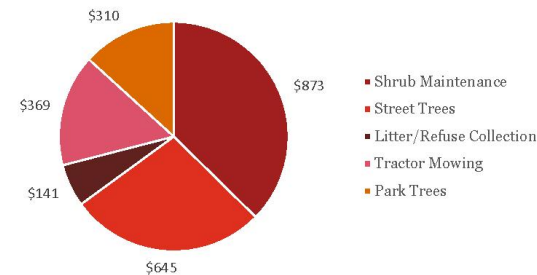
Therefore, the benchmarking undertaken within this report provides an indicative understanding of HCC's current parks and open spaces maintenance costs, subject to these constraints.

City Parks Activity Breakdown



Source: PwC Analysis

Benchmarking Breakdown (\$000s)



Source: PwC Analysis

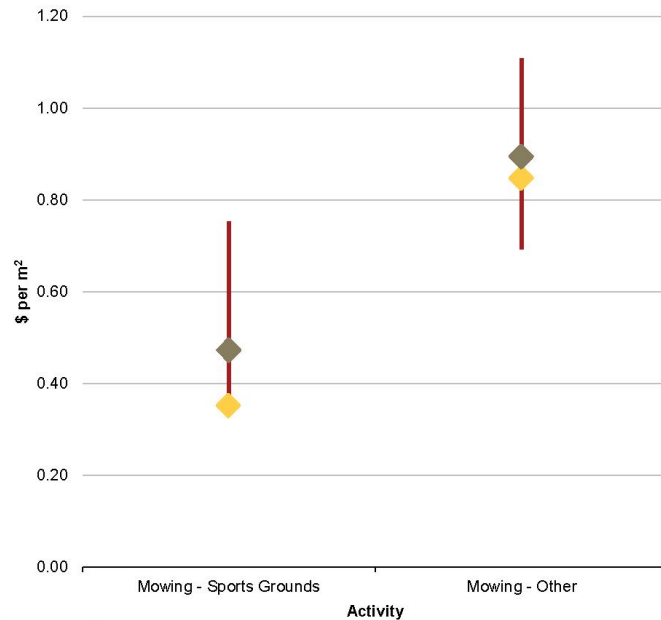
* HCC Market Comparison Benchmarking Methodology Report

Benchmarking

Benchmarking the maintenance activities at a detailed level in each case showed HCC costs to be between 4-48% below the average cost of benchmarked Councils

Tractor Mowing (7% of Activities)

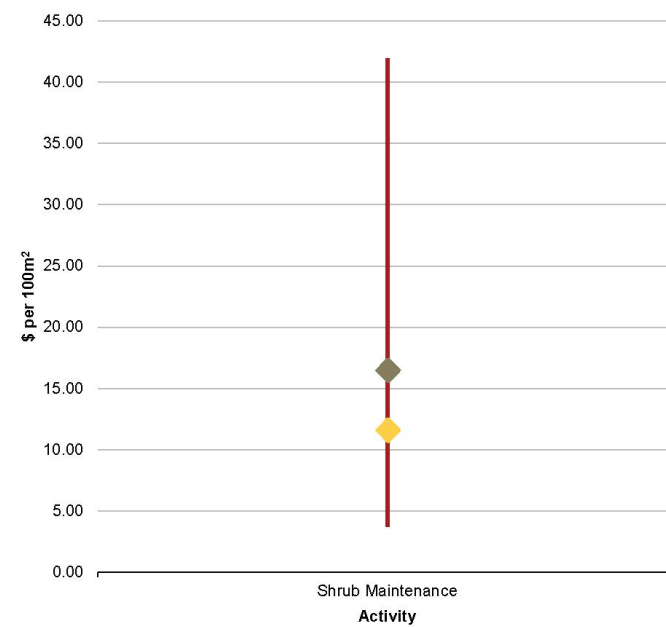
HCC's overall mowing costs compare very favourably with the other benchmarked Councils, achieving the lowest cost per metre \$0.35 for sports grounds mowing and \$0.90 for other mowing (25% and 4% below the average costs of \$0.47 and \$0.94 respectively).



◆ HCC ◆ Average

Shrub Maintenance (17% of Activities)

While there were significant variations in costs to undertake shrub maintenance amongst benchmarked Councils, HCC was at the lower end of the benchmarked Councils achieving a cost per square metre of \$12.70, 32% below the average cost of \$18.64.



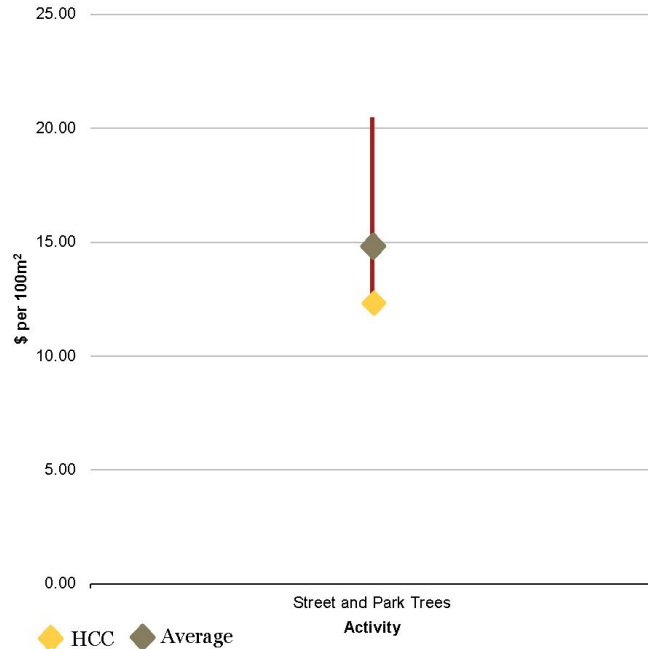
Source: PwC Analysis

Benchmarks

Benchmarking the maintenance activities at a detailed level in each case showed the HCC costs to be between 4-48% below average cost of benchmarked Councils

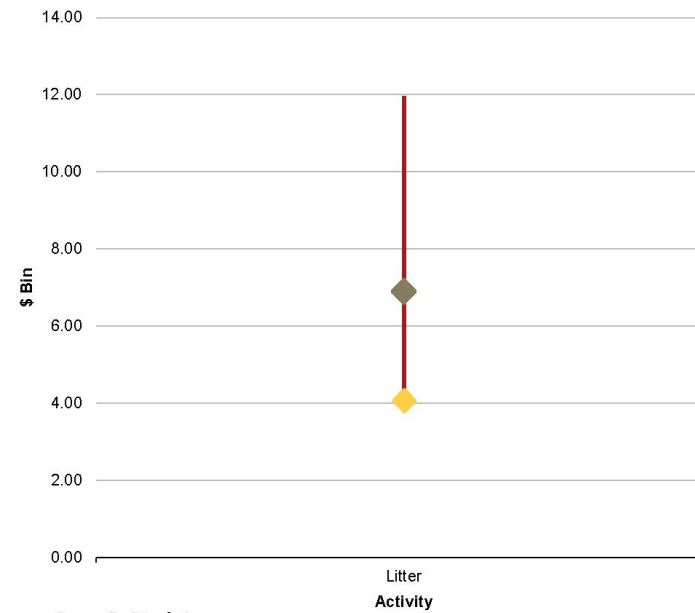
Street and Park Trees (19% of Activities)

There were large variations between Councils in maintaining street trees, however HCC costs were the lowest out of the Councils surveyed at \$12.30 per tree, 22% lower than the average cost of \$15.80. Also of note was that HCC has one of the highest number of street trees of any Council, a total of 77,669 trees.



Litter Collection (3% of Activities)

HCC litter collection was the second most cost effective activity of the benchmarked Councils at \$3.85 per bin and 48% below the average cost.



Source: PwC Analysis

4. Service Delivery Options

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Service Delivery Options Overview

A total of nine options were considered as part of the service delivery review

Objectives

The objective of the Service Delivery Review for the City Parks and the Parks and Open Spaces Units was to assess the cost effectiveness of the current service delivery model and compare the cost effectiveness with alternative options. Cost effectiveness was considered in terms of:

- The delivery of services to the required quality standard; and
- Ensuring that the cost of delivery is the cheapest option to the ratepayer.

In developing and assessing the Service Delivery options it was noted that the Parks and Open Spaces and City Parks Units have recently implemented a number of reforms. The reforms included the implementation of a new Service Level Agreement and more aligned organisation structure to improve how the two functions interact in delivering the Council's vision for its parks and open spaces. These changes and the expected benefits arising have been assumed when measuring the cost effectiveness of the existing in-house delivery model.

Due to the public good nature of parks and open spaces there are very limited alternatives for revenue generating options, outside of the existing rates and limited user pays fees funding arrangements. Additional revenue generation was not considered within this review given it was excluded from scope.

Options

Option 1. Enhanced Status Quo

This option would involve retaining the City Parks operations in-house and maintaining the existing processes and structures, but with improved efficiency levels.

Option 2. Council Controlled Organisation (CCO)

This would involve setting up an arms length entity of Council to perform the City Parks functions. A CCO is a company, trust or similar entity, where Council owns 50 percent or more of the shares or voting rights.

Options 3, 4 & 5. Contract Out/Outsource

This would involve contracting out the management and maintenance of HCC's parks and open spaces functions to an external provider. The outsource model could include:

- All functions across the whole of HCC (option 3)
- A function by function basis (option 4)
- All functions by geographical area e.g. East and West (option 5)

Option 6. Standalone Business Unit (SABU)

This option involves establishing a business unit within Council, which ring fences the operations of a specified activity and its assets and staff. This ring fencing increases the transparency of the unit's revenue and costs, enabling comparisons of its performance against external commercial enterprises.

Option 7. Sell City Parks

This would involve selling City Parks as a going concern to either an existing provider or as a new business.

Option 8. Shared Service

This would involve creating a City Parks unit that is shared amongst several Councils, which for example could include HCC, Waipa District Council and Waikato District Council. This option could take the form of a CCO.

Option 9. Green Space Alliance

This option involves entering a long-term business arrangement with an external contractor which is designed to deliver shared goals on integrated planning, customer service and delivery, efficiencies and value for money. This option would involve staff from the City Parks and Parks and Open Spaces Unit's working closely with, and from the same office as, the contractor.

Selection Criteria and Prioritisation Process

Criteria

Each of the nine options identified above have been assessed against criteria established in conjunction with management as follows:

Advantages (included to inform each of the criteria)

The advantages of the option when compared to the other options.

Disadvantages (included to inform each of the criteria)

The disadvantages of the option when compared to the other options.

Cost Effectiveness

An assessment of the relative value for money that the option would provide and defined as either Minor (under \$250k), Moderate (between \$250k and \$500k) or Substantial (over \$500k).

Service Level Risk

An assessment of the likelihood that the services would be provided at existing (or higher) levels of service than what is currently attained.

Flexibility

The extent to which the option allows for the provision of non-scheduled (reactive) work to be completed, and the successful prioritisation of competing workstreams.

Precedents (included in ease of implementation)

Examples of other Councils currently using that method, and comparisons where applicable.

Furthermore, we have used additional criteria to provide a view of the outcome from implementing each option.

Ease of Implementation

Provides a view of how easy (or difficult) HCC would find it to implement the option and includes the associated implementation risks.

Benefit Realisation

An assessment of the likelihood of the option being able to deliver the potential efficiency improvements, including both financial and non-financial benefits.

Prioritisation

Each of the Criteria was scored with either a Low, Medium or High rating, with each rating weighted using the following scale:

Did not Meet - 0

- Low - 1
- Medium - 6
- High - 9

These scores were then weighted using the matrix provided below:

Cost Effectiveness	Benefits Realisation	Service Level Risk	Flexibility	Ease of Implement.
40%	30%	10%	10%	10%

Each option was then prioritised accordingly with the recommended option achieving the highest score.

See over page for a summary analysis of the options, based on the criteria and prioritisation weighting outlined above.

Summary – Option Analysis

Based on the criteria and prioritisation established, four options warranted further analysis

	Cost Effectiveness	Benefits Realisation	Service Level Risk	Flexibility	Ease of Implementation
Option 1. Enhanced Status Quo	M	H	H	H	H
Option 2. CCO	L	L	H	M	M
Option 3. Outsource - Full	M	M	M	M	L
Option 4. Outsource - Functional	L	M	M	M	M
Option 5. Outsource - Geographical	L	L	M	L	L
Option 6. Shared Service	H	H	H	H	L
Option 7. Sell City Parks	H	M	M	M	M
Option 8. Standalone Business Unit	L	L	H	H	H
Option 9. Green Space Alliance	M	M	H	H	M

Each of the criteria was scored using the following scale: Low (1), Medium (6) or High (9) rating and weighted using the table opposite.

Cost Effectiveness	Benefits Realisation	Service Level Risk	Flexibility	Ease of Implementation
40%	30%	10%	10%	10%

Prioritised Option Assessment

Short List

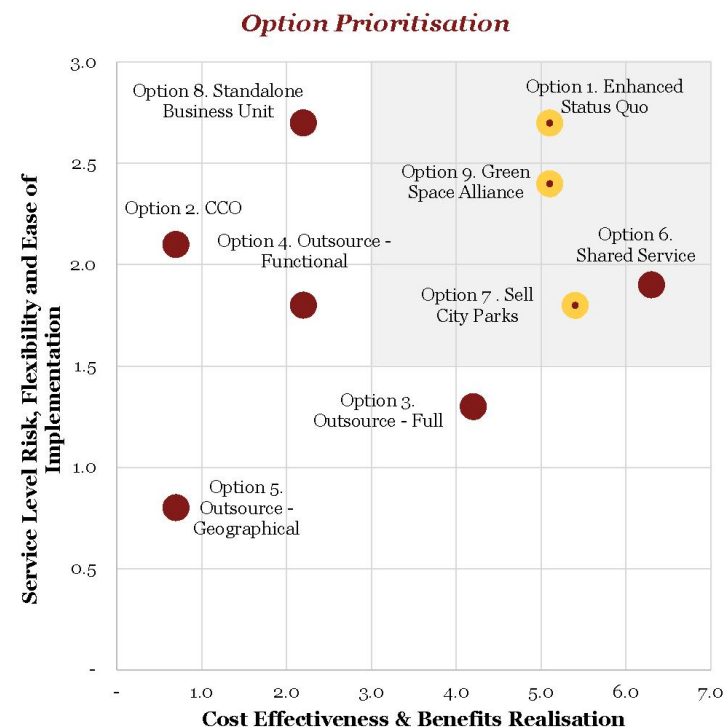
The table opposite shows the results of the prioritisation process as compared to the current status quo. Each option has been plotted by their level of cost effectiveness, benefits realisation and a joint score based on service level risk, flexibility and ease of implementation.

Based on this underlying analysis and the prioritisation criteria, the short listed options are as follows:

- Option 1 – Enhanced Status Quo
- Option 7 – Sell City Parks
- Option 9 – Green Space Alliance

While Option 6 – Shared Service was also deemed a short listed option, the lack of potential partners negates this as a realistic alternative and therefore has not been shortlisted.

We consider the shortlisted options in more detail in the following section of this report.



● Short listed Options

Source: PwC Analysis

5. Shortlisted options

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Option One –Enhanced Status Quo*

Qualitative Considerations

Criteria	Considerations
Overview	Under this option the current Parks and Open Spaces and City Parks Units remain as separate business units within the HCC. This option includes the current planned efficiency improvements as outlined in the new SLA.
Advantages	▪ Enables the recent Service Level Agreement to be embedded and the identified improvements to be implemented ▪ Ensures Council maintains direct control over operations and in particular quality practices and outcomes ▪ The public retain their understanding that the Council is accountable for all of the city's parks and open spaces (currently high levels of satisfaction exist by Hamilton ratepayers of the city's parks and open spaces) ▪ No impact on HCC staff by retaining the status quo model ▪ Lower overall management costs (no duplication of administration functions) with an in-house model ▪ Low staff turn-over and improved retention of business knowledge ▪ Lower contract management overhead and oversight expenditure ▪ Does not preclude a future move toward other preferred options
Disadvantages	▪ Some outsourced providers have better information systems than those currently in place at HCC, including real-time reporting ▪ Unable to leverage the same scale that some of the outsourced providers may be able to achieve, including management oversight ▪ Council processes may be less flexible and responsive than other options ▪ Outsourced providers may be able to provide the same level of service but at a lower cost ▪ Current fleet average age is over 75% and needs significant capital injection of approximately \$1.7m
Cost Effectiveness	▪ Currently provides value for money, however there are opportunities for further efficiency improvements ▪ Operating efficiencies - moderate cost improvements
Service Level Risk	Unchanged/improved - with the recently implemented SLA and benefits from the two units being better aligned to Council's vision and working more closely together
Flexibility	Unchanged
Precedents	▪ Palmerston North City Council ▪ New Plymouth District Council

* Enhanced Status Quo option assumes the expected efficiency improvements are delivered.

Option One –Enhanced Status Quo*

Quantitative Considerations

The tables opposite show 5 year NPV's for the enhanced status quo under 'best case' and 'worst case' scenarios.

We note the following:

- Efficiency improvements were identified in consultation with City Parks and Parks and Open Spaces staff during workshops and include technology improvements and the optimisation of key organisational processes.
- Additional assumptions required to estimate efficiency improvements and set up costs were made in consultation with Management.
- Efficiency establishment set up costs are anticipated to be between \$190k and \$380k
- Benefits of the efficiency improvements are anticipated to be between \$289k and \$524k per annum.
- Under this scenario, the management of fleet would become a City Parks function. As such, we have adjusted for the net effect of:
 - The management fees of \$1.27m currently paid to fleet are offset by the estimated operating costs and depreciation costs
 - The estimated replacement cost of the old fleet of \$1.7m is split over a 3 year period of \$580k, then reducing to an annual depreciation of \$500k thereafter
 - A finance charge for the use of the \$1.7m over three years under the worst case scenario
- Under these assumptions the NPV under the status quo is between \$843k and \$2.2m

Option One: Worst Case

\$ in 000s	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Set up costs	(380)	-	-	-	-	-
Administrative benefits	-	239	239	239	239	239
Operational benefits	-	50	50	50	50	50
Fleet	-	(79)	(49)	(20)	89	89
Net Benefit (Cost)	(380)	210	240	269	378	378

Option One: Best Case

\$ in 000s	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Setup Costs	(190)	-	-	-	-	-
Administrative benefits	-	424	424	424	424	424
Operational benefits	-	100	100	100	100	100
Fleet	-	9	9	9	89	89
Net Benefit (Cost)	(190)	533	533	533	613	613

	Worst Case	Best Case
NPV (in 000's)	843	2,186

Source: PwC Analysis

Option Seven – Sell City Parks

Quantitative Considerations

Criteria	Considerations
Overview	Under this option the City Parks Unit would be sold as a going concern with the expectation that it would be operated as a stand alone business
Advantages	▪ Potential to reduce operational costs ▪ Can enable the purchaser to offer additional commercial services to other customers enabling economies of scale ▪ Provides HCC with income from a sale which could offset set up costs (plant and equipment have greater value as a going concern) ▪ Commercially operated businesses typically provide increased focus and clarity of objectives and a more business-like discipline ▪ Potential for the purchaser to have processes and systems that provide more flexibility and responsiveness than Council processes ▪ Long-term contract provides stability
Disadvantages	▪ Could result in redundancy costs – people, facilities, plant and machinery – depending on the structure of the sale ▪ Selling would incur additional contract management costs, including auditing, increased administrative costs and potential for duplication of staff/functions between Council and the provider e.g. customer service ▪ Selling would result in loss of direct control over the City's parks and open space operations ▪ Will result in 'stranded' overheads (e.g. Finance, IT, HR) with HCC ▪ Confusion by the public on who is accountable for service provision ▪ Outsourced provider needs to ensure profit margins are maintained which has the potential to conflict with quality ▪ Once sold HCC would potentially lose the resources (financial and intellectual property) to bring the operations back in-house
Cost Effectiveness	Potential for disestablishment costs (redundant staff etc) – although a sale process could offset these costs Potential for increased administration costs to manage the provider (back office and management functions), cost of monitoring performance and possible duplication of operational functions.
Service Level Risk	Compared to current status quo performance, there is a risk that a contractor cannot meet performance requirements
Flexibility	Unchanged/Reduced – may not be in the external contractor's commercial interest to make unexpected and unplanned schedule changes or have the ability to respond as quickly as the current model
Precedents	None

Option Seven – Sell City Parks

Quantitative Considerations

Under this option a third party would purchase the assets of City Parks and contract the services, which are currently priced at \$5.1m under the SLA. The top table opposite shows an illustration of how sensitive the NPV is to the estimated new contract value. If contract savings are estimated to be 4% (\$200k) or less, the NPV is lower than the Enhanced Status Quo ('ESQ'). If contract savings are 8% (\$400k) or greater, then the sale of City Parks would be the most cost effective option.

Therefore, we have calculated the savings that would be required to make this option equally attractive (on an NPV basis) as the ESQ option. The contract savings required is between \$243k and \$392k, implying a contract value requirement of between \$4.86m and \$4.74m.

The following assumptions are also considered:

- We have assumed the sales price of City Parks to be equal to net assets of \$800k plus a notional goodwill of nil-\$200k. This is due to the Business's current reliance on a single customer (HCC), which is not guaranteed to remain indefinitely after the sale of the Business. The notional goodwill reflects the likelihood that the purchaser would receive the contract initially, and has the opportunity to maintain the contract if certain KPIs are met.
- Net sale proceeds are between \$196k and \$528k after taking into account restructuring, consulting, tendering and sales costs of between \$472 and \$604k.
- It is assumed that additional resource with a cost of \$90k would be required for quality and contract management under the worst case scenario, but that it could be managed by existing staff under the best case scenario.

Illustration: NPV sensitivity to estimated contract savings

Contract Value	Contract Savings %	NPV - Worst Case	NPV - Best Case	Outcome
4,900	4%	661	1,373	ESQ recommended
4,800	6%	1,083	1,796	Similar to ESQ
4,700	8%	1,506	2,218	Recommended option

Option Seven: Worst Case

\$ in 000s	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Proceeds from sale	800	-	-	-	-	-
Sales costs	(604)	-	-	-	-	-
Administrative costs	-	(90)	(90)	(90)	(90)	(90)
Contract savings	-	243	243	243	243	243
Net Benefit (Cost)	196	153	153	153	153	153

Option Seven: Best Case

\$ in 000s	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Proceeds from sale	1,000	-	-	-	-	-
Sales costs	(472)	-	-	-	-	-
Administrative costs	-	-	-	-	-	-
Contract savings	-	392	392	392	392	392
Net Benefit (Cost)	528	392	392	392	392	392

(in 000's)	Worst Case	Best Case
NPV	843	2,186
Contract saving	243	392

Source: PwC Analysis

Option Nine – Green Space Alliance

Criteria

Overview	This option involves entering a long-term business arrangement with an external contractor which is designed to deliver shared goals on integrated planning, customer service and delivery, efficiencies and value for money. This option would involve staff from City Parks and Parks and Open Spaces working closely with, and from the same office as, the contractor. Through this approach the barriers to information sharing are minimised and negotiation, management and enforcement costs are reduced over the life of the contract.
Advantages	▪ A commercial arrangement increases the focus and clarity of objectives and brings a more business-like discipline ▪ Increases the transparency of the unit's performance ▪ Barriers to information sharing are minimised ▪ Council maintains more control over operations than a traditional outsourced model ▪ Improved retention of business knowledge ▪ High visibility of operations compared to traditional outsourcing models ▪ Reduced management costs
Disadvantages	▪ Potential loss of coordination with other HCC units and departments, e.g. less incentive for City Parks to undertake other work ▪ Confusion by the public on who is accountable ▪ Impact on HCC staff due to the disestablishment of City Parks ▪ May result in a 'fire sale' of City Parks plant and equipment ▪ Unprecedented model with little market experience in parks alliances
Cost Effectiveness	Set up costs moderate depending on the scale of change required to migrate to an alliance model Operational efficiencies – moderate (would remain similar to the enhanced status quo after initial set up costs had been incurred).
Service Level Risk	Unchanged
Flexibility	Unchanged/Reduced – may not be in the Alliances commercial interest to make unexpected and unplanned schedule changes
Precedents	HCC's infrastructure alliance which commenced in October 2013.

Option Nine – Green Space Alliance

Quantitative Considerations

The tables opposite show the NPV for the green space alliance under 'best case' and 'worst case' scenarios.

We note the following:

- The set up costs of between \$297k and \$394k include consulting, tendering and restructuring costs.
- The primary benefit of this structure is the gain of a more commercial approach, estimated at between nil and \$255k per annum.
- The NPV of this option is between negative \$394k and \$780k, showing the costs of set up for this option will likely outweigh the benefits of potential commercial savings.

Option Nine: Best Case

\$ in 000s	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Set up costs	(297)	-	-	-	-	-
Operational benefits	-	255	255	255	255	255
Net Benefit (Cost)	(297)	255	255	255	255	255

Option Nine: Worst Case

\$ in 000s	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Set up costs	(394)	-	-	-	-	-
Operational benefits	-	-	-	-	-	-
Net Benefit (Cost)	(394)	0	0	0	0	0

	Worst Case	Best Case
NPV (in 000's)	(394)	780

Source: PwC Analysis

Shortlisted Option Comparison

We have also summarised below the analysis undertaken on the preceding pages relevant to cost effectiveness, service level risk and non-delivery risk.

1. Cost Effectiveness – the extent to which the option is more cost effective than the status quo

The efficiency improvements identified under the enhanced status quo result in an NPV of between \$800k and \$2m. To achieve the same level of NPV under the Sell City Parks option, the business would need to be sold for at least \$800k as well as achieving contract savings of \$243k - \$392k per annum. To the extent that savings of greater than \$392k could be made, then the sale of City Parks may be the more cost effective option.

The Green Space Alliance is the least cost effective option, with an NPV of between negative \$394k and \$737k. The significant set up costs will likely outweigh the potential savings and operational efficiencies.

2. Non-delivery Risk – the risk that stated benefits fail to be realised

Under all options, there is a medium to low risk that the benefits fail to be realised. Under the Enhanced Status Quo option this could be because efficiency measures are not put in place properly or in a timely manner.

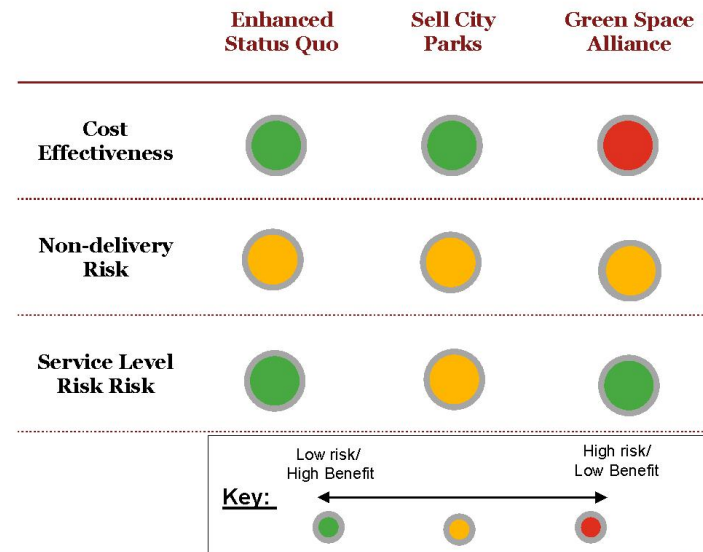
Under the Sell City Parks option, there is a risk that the expected sale consideration is not realised, a favourable contract price cannot be negotiated, or there are significant cost overruns.

Under the Green Space Alliance option, there is a risk that the team does not achieve a 'more commercial approach', or that a suitable Alliance partner cannot be found.

3. Service Level Risk – the risk of service standards not being maintained at their existing level

City Parks staff currently deliver a high level of service. Under both the Enhanced Status Quo and Green Space Alliance options this culture will likely be maintained, therefore service level risk is lower.

However, under the Sell City Parks option, the service level would be controlled by a commercially driven third party, thus there is a higher risk that service levels will drop in favour of a focus on increased profit margins.



Conclusion

Conclusion

In summary, when assessing the different service delivery options against the review criteria we identified the following:

Option 9. Green Space Alliance may enhance the commercial thinking within the organisation and create some efficiencies. However, the cost of set up, potential difficulties in finding an appropriate partner and the risk that those efficiencies may not be realised, make this option less attractive.

This option has an NPV of between negative \$394k and \$780k, indicating that there is a risk that it could be less cost effective than the status quo.

Option 7. Sell City Parks would be the most cost effective option if contract value was less than \$4.7m (i.e. contract savings of greater than \$392k are achieved when compared to the status quo). However, based on the benchmarking provided on pages 13-16, we do not have evidence to suggest that contracting out would significantly reduce costs.

However, the risk that there may not be a purchaser for the assets, and that the contract could incur significant cost over-runs (particularly if they are not set up well), make this option a higher risk strategy. Furthermore, the quality of work provided may decrease due to the increased focus on profitability by a commercial provider.

If this option becomes attractive due to wider Council strategy, it is recommended that a market test is undertaken to more clearly define the potential contract savings available.

Option 1. Enhanced Status Quo provides a positive NPV of between \$843k and \$2.2m while limiting disruption, maintaining flexibility and continuing high quality delivery under the existing structure.

The benchmarking undertaken earlier in this report, while limited, does show City Parks operates at or below cost levels of comparable Councils, including those who contract out this function.

However, a \$1.7m investment is required to replace the ageing fleet and the risk exists that the benefits arising from this may not be fully realised due to fiscal constraints within Council.

Recommendation

We recommend Option 1 – Enhanced Status Quo as the preferred option. That is, that City Parks is retained in house and identified efficiency opportunities are prioritised and undertaken.

6. Disclaimer

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Disclaimer

This report has been prepared in accordance with the terms of reference set out in our letter of engagement dated 14 June 2016.

This report has been prepared solely for the purposes stated herein and pursuant to the terms and conditions set out in the terms of reference and should not be relied upon for any other purpose. We accept no liability to any party should it be used for any purpose other than that for which it was prepared.

This report is strictly confidential and (save to the extent required by applicable law and/or regulation) must not be released to any third party without our express written consent which is at our sole discretion.

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this report and/or any related information or explanation (together, the "Information"). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the organisation for which work is completed. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.

Appendix One – Long listed options

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Option Two – Council Controlled Organisation (CCO)

Criteria	Considerations
Overview	Under this option the City Parks Unit and potentially the operational functions within the Parks and Open Spaces Unit, are delivered through a CCO. CCO's are typically established where the service provided is (at least partly) a revenue generating activity or subject to competition.
Advantages	▪ Provides focus and clarity of objectives and more commercial disciplines ▪ Has the potential to attract high calibre board members and staff, with specialist expertise ▪ Placing the parks and open spaces activities at arms length can provide an incentive to establish a commercial type pricing regime ▪ Can also be set up to provide an operating profit ▪ Can gain economies by developing commercial client base and new revenues
Disadvantages	▪ Loss of direct control over operations, but elected representatives still have democratic accountability for the effectiveness of the operation, compromising Council's ability to achieve its objectives ▪ Possible duplication of staff/functions between HCC and a CCO (e.g. contract management) ▪ Unlikely to provide economies of scale and efficiency gains ▪ Will result in 'stranded' overheads (e.g. Finance, IT, HR) with HCC ▪ Additional costs associated with recruiting and remunerating a Board and additional management and support services
Cost Effectiveness	▪ Potentially high administrative costs (due to additional Board and management functions), cost of monitoring performance and possible duplication of operational functions make this a less cost effective option. ▪ Set-up costs – low to moderate ▪ Operating Efficiencies – moderate administrative cost increases which are unlikely to be offset by operating cost efficiencies
Service Level Risk	Unchanged
Flexibility	Unchanged
Precedents	City Care is a Christchurch City Council CCTO which provides a range of Infrastructure services including parks and open spaces maintenance for Christchurch.

Option Three – Fully Outsource

Criteria	Considerations
Overview	Under this option City Parks functions could be outsourced to a third party provider such as City Care or Downers.
Advantages	- Outsource providers typically provide increased focus and clarity of objectives and a more business-like discipline - Outsource providers processes and systems can provide improved levels of information and more timely reporting than Council processes allow - Outsourcing can enable a provider to achieve economies of scale and efficiency gains which reduce costs to HCC - Would result in lower capital expenditure requirements for HCC - Outsource provider likely to be able to provide an increased level of expertise and equipment - Allows for competition (through periodic tendering) for service provision potentially ensuring costs are kept low
Disadvantages	- Could result in significant redundancy costs – people, facilities, plant and machinery - Outsourcing would incur additional contract management costs, including auditing, increasing administrative costs and potential for duplication of staff/functions between Council and the provider e.g. customer service - Outsourcing would result in loss of direct control over the City's parks and open space operations - Will result in 'stranded' overheads (e.g. Finance, IT, HR) with HCC - Confusion by the public on who is accountable for service provision - Outsourced provider needs to ensure profit margins are maintained which has the potential to conflict with quality - Once outsourced HCC would potentially not have the resources (financial and intellectual property) to bring the operations back in-house
Cost Effectiveness	- Significant set up costs, potentially increased administration costs (e.g. contract management functions), cost of monitoring performance and possible duplication of operational functions - Administration Costs – minor increase - Operational Costs – minor to moderate decrease (depending on scale of outsource functions)
Service Level Risk	Compared to current status quo performance there is a risk that a contractor cannot meet performance requirements
Flexibility	Unchanged/Reduced – may not be in the outsourced providers commercial interest to make unexpected and unplanned schedule changes
Precedents	Tauranga City Council and Christchurch City

Option Four – Partial Outsource - Functional

Criteria	Considerations
Overview	This option would result in certain activities within HCC's City Parks Unit being outsourced to a third party provider. Outsourced functions could include for example mowing and litter collection.
Advantages	- Contracting out high volume or lower skilled work allows HCC staff to focus on high quality service requirements - Outsource providers typically provide increased focus and clarity of objectives and a more business-like discipline - Outsource providers processes and systems can provide improved levels of information and more timely reporting than Council processes allow - Outsourcing can enable a provider to achieve economies of scale and efficiency gains which reduce costs to HCC - Outsource provider may be able to provide an increased level of expertise and equipment - Allows for competition (through periodic tendering) for service provision potentially ensuring costs are kept low
Disadvantages	- Outsourcing would incur additional contract management costs, including auditing, increased administrative costs and duplication of staff/functions between Council and the provider, although to a lesser extent under this option - Could result in significant redundancy costs – people, facilities, plant and machinery – depending on scale of functions outsourced - Outsourcing would result in some loss of control over the City's parks and open space operations, but under this option this could be mitigated by the types of activities that are outsourced - Can result in stranded overheads (e.g. Finance, IT, HR) - Confusion by the public on who is accountable for service provision - Outsourced provider needs to ensure profit margins are maintained which has the potential to conflict with quality of service
Cost Effectiveness	- Significant set up costs, potentially increased administration costs (e.g. contract management functions), cost of monitoring performance and possible duplication of operational functions - Administration Costs – minor increase - Operating Efficiencies – minor to moderate decrease
Service Level Risk	Compared to current status quo performance there is a risk that a contractor cannot meet performance requirements
Flexibility	Unchanged/Reduced – may not be in the outsourced providers commercial interest to make unexpected and unplanned schedule changes. A reduction in the overall size of the City Parks Unit resources could also limit HCC's ability to react.
Precedents	Wellington City Council outsources approximately 40% of the parks and open spaces activities retaining harbour, horticulture, sports field maintenance and weed control

Option Five – Partial Outsource - Geographical

Criteria	Considerations
Overview	Under this option a number of City Parks functions would be outsourced to third party providers on a geographical basis with a view to creating a competitive operating environment.
Advantages	- Outsource providers typically provide increased focus and clarity of objectives and a more business-like discipline - Outsource providers processes and systems can provide improved levels of information and more timely reporting than Council processes allow - Can enable a provider to achieve economies of scale and efficiency gains which reduce costs to HCC - Less risky option than outsourcing to a single provider - Allows for competition (through periodic tendering) for service provision potentially ensuring costs are kept low
Disadvantages	- Increased complexity as a result of managing more than one contractor - Would result in significant redundancy costs – people, facilities, plant and machinery - Outsourcing would incur additional contract management costs, including auditing, increasing administrative costs and potential for duplication of staff/functions between Council and the provider e.g. customer service - Outsourcing would result in loss of direct control over the City's parks and open space operations - Would result in 'stranded' overheads (e.g. Finance, IT, HR) with HCC - Confusion by the public on who is accountable for service provision - Outsourced provider needs to ensure profit margins are maintained which has the potential to conflict with quality of service - Once outsourced HCC would potentially not have the resources (financial and intellectual property) to bring the operations back in-house
Cost Effectiveness	- Significant set up costs, potentially increased administration costs (e.g. contract management functions), cost of monitoring performance and possible duplication of operational functions - Administration Costs – minor increase but could be moderate increase depending on the number of overall outsourced providers - Operation Costs – minor to moderate decrease (depending on scale of outsource functions)
Service Level Risk	Compared to current status quo performance there is a risk that a contractor cannot meet performance requirements
Flexibility	Unchanged/Reduced – may not be in the outsourced providers commercial interest to make unexpected and unplanned schedule changes, although having two providers could mitigate this risk
Precedents	Auckland Council has five outsourced providers and one in-house provider covering all of the urban and rural geographical areas across the city. Note that the in-house provider manages an area approximately 50% larger than all of HCC parks and open spaces

Option Six – Shared Service

Criteria	Considerations
Overview	Under this option a shared service function would be established between HCC and the other Councils bordering the Council, including Waipa District Council and Waikato District Council. This could take the form of a CCO across the Councils.
Advantages	▪ Potential to provide increased consistency in quality of service across the region ▪ Can provide economies of scale and efficiency gains ▪ Improved utilisation of resources (capital and equipment) and people across the geographical area ▪ Ability to employ experts due to overall scale ▪ Economies of scale from the increase in operational size and potential to share overhead costs ▪ Provides the best opportunity to reduce overall costs from economies of scale due to savings being retained in-house (as opposed to any profit margins achieved by external providers)
Disadvantages	▪ Difficulty in establishing a regional shared service and/or CCO given a number have recently entered into long-term outsourced contracts ▪ Additional governance costs (in particular costs associated with recruiting and remunerating a Board for a CCO arrangement) ▪ Loss of direct control over operations by the individual Councils ▪ Potential for tension between participating Councils ▪ Possible duplication of staff/functions ▪ Different operating standards and priorities across the Councils involved ▪ Potential for cross-subsidisation of costs between Councils creating funding conflicts
Cost Effectiveness	▪ Moderate set up costs, may incur additional coordination, monitoring and management costs, however these should be more than offset by the sharing of the costs of project management and oversight and other scale related efficiencies. ▪ Operational efficiencies – significant (all savings retained within the Councils)
Service Level Risk	Unchanged/improved – increased size may attract staff with specialised expertise
Flexibility	Unchanged/Improved – a greater workforce should enable improved flexibility, but this could be mitigated if there is not a common desire to work together by the individual Councils
Precedents	Napier and Hastings City Councils

Option Eight – Standalone Business Unit (SABU)

Criteria

Overview	This option involves establishing a business unit (for the City Parks Unit only) within Council and ring fencing its operations from other Council business. The business unit is not a separate legal entity, and the SABU's operations would be rolled into the Council operations for formal reporting purposes. Use of a SABU is more typical when the activity would benefit from increased commercial oversight and expertise or advice but it is not desirable to remove decision-making power from the Council.
Advantages	▪ Separation increases the transparency of the unit's performance ▪ A SABU can be established as a starting point to creating a CCO or outsourcing at a later stage ▪ Ensures Council maintains direct control over operations and in particular quality practices and outcomes ▪ The public retain their understanding that the Council is accountability for all of the city's parks and open spaces (currently high levels of satisfaction by Hamilton ratepayers of the city's parks and open spaces) ▪ No impact on HCC staff by retaining the status quo model ▪ Low staff turn-over and improved retention of business knowledge ▪ The SABU would be encouraged to develop new business opportunities and reinvest surplus in developing its business ▪ SABU Board brings governance expertise and focus to City Parks business
Disadvantages	▪ Potential costs associated with recruiting and remunerating a Board ▪ Potential for tension when Council does not follow advice from Board ▪ Service level agreement will need to be more strictly and commercially managed with higher monitoring costs ▪ Potential loss of coordination with other HCC units and departments and in particular the recent improvements in working arrangements with Parks and Open Spaces ▪ Duplicated governance, SABU Board still requires approval from Council – adding an additional layer of governance
Cost Effectiveness	▪ Set up costs – minor ▪ Operational efficiencies – moderate (similar level of savings would be achieved with the current in-house arrangement) however would be reduced if an advisory board was added and current improvements from closer working relationship between City Parks and Parks & Open Spaces are not continued
Service Level Risk	Unchanged
Flexibility	Unchanged
Precedents	Auckland Council – City Parks Services

Appendix Two - Glossary

PwC

December 2016
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Glossary of terms used in this document

Term	Meaning
CCO	Council Controlled Organisation
CP	City Parks
ESQ	Enhanced Status Quo
FTE	Full-time Equivalent
HCC or Council	Hamilton City Council
KPI	Key Performance Indicator
NPV	Net Present Value
POS	Parks and Open Spaces
SABU	Standalone Business Unit
SDR	Service Delivery Review
SLA	Service Level Agreement

Committee: Council**Date:** 08 February 2017**Report Name:** Service Delivery Review - H3**Author:** Stephen Halliwell

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Service Delivery Review – s17A Local Government Act 2002</i>
Financial status	<i>There is budget allocated Amount: \$60,000</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose of the Report

2. To inform Council of the findings of the H3 Service Delivery Review undertaken by Horwath HTL and to seek Council approval to defer a decision on the recommendations of the Review until after 30 June 2017.

3. Executive Summary

4. In early 2016 staff did an assessment of the costs versus benefits of undertaking Service Delivery Reviews. This led to Council requesting a service delivery review of H3.
5. A Service Delivery Review seeks to identify the most cost effective method of service delivery.
6. Horwath HTL was appointed to undertake the review and their report is appended.
7. Horwath HTL concluded that a business case should be undertaken that will further refine the assumptions of the Service Delivery Review to establish that an Asset Owning H3 CCO is the most cost effective option of service delivery.
8. Council is currently considering CCO proposals for delivery of water and property services with 30 June 2017 deadlines.
9. With Council currently undertaking significant CCO workstreams it is perhaps prudent not to consider another proposal, at this time.
10. Decision making options are:
 - Accept the recommendation of Horwath HTL and proceed to a business case, or
 - Defer the decision until Council has developed a strategic approach to the establishment of new CCO's. (Staff recommendation).

Recommendations from Management

That:

- a) the report be received; and
- b) Council defers a decision on the Horwath HTL recommendations until after 30 June 2017.

11. Attachments

12. Attachment 1 - Service Delivery Review 2016 - H3 Final Report Horwath HTL

13. Service Delivery Review Overview

14. Background

15. Council has been undertaking Service Delivery Reviews since 2009, and this has been considered good business for some time. More recently the Government amended the Local Government Act 2002 (LGA) making it a requirement to undertake a Service Delivery Review where the potential benefits arising from the review outweigh the cost of undertaking the review.
16. The new LGA requirements link to the purpose of local government and require Council to identify the most cost effective service delivery option. This requires that a comparison of the status quo service delivery model with a range of other service delivery options.
17. In order to make this assessment it is necessary to identify two key elements:
 - What is effective service delivery?
Council sets the service levels and the key performance indicators in the 10-Year Plan. It is assumed that effective service delivery is achieved when these service levels are met. A review will determine whether these service levels are being met for the status quo and if not what is required for these to be met. A review will then assume the same service level for each of the other options considered.
 - What is the least cost option for delivery effective service delivery?
This is a financial calculation taking into account the potential cost of change, operating costs of the new delivery option and stranded overheads. The analysis must consider the financial impact on the whole of Council not just the activity being reviewed.
18. When considering options it is beneficial to consider the risk of failure on either the delivery of effective service or the achievement of financial outcomes. It might be that the least cost option carries unacceptable risk.
19. A Service Delivery Review is not a Business Case. It is looking at a wide range of options and is therefore undertaken at a high level. The financial assessment will usually be expressed in ranges to reflect the high level of the analysis. If a change from the status quo is identified as the most cost effective option then a detailed business case on that option would usually be required.

20. Summary of Horwath HTL Report – Key Issues

21. The following summarises the key matters from the appended Horwath HTL Report received by staff on 20 January 2017.

22. Scope
23. The review covers the following activities:
 - Claudelands
 - FMG Stadium Waikato
 - Seddon Park
24. The review does not cover:
 - Theatres
25. Within the review there is mention of some activities of Council for which Horwarth HTL considered the possibility there could be potentially benefits in these being transferred to an H3 CCO. These are conceptual thoughts that may add scale and efficiency. These considerations should not be considered to be service delivery reviews of these units, which would be more comprehensive.
26. Service Delivery Options Analysed and Considered
27. The review considered the advantages and disadvantages of a long list of potential service delivery options:
 - Asset Owning CCO (recommended)
 - Non Asset Owning CCO
 - Asset Owning CCO including additional Council activities
 - Transferring activity to another CCO (WRAL)
 - Standalone Business Unit
 - Management Services from the private sector
 - Status quo

A graph at the end of the Executive Summary summarises the estimated net cost to ratepayers in inflated dollars. The graph does not account for effectiveness and risk. The financial tables are in Appendix B.
28. Most Cost Effective Option
29. Horwarth HTL has recommended that "Council further research the business case to establish a new CCO to both own and operate the H3 assets."
30. Their review has taken account of Council's 10-Year Plan and its focus on financial performance that reduces the cost to the ratepayer. The key performance indicators are included in the Economic Development Group of Activities which support the Hamilton Plan priorities of:
 - The third city economy in New Zealand.
 - An active, strong commercial central city with distinctive suburban villages.
 - Waikato is the capital of high-performance sport.
31. The report notes that events at Claudelands add \$14.4m of incremental visitor spend to the Hamilton economy and that events like an All Black test will add in excess of \$1.0m.
32. As such the review has focused on an effective H3 operation that contributes to growing the economy and is primarily commercial in its business practices.
33. In the year ended 2016 H3 operation deficit was \$16.1m.
34. In 10 years the estimated status quo deficit rises by another \$1.6m to \$17.7m. Horwarth HTL has estimated the net cost to ratepayers for the recommended CCO option is \$15.1 - \$16.4m which an annual saving of \$1.4 - \$2.6m at 10 years. Establishment costs are incurred in the first few years resulting in an initial small increase in the deficit until the benefits of the new

structure drive more revenue. These additional costs are quickly absorbed, with the Horwath HTL model showing accumulated savings over 10 years between \$6.8 - \$7.4m.

35. A significant factor in achieving improved H3 performance is appropriate governance able to always focus its attention on the performance, opportunities and risks enabling a more effective events business. This level of governance focus is difficult to achieve within the structures of local government and is possibly a factor in many councils (5 out of 6 of the comparator councils) that have their events activities in a CCO structure.
36. There is a close link between asset investment and H3 success. This is a major factor in the recommendation for the CCO to be asset owning.
37. Council controls the CCO through good shareholder practices such as letters of expectation, Statements of Intent (setting appropriate KPI's), director appointment and review, and company constitution. Additional Council will likely have a contract for services to fund both the operational deficit and capital works. This contract would further set performance expectations and may include additional reporting requirements.
38. A business case will tighten the assumptions from the Service Delivery Review and consider funding structures, tax and legal implications.
39. Other Information
40. The financial data and assessments in this report do not allow for the changes to the "twin-stadia" catering contract as resolved by Council on 13 December 2016.
41. Other information - Sale of Claudelands
42. Staff have been asked to consider the sale of Claudelands.
43. Horwath HTL have not considered this in their report as their scope was to review the whole H3 group and they do not consider that a sale of Claudelands is a reasonably practicable option for consideration.
44. Staff note, that in December 2014 as part of the 10-year Plan planning process Council consider a report which included a discussion on the options for sale of Claudelands. Council noted in its resolution that there was a limited market for the facility due to its specialist nature, restrictions on title and restrictions from existing contracts.
45. Further to the 2014 report Horwath HTL have separately advised (for this cover report):
 - There is not a market for such assets, as these assets do not generate an economic return on investment
 - The investment is limited by the restrictions on the land.
 - Council would take a large write off of the carrying value of the asset in its balance sheet and consequently P&L
 - Council would not generate cash to repay its debt, or reduce its interest cost
 - Any operational requirements on the new owner would require ongoing operating grants from Council to the new owner
 - The new owner would need to set up its own management team, duplicating some or most of H3's ongoing management team costs which will still be required in relation to remaining H3 assets
 - Economies of scale would be lost for H3 operating the stadia.
 - An alternative is that H3 could contract with the new owner to provide management and support services to Claudelands; H3 / Council would then have contractual obligations re service delivery to the new owner, but have lost control of the asset; its position as a contractor would probably be significantly weakened compared to either the status quo or the recommended CCO option

- The only major conference venue in New Zealand that is owned and operated by a private sector entity is the SKYCITY Convention Centre. The provision of this facility was a requirement of the granting of their exclusive casino premises license. It is therefore not representative of a private sector market.

46. In conclusion, staff are satisfied the sale of Claudelands is not a reasonably practicable option for consideration as part of the service delivery review.

47. Consultation

48. While a decision to obtain a business case on forming a CCO is not significant, the potential consequential decision to form a CCO is significant and the Local Government Act requires the decision to form a CCO to be consulted upon.

49. Consideration of Council Controlled Organization's

50. Council is investigating forming a Waters CCO. At its first meeting post-election, Council sought further information on the CCO and non-CCO options for delivery of water services.

51. During that debate there was much discussion about the interests of the community, control and accountability of a CCO.

52. As requested by Council, staff are undertaking more work to provide balanced information on the options including demonstrating how these different governance models can achieve transparency and accountability expectations.

53. Staff are required to report back to Council to enable a decision by 30 June 2017.

54. Council also resolved to re-activate Hamilton Properties Limited at the last meeting of the last Council and resolved that the CCO is operational by 30 June 2017.

55. During the period to 30 June 2017 Council will develop a clear understand of the advantages and disadvantages of CCO's and how they are able to deliver services while maintaining strong links of transparency and accountability to Council and the community. This will inform the final decisions on the CCO proposals for water services and property.

56. With this in mind it is prudent to leave the consideration of options for H3 until Council has developed this strategic view towards CCOs.

57. Financial and Resourcing Implications

58. A business case is estimated to require a budget of \$100,000-\$150,000 (unbudgeted).

59. Implementation costs for establishing a CCO has been assessed by Horwath HTL at \$350,000.

60. Additional governance costs for operating a board and meeting CCO obligations (Annual reports etc.) has been assessed by Horwath HTL at \$250,000-\$300,000 per annum.

61. Assets have a current book value of \$156m and are issued for replacement at over \$300m.

62. A decision to not proceed, at this time has no additional costs. H3 will continue to operate as per business as usual.

63. Risk

64. The Service Delivery Review has been undertaken at a high level and there is a risk that estimated figures are different (higher and/or lower) than those represented in the report. A business case will assist in reducing this risk.
65. A decision to defer a decision on the Horwath recommendation poses no significant change in risk.

Signatory

Authoriser	Richard Briggs, Chief Executive
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Private and Confidential

**HAMILTON CITY COUNCIL
H3 SERVICE DELIVERY REVIEW**



Prepared for
Hamilton City Council
25 January 2017



Hotel, Tourism and Leisure

A member of Crowe Horwath International

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1 INTRODUCTION

At your request, we have conducted a service delivery review of the H3 Event Facilities ("H3") to assist Hamilton City Council ("HCC") to assess the most cost effective method of service delivery.

This review meets the requirements of the Local Government Act 2002 and in accordance with the act, the service delivery review has investigated the cost effectiveness of current arrangements and alternative options regarding governance, funding and service delivery for the venues.

1.1 SCOPE

Our review has included H3 as a business unit of Council but with specific focus on the following three venues:

1. Claudelands Arena / Conference and Exhibition Centre
2. FMG Stadium Waikato
3. Seddon Park.

The Grandstand and the Holman Stand are treated as part of the Claudelands precinct. Our review has excluded detailed consideration of The Founders Theatre as it is currently closed and subject to a possible replacement initiative, and any other Council activities.

1.2 METHODOLOGY

To conduct our review and arrive at our recommendations, we have performed the following tasks:

- extensive review of documents associated with H3's and HCC's organisational objectives, planning, operations and performance
- a two-day site visit, including interviews with senior members of H3's management team
- discussions with HCC representatives, including the CEO and HCC advisors
- a comparison between the H3 service model and the governance models of other similar Council venue management entities in other main regions
- interviews with management and experts of organisations with alternative governance and funding models
- internal brainstorming of the key issues of the current model, advantages and disadvantages of alternative options
- desktop research of alternative options, their effectiveness, advantages and disadvantages.



2 EXECUTIVE SUMMARY

We have reviewed the cost effectiveness of the current service delivery model and considered six reasonably practicable alternative options (including variations).

A service delivery reviews requires Council to consider the cost effectiveness of its service delivery under a variety of circumstances. The Local Government Act 2002 provides no definition or clear guidance as to what is meant by the term "cost effectiveness".

In undertaking this service delivery review, we have considered, in a reasonably broad sense, the extent to which the services provided by H3 in its venues are delivered effectively or productively taking into account the cost of the service delivery.

Assessing the effectiveness of the service delivery involves considering a mixture of tangible and intangible factors, some or many of which are difficult to measure in financial terms but do contribute to achieving the priorities set out in the council's ten-year plan.

As such, we have considered H3's contribution to council's objectives regarding the city's economic development, social and cultural outcomes, as well as Hamilton's reputation as a desirable place to live and do business.

We have also taken into account the increasingly competitive commercial market environment in which H3 operates in relation to its most significant activities which also generate the highest amount of economic impact for the Hamilton economy.

Based on our review and analysis as outlined in this report, we believe that there is a prima facie case for a more cost effective model for (a) providing the services which H3 is currently responsible for and (b) managing the H3 assets.

We recommend that Council further research the business case to establish a new Council Controlled Organisation (CCO) to both own and operate the H3 assets.

Central to our recommendation is the specialised nature of H3's assets and key drivers for success, which highly depend on winning major, high impact events such as multi-day conferences, concerts, entertainment and sports events.

Attraction of such events provides a high contribution to the Hamilton economy but will become more difficult in an increasingly competitive market place. H3's challenges and success factors are unlike those associated with most other council assets.

We believe these assets will perform more effectively in the medium and long term if they are owned and operated under the direction of a dedicated, specialist governance structure, and that the expertise and oversight provided will result in a more cost effective outcome for the business and for Council while meeting Council's objectives for the assets to an increasing degree.

Council and H3's primary objective is to operate a commercial business which drives the economic contribution of the H3 venues to the benefit of the Hamilton economy. At the same time H3 is expected to accommodate wider council community objectives and maximize the outcomes achieved for the costs incurred and the replacement value of the assets.

In the year ended June 2015 the activities hosted at Claudelands alone generated an estimated \$14.4 million of incremental visitor spend in the Hamilton economy by visitors to the City. Whilst no recent research has been conducted about the impact of activities at FMG Stadium Waikato and Seddon Park, impact studies around 2003 suggest an All Blacks test match can contribute in excess of \$1 million to the economy while the contribution of a Black Caps test match will be in excess of \$500k.

Shortcomings of the current arrangements

H3's latest annual results showed a \$4.5 million operating deficit, plus \$11.6 million of non-operating / indirect expenses. Given the expected increase in competition in the market, we expect these results will deteriorate by a further \$2 million in the next 10 years, if no changes to the current governance and service delivery model are made.

Considering the specialised nature of the H3's venues and operating environment, we believe that, under the status quo business model, there is insufficient resource dedicated or available within Council to provide the strategic direction and oversight of H3's operations and the management of its assets in the medium to long term.

The current level of reporting, monitoring and oversight of H3's performance is weak considering the size of the asset base and complexity of operational activities undertaken. It is clear that there are some pervasive misunderstandings and misperceptions by some Council stakeholders, and this appears to have impacted on effective decision-making by Council in some situations.

The current model also does not allow for effective measures to be put in place to reduce the volatility of the funding required of H3's net cost by Council, which is difficult to accurately forecast in advance.

The traditional Council business structure is not typically suited to operate a commercial business like H3 effectively in an increasingly competitive market environment.



Impact of alternative arrangements

Apart from a larger contribution to the Hamilton economy, we expect that the direct benefits of a CCO model for Council could be between \$1.4-\$2.6 million per annum after 10 years with accumulated savings over the first 10 years of between \$6.8 and \$7.4 million compared to the status quo. Benefits after 15 year are projected between \$2.6-\$4.0 million per annum..

A suitably skilled Board of Directors will significantly improve H3's commercial focus and create a strong platform to create a high performing organisation that can succeed in a very competitive market.

This is likely to be most evident in improved strategic planning, and execution, expert decision making around future capital investments and the allocation of resources (financial and non-financial). In addition, the focus of the entity is likely to be concentrated on its winning of additional impact events such as multi-day conferences, trade shows, entertainment and other events that yield the highest economic impact and ROI.

A CCO will provide continuity of strategy, independent of Council, whilst adhering to formal governance processes, agreed with Council. The structure should also ensure sustained continuity of management and governance through its ability to consistently attract talent that may not otherwise be available to H3 operating as a business unit of Council.

Our review and research shows that under a CCO, H3 will have greater opportunity of streamlining or reducing decision timeframes, enabling nimbleness and agility.

A CCO structure should allow H3 to have less "process" to follow in making decisions than operating as a business unit of Council. This will particularly manifest itself in areas of procurement, human resources, property & asset management and financial / management reporting.

H3 will have the ability to perform these functions independently from Council on a commercial basis with the possibility to reduce current annual charges and improve quality and efficiency of outcomes.

Our enquiries with six comparable Council entities revealed all but one had successfully adopted a CCO model and confirmed the benefits that a qualified, independent board had on improving outcomes.

Merely improving the status quo will not achieve such commerciality and independence, nor will it provide the governance expertise to address the long-term asset management and delivery opportunities that will develop H3's competitive market position in the most cost-effective way.



The recommended CCO model will provide the best platform to maximize the future value of \$25–\$30 million of capital funds planned to be spent on the assets over the next 10 years.

To maximize the outcomes of a CCO, all directors should be independent (ie: excluding Council officials and elected representatives) and should be appointed for the skills and competencies required by the H3 venues / business. It would be an advantage for at least some directors to be appointed from outside the Hamilton / Waikato area, thereby expanding the board's perspective.

To ensure that the purpose and role of the CCO is clearly understood, formal governance processes such as the company's Constitution and Statement of Intent ("SOI") and non-statutory documents, such as a Letter of Expectations, need to be put in place.

Council can transfer the assets to the CCO at Council's book value (or some other agreed value). Consideration will need to be given to the extent of equity and debt associated with establishing the CCO's initial Balance Sheet.

We recommend that specialist accounting, tax and legal advice be obtained by Council as part of a detailed business case, to assess the impact of any regulatory or tax implication on the cost effectiveness of the transfer of assets and associated transactions.

Council will need to absorb the "stranded" Council overhead charges, related to the current overhead allocation of \$2.5m per annum to H3.

To distinguish the operational and capital funding requirements of the CCO, we suggest that Council should fund the CCO through separate operational and capital funding lines. This is similar to the funding mechanism adopted by Auckland Council with Regional Facilities Auckland (RFA).

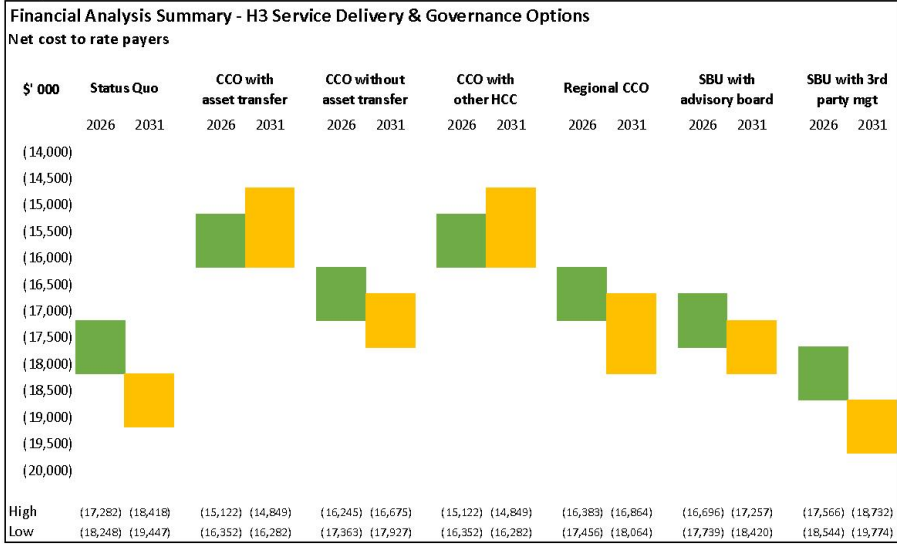
The CCO Board will report directly to Council.

Whereas our analysis shows that most feasible alternative scenarios will provide better outcomes for Council than maintaining the status quo, the proposed CCO model will be the best alternative to provide the required skills, improve governance, cost efficiencies and H3's economic contribution to the Hamilton economy.

The following graph represents the projected ranges of the net cost to rate payers under the different options in the years 2026 and 2031.



Graph 2.1



3 PRESENT ARRANGEMENTS

3.1 NAME OF THE SERVICE AND ACTIVITIES

H3 is a business unit of Hamilton City Council ("Council") responsible for venue operations, marketing and management. It manages the following venues and services:

- **Claudelands:** a one-site, multi-faceted event facility used for live music, performance, sport, conferencing, meetings, functions and exhibitions; Claudelands opened in 2011 and has a capacity of 6,000 for concerts, 4,000 for netball and 1,400 for banquet seating
- **FMG Stadium Waikato** ("Stadium"): a sport and entertainment venue with a crowd capacity for around 25,000; it is the main rugby stadium in the Waikato region as well as a location for business and private functions
- **Seddon Park:** a world-class cricket ground with a crowd capacity of 10,500 people; it hosts several international fixtures every season, and is the headquarters for Northern Districts Cricket Association and the Northern Knights; it has a number of function spaces for private functions
- **Founders Theatre:** was Hamilton's leading performing arts theatre but which is currently closed and is planned to be replaced with a new theatre; the theatre hosted concerts, drama, dance, comedy, seminars, etc
- **The Grandstand, Claudelands:** a character function space in Claudelands Park; it has a capacity of 90-450 people and can be used for weddings, corporate and private functions
- **Technical services:**
 - provides production services
 - provides technical support to all events including rigging, audio, lighting and AV
- **Turf Services:** maintains and manages the turf surfaces of
 - FMG Stadium Waikato
 - Seddon Park
 - Beetham Park
 - Chiefs' training ground at Ruakura
 - garden and amenity at all H3 venues.



3.2 RATIONALE FOR SERVICE PROVISION

The rationale for H3's service provision is stated in Council's 10 year plan and H3's business plan.

These state that Claudelands, Waikato Stadium and Seddon Park are important contributors to the city's economy as major generators of business and event tourism that comes to Hamilton.

The events hosted at the venues bring visitors from outside the Hamilton, which has an economic benefit for the city. Many stay in the city and buy other services while they are here, which has a flow on effect for businesses.

The H3 venues also play a high profile role in making Hamilton a vibrant and energised place to live and provide new opportunities for business.

3.3 ARRANGEMENTS FOR GOVERNING, FUNDING AND DELIVERY

H3 currently operates and is managed as a business unit within Council. It is led by the "Executive Director H3 and Events Group" who reports to Council's CEO.

H3 generates external revenue but also requires Council to fund its net operating cost as well as capital additions and improvements. H3 does not have a dedicated oversight or advisory board.

According to the Council's 2015–2025 10 year plan¹, current H3 activities are funded from the following sources:

Rates	70%
User fees and charges	25%
Debt	5%.

Council has advised that the total book value of H3's assets as at 30 June 2016 was \$156 million. This includes land at FMG Stadium Waikato and Seddon Park valued at \$23.8 million and buildings at the four main venues valued at \$125 million. The basis of the valuation of the assets is depreciated replacement cost. H3 Management estimates that the full replacement value for the built assets are likely to be between \$400-\$500 million

¹ Source: Hamilton 10 year plan, volume 2, infrastructure strategy, page 87

3.4 PERFORMANCE

H3 contributes significantly to the economic development activity of Council. Its objective is to drive the economic contribution to Hamilton, provide opportunities for business and residents, whilst maximising the cost effectiveness.

Council currently assesses the effectiveness of the H3 business unit by measuring a few broad service and performance measures and regular quarterly management reports.

H3's performance measures are identified in Council's 10 year plan are as follows:

- percentage of growth in the visitor economy of the Hamilton and Waikato region
- total number of hire days across the Claudelands facilities each year
- number of people attending events at Claudelands each year
- total number of hire days across the stadium facilities each year
- number of people attending events at the stadiums each year
- number of people attending events at the theatre(s) each year
- total number of hire days across the theatre(s).

We note that the measure of growth in the visitor economy also relates to the economy of the wider Waikato region, whereas H3's rationale for service and purpose are stated to relate to Hamilton City.

H3's performance is monitored by Council's Finance Committee. This committee's role is to monitor Council's financial and non-financial performance against the Long Term Plan and Annual Plan. Only exceptions (ie: targets that are off track) are reported on a quarterly basis. At the end of the financial year, full results are reported.

Our review of 2015/2016 quarterly reports of the Council's Finance Committee showed that there has been detailed reporting and commentary on the financial and non-financial results of Claudelands on a consistent basis. However, limited non-financial and no financial information was reported and commented on for any of the other H3 activities, nor a summary of the overall performance of H3. Whilst we have been advised that this is consistent with the reporting practices for other council divisions, it would be inconsistent with best practice business governance and inadequate to maximize performance of H3 as a business.

The actual performance of H3 reported to the Finance Committee in 2015–16 is shown in Table 3.1.



Table 3.1: Performance of H3 as reported to the Finance Committee (2015–16)

Measure	2015–2016 Actual
Percentage of growth in the visitor economy of the Hamilton and Waikato region	Not yet available
Total number of hire days across the Claudelands facilities each year	97% of target achieved
Number of people attending events at Claudelands each year	95% of target achieved
Total number of hire days across the stadium facilities each year	152% of target achieved
Number of people attending events at the stadiums each year	79% of target achieved

(Source: Hamilton City Council)

H3's financial measures are included in annual budgets established by H3 management and approved by Council's CEO. The actual financial results for the 2015–16 year are shown in Table 3.2 below:

Table 3.2: H3 Financial Summary (2015–16)

Revenue and Expense category	\$ million
Income	6.1
Direct Expenses	
Cost of Sales	-1.2
Personnel	-4.6
General & Maintenance	-3.4
Utilities	-1.4
Net Operating Deficit ²	-4.5
Indirect Expenses	
Council Overhead Allocation	-2.5
Depreciation, Financing and Other	-9.1
Net Position	-16.1

(Source: Hamilton City Council accounting department)

The net expense of \$16.1 million was \$300k better than budget, and income was \$240k below budget.

Budgeted capital projects for the period 2017–2025, as detailed in Council's 10 year plan amount to \$21.5 million for Founders Theatre and \$25.5 million for Claudelands and Stadiums.

² Includes \$900k of expenses related to the closure of Founders Theatre



In our opinion, the quality of the service delivery by H3 appears to be good, in terms of customer feedback, conversion rates and levels of repeat business conducive to attracting new events.

The venues are fit for purpose, with customer feedback indicating that Claudelands in particular frequently exceeding customer expectations.

We are advised that there are no significant business opportunities lost because of constraints of the facilities or service performance issues.

In 2014, Claudelands won New Zealand's Supreme Venue of the Year Award, and Large Venue of the Year category, by the Entertainment Venues Association of New Zealand (EVANZ). In 2015 and 2016 it won the Excellence Innovation Award while in 2016 it was also recognized with the Operations Manager of the Year Award.

3.5 CONTRIBUTION TO THE HAMILTON ECONOMY

Recently, Council commissioned Horwath HTL to estimate the economic impact of Claudelands. We estimated that, in the year ended June 2015 the activities hosted at Claudelands generated an estimated \$14.4 million of incremental visitor spend in the Hamilton economy by visitors to the City.

Activities hosted at FMG Stadium Waikato and Seddon Park also generate incremental visitor spend. Whilst no recent data is available on the economic impact of these venues, research conducted by us in 2002, estimated the incremental visitor spend of an All Blacks vs Italy rugby match in June 2002, to be \$1.2 million.

An economic impact assessment of a cricket test match between New Zealand and South Africa in March 2004 at Seddon Park, conducted by us in 2004, estimated an incremental visitor spend of \$513k.

3.6 ISSUES IMPACTING H3'S PERFORMANCE

Based on or interviews with H3's senior management team and our review of relevant documentation, we have identified a number of issues that are impacting on H3's ability to maximise its cost effectiveness whilst achieving its stated objectives.

3.6.1 Lack of suitable accommodation

A significant constraint on the availability of hotel accommodation in Hamilton is a key constraint on the volume and type of multi-day events that can be attracted.



For example, most corporate and association multi-day conferences require a minimum 4 star accommodation for their speakers and delegates, preferably in only a few hotels, located conveniently near the venue.

The 4 star accommodation available in Hamilton which most closely meets this criteria is the 177 room Novotel Tainui. Hamilton needs more and better accommodation options to assist in attracting more and higher value multi-day conferences and events.

3.6.2 Marketing challenges

Hamilton suffers (from the perspective of non-Hamiltonians) from an unfavourable perception as a conference destination compared to many of its competitors with major conference organisers.

Regular criticism of H3 and Claudelands from elected representatives, as reported in the news media, further impacts negatively on public perception, both in Hamilton and further afield.

These constraints impact both the volume and value of events attracted to the city and requires intensive and coordinated marketing efforts to overcome.

We are advised that there is good co-operation between H3 and Hamilton and Waikato Tourism (HWT). However, the broad responsibility of HWT across the region and lack of H3 funds to support HWT's promotions of business events, negatively impact the marketing effectiveness for H3..

H3's marketing and advertising budget (excluding staff costs) is relatively limited, given the market perception issues identified. We are advised that very limited budgets are available to the HWT Convention Bureau for the promotion of multi-day conferences and other 'business events'.

Competing conference and event destinations often have budgets available for event facilitation and stimulation of entertainment events, exhibitions and multi-day conferences. However no specific funding is available to H3 or HWT for this purpose.

H3's sales & marketing activities have also suffered from a lack of functional leadership whilst H3's sales and marketing manager role has been vacant.

Improvements in the venue and destination marketing are required to better stimulate incremental demand for H3 venues and visitor spending in the Hamilton economy.

3.6.3 Strategic oversight and direction

There is a strong reliance on H3's Executive Director (ED) and senior management team for the commercial expertise required to drive H3's financial performance. This includes in relation to strategy development, marketing and operations as well as various aspects of the asset management of H3's venues.

Regular demands on the ED's time in responding to broader Council activities and meetings schedule places significant constraints on the time and focus that the ED can effectively apply to more effectively drive H3's strategy, execution and performance.

The perpetuation of negative perceptions of Claudelands in the news media has led to an increased political focus, instead of a commercial focus on maximising H3's economic contribution.

This appears to have influenced the strategy and decision making within H3, with management tending to focus on maximising Claudelands revenues and minimising costs. This is reflected in the yield management strategy of the venues (eg: pricing, booking, venue allocation strategies) which lack well defined processes that measure the economic benefit that major multi-day events and entertainment shows bring to the city.

Considering the specialised nature of the H3's venues and business model, we believe there are insufficient resources dedicated to providing strategic direction and effectively oversight of the performance of H3.

To achieve increased cost effectiveness of H3 venues and operations, we believe that a broader view needs to be taken regarding the utilisation of all of H3's assets.

Significant expertise is required to increase the utilisation of the venues, grow alternative / additional revenue sources and adopt yield management strategies that maximise both the economic impact generated by and the profitability of the venues.

Rigorous business case analysis of the future capital expenditure needs of the venues is needed, including the extent to which this will contribute to increasing venue revenues as well as increased visitor numbers to Hamilton and economic impact.

We suggest that asset management for all of H3's venues, including in relation to asset management planning, should be streamlined and the responsibility of H3.

In our opinion the current governance model (ie: oversight of the management of H3) is relatively weak. Management is not well-supported by the required



strategic expertise at a governance level and there is insufficient rigour applied to maximising H3's outcomes.

The current 'public agenda' reporting requirement of H3 also hinders a more open business narrative being provided to the Elected Representatives, including more commercially sensitive information. This further weakens the governance oversight of H3.

3.6.4 Financial and management information

Council's financial reporting framework and information systems do not meet H3's management information requirements. This has resulted in H3 establishing its own financial reporting system, and this represents some duplication of resource between H3 and Council.

The financial reporting provided to Elected Representatives is part of Council's whole of business report from Council's financial reporting system. As a necessity for the size and scope of all of Council's activities this reporting is grouped to a level at which H3's financial performance is not clear. We are advised that this effectively contributes to the Elected Representatives having a more limited understanding of the specialised nature of H3's assets and operations.

Council's existing financial and management reports do not provide the necessary clarity to allow a full understanding of H3's key performance issues. H3's income is a mixture of externally generated revenues and internal re-charges.

Community related events which meet broader Council objectives are sometimes serviced at discounted rates and sometimes not budgeted, identified nor quantified in the financial results. This can have a negative impact on H3's reported performance.

H3's expenses include internal Council re-charges and recoveries, significant amounts of indirect costs and ambiguous council cost allocations, all of which are beyond the control of H3 management.

There is no direct correlation between the value of services received by H3 from Council and the charges made by Council for payroll, human resources and asset management services. This charge was \$2.5m in the year ended June 2016.

Council's reporting does not clearly show the actual level of cash funding provided by Council to H3, and nor does it highlight the difference between this and the reported accounting deficit.

Inherent to the nature of the business, H3's net cost is 'lumpy' from year to year, affected by how many impact events hosted, and market conditions. As

a result, H3's net funding requirement tends to be relatively difficult to forecast.

The current management model does not allow for effective measures to be put in place to reduce such volatility from a Council perspective.

Combined with the lack of clarity in financial and management reporting, this appears to have created some misunderstanding and misperceptions by Council stakeholders, and this may have inhibited good decision making by Council.

We note however that H3 management have been reporting in the form and format required by council. H3 Management have advised us that they have raised internally the question of the adequacy and completeness of the reporting processes as a concern.

3.6.5 Current oversight and monitoring of H3 performance

The oversight and monitoring of H3's performance is the responsibility of Council's Finance Committee. This committee consists of all elected members and meets six weekly.

The committee's terms of reference include monitoring the performance and major projects of all council units and approval and monitoring of all contracts.

Our review of Finance Committee meeting minutes did not show any evidence of specific comments, discussions, actions, recommendations or questions that could be considered holding management to account to improve H3's performance.

Considering the specialist nature of H3, particularly the competitive environment in which it operates, which can result on volatile income and expenses, we believe that a more focussed oversight and monitoring of H3 has the potential to significantly improve H3's cost effectiveness.

The current governance structure of reporting through the Finance Committee, in open session and as conducted for all operating departments of council, is not suited to holding H3 management to account and providing constructive strategic input and oversight.

Based on the issues impacting H3's performance, the distinctive nature of H3 and its future challenges, we suspect there is considerable scope to improve H3's cost effectiveness and further reduce the level and volatility of Council's funding.



4 KEY CONSIDERATIONS FOR ANALYSIS OF OPTIONS

Two particularly significant factors we have taken into account in considering alternative service delivery options have included:

- the distinctive nature of the H3 venues and operations
- future competitive market challenges.

4.1 DISTINCTIVE NATURE OF THE H3 VENUES AND OPERATIONS

H3's key purpose is to attract short term visitors from outside Hamilton who will contribute to the city's economy whilst achieving maximum cost effectiveness.

Unlike the management of other Council assets, H3's ability to achieve its objectives, largely depends on increasing demand by attracting visitors from outside Hamilton, generate profitable revenues and spend in the city.

Unlike other Council organisations that have little to no competition, H3 operates in a highly competitive environment. Key customers that have the ability to bring visitors from outside Hamilton are event organisers who have multiple destinations to choose from.

Unlike general Council capital improvement decisions, a key consideration for capital investment decisions relating to H3 is how, in a highly competitive and changing marketplace, the investments will help generate profitable revenues and improve cost effectiveness and return on investment in the short, medium and long term. Facilities and equipment must always meet the demands of the clients in order to stay relevant.

By comparison with other Council assets, the management and maintenance planning for H3's assets needs to focus more on the customer experience and the ongoing ability to generate visitation and revenues.

As noted, Hamilton does not have a positive reputation as a destination in the domestic and international events market. Bringing in more visitors from outside Hamilton requires H3 to have specialist marketing skills, collaboration with other organisations and high levels of commercial acumen.

4.2 FUTURE COMPETITIVE MARKET CHALLENGES

Several new international standard convention centres are planned or under development. These will significantly increase the competition for Claudelands, especially for hosting multi-day national and international conferences.

The main new developments are:

- Auckland: 3,000 delegate capacity, New Zealand International Convention Centre ("NZICC"), planned to open in 2019
- Wellington: planned 1,100 delegate capacity convention centre, opening 2018–2019
- Christchurch: 1,000 delegate convention centre, possibly open in 2019
- Queenstown: probable 750 delegate capacity venue at Remarkables Park, possibly opening in 2018–2019.



5 ANALYSIS OF OPTIONS

Within this environment, we have considered six alternatives to the Status Quo, as well as the option to maintain the Status Quo. The following is a summary and comparison of each of the options considered, including the basis of our conclusion. A detailed description and analysis of each of the options is added in Appendix A.

5.1 OPTION ONE

Transfer of H3 assets and responsibility for the management and operation of H3 venues to a new Council-owned CCO

Under this option, a dedicated CCO board would have full responsibility for the governance oversight of H3 management and operations, and H3 asset management. This option includes a transfer of all H3 assets to the CCO.

Considering the very special nature of the H3 assets and operations, as well as the requirement for future capital expenditure, this option will provide a wide range of benefits and opportunities, most notably:

- a suitably skilled board of directors will significantly improve H3's commercial focus and create a strong platform to create a high performing organisation that can succeed in a vastly competitive market; this will be most evident in improved strategic planning, and execution, expert decision making around capital investments and the allocation of resources (financial and non-financial), with close attention to their impact on market share and attracting high impact events such as multi-day conferences, trade shows, entertainment and other events that yield the highest economic impact and ROI; the improved commercial focus will also result in greater management accountability, and a higher quality of probing into possible new opportunities for revenue generation and cost efficiencies
- a CCO structure will provide continuity of strategy, independent from Council; the structure should also ensure sustained continuity of management and governance through its ability to consistently attract talent that may not otherwise be available to H3 operating as a business unit of Council; it will reduce the reliance on H3's Executive Director and management team to provide all commercial and subject matter expertise
- greater opportunity of streamlining or reducing decision timeframes, enabling nimbleness and agility; a CCO structure should allow H3 to have less "process" to follow in making decisions than operating as a business unit of Council

- a skilled CCO board will bring additional risk management expertise, especially with regard to risk versus reward opportunities
- a skilled, commercially focussed board under a CCO will provide the best platform to maximize the future value of \$25–\$30 million of capital funds planned to be spend on the assets over the next 10 years
- the CCO's ability to retain operating surpluses, make commercially based investment decisions and manage its own cash flows, will reduce funding volatility for Council.

We believe that any risks and disadvantages to this CCO structure are restricted to those that are general to any CCO, such as:

- an increased cost of governance including establishing and maintaining a board of directors, annual reporting and audit. We estimate this cost for H3 to be around \$250k–\$300k per annum, which would be mitigated by the opportunities of improved asset management and operational outcomes
- the risk of “stranded overhead” in Council, related to the current overhead allocation of \$2.5m per annum to H3
- the perception of a reduced ability of Council to control risk; this could be mitigated through provisions in the CCO's constitution and statement of intent.

The CCO can be structured as a company or as a trust. We recommend that the benefits and disadvantages of the legal structure be assessed as part of a detailed business case.

Inquiries with six comparable Council entities revealed all but one had successfully adopted a CCO model and confirmed the benefits of a qualified, independent board on improving outcomes.

Table 5.1: Summary financial analysis - Option 1

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	10,833	10,000	7,243	13,484	12,446	8,004
H3 Operating Expenses	(13,069)	(12,939)	(12,216)	(14,992)	(14,844)	(13,718)
H3 Operating Result	(2,236)	(2,939)	(4,973)	(1,509)	(2,397)	(5,714)
HCC Costs	(12,887)	(13,413)	(12,731)	(13,340)	(13,885)	(13,150)
Net Costs to Ratepayers	(15,122)	(16,352)	(17,704)	(14,849)	(16,282)	(18,864)

(Source: Horwath HTL)



We expect that the overall benefits for Council could be between \$1.4-\$2.6 million per annum after 10 years and \$2.6-\$4.0 million per annum after 15 years, compared to maintaining the status quo.

70%–80% of this growth is expected to come from Claudelands, FMG Stadium Waikato and Seddon Park by maximizing future revenue opportunities, whilst improved cost efficiencies will allow better operating margins.

The most significant benefits over the status quo and other options are expected to be realized after the development and implementation of a longer term asset management and delivery strategy which will maximize H3's competitiveness in the New Zealand events market during a period of significant supply increase.

In addition, Hamilton will benefit from a greater economic contribution based on increased venue activities, the quantity of which will require more analysis as part of a detailed business case.

5.2 OPTION TWO

Transfer responsibility for the management and operation of H3 venues only (ie: excluding transfer of assets), to a new Council-owned CCO

Under this option, the H3 assets would remain under direct Council ownership while the management of the operations would be placed into a CCO.

Whilst this option includes many of the benefits provided by the first option, the exclusion of a transfer of assets will result in some distinct variations that will impact on the potential cost effectiveness of H3.

The reduced scope of the CCO and its board of directors may result in fewer suitably qualified candidates who are prepared to act as a director. This will reduce the positive impact that a board will have on the CCO's outcomes.

Future attraction of visitors from outside Hamilton and the generation of revenues largely depend on the quality of the assets. Separation of governance of assets from the service delivery is likely to result in misalignment of activities. Moreover, most H3's expenditure until 2025 will result from capital projects. Without transferring the assets to the CCO, the benefits of the CCO structure cannot be applied to much of the expected future expenditure.

On the other hand, the limited scope may allow for a smaller board and lower some governance costs, while a CCO without assets would be easier to “unwind” if required in the future.

Table 5.2: Summary financial analysis - Option 2

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	9,420	8,696	7,243	11,154	10,296	8,004
H3 Operating Expenses	(12,896)	(12,768)	(12,216)	(14,617)	(14,473)	(13,718)
H3 Operating Result	(3,475)	(4,072)	(4,973)	(3,464)	(4,177)	(5,714)
HCC Costs	(12,770)	(13,291)	(12,731)	(13,211)	(13,750)	(13,150)
Net Costs to Ratepayers	(16,245)	(17,363)	(17,704)	(16,675)	(17,927)	(18,864)

(Source: Horwath HTL)

Benefits to Council are expected to be \$0.3-\$1.5 million after 10 years and \$0.9-\$2.2 million per annum after 15 years.

These results are close to half the results we expect from option 1, where the CCO includes the H3 assets with board responsibility of asset management.

Revenue growth is expected to be lower while fewer opportunities for cost efficiencies may be realized.

Whereas this difference is less distinct in the first 5 years, the importance of aligning asset management to the return on investment in a commercial, environment will be more prevalent in the long term and will strongly influence the venues' market competitiveness and business outcomes after five years.

5.3 OPTION THREE

Transfer of responsibility for the management and operation of H3 venues and other compatible Council activities into a new Council-owned CCO (possibly also including transfer of H3 and other assets)

The rationale for considering this option would be that having established a CCO to undertake the governance and operation of H3, the CCO may have the capability and capacity to also take over governance and responsibility for other Council activities and facilities which may further add to the cost effectiveness of the CCO and HCC.

An example of such an expanded CCO is Regional Facilities Auckland Limited, which is responsible for a diverse range of facilities and activities, including public assembly venues, the Auckland Zoo,



Auckland Art Gallery and overseeing the funding arrangements in relation to Auckland Museum and Motat.

Examples in Hamilton could include, Hamilton Gardens, Hamilton Zoo and Waikato Museum. The rationale for expanding the responsibility of the CCO may include both operating synergies, destination marketing synergies, asset management synergies as well as the efficiency of spreading the cost of governing and managing the CCO more widely

As an example, Hamilton Gardens attracts many visitors from outside Hamilton and therefore contributes to the Hamilton economy by attracting additional visitor expenditure. It also runs events and activities which are popular with local residents as well as attracting visitors from further afield. In addition, it has venues available for functions meetings and other events. To this extent Hamilton Gardens has a number of synergies with H3.

The Hamilton Plan states an objective to “have the best garden in the world”

By contrast, Hamilton Zoo is predominantly focussed on serving the Hamilton and Waikato community.

Without a more detailed review of the such additional activities and facilities, it is not possible to accurately quantify the impact that adding additional facilities into a CCO will have on the cost effectiveness of H3. Such additional analysis is outside the scope of our review in addition to the benefits realized under the CCO model described in option 1. Hence for the purpose of this report we have projected similar outcomes on trading performance as option 1.

We are advised that if, for example responsibility for Hamilton Gardens was also to be transferred to a new CCO, based on 2016 allocations, additional stranded overheads of around \$400k per annum would remain in Council.

Table 5.3: Summary financial analysis - Option 3

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	10,833	10,000	7,243	13,484	12,446	8,004
H3 Operating Expenses	(13,069)	(12,939)	(12,216)	(14,992)	(14,844)	(13,718)
H3 Operating Result	(2,236)	(2,939)	(4,973)	(1,509)	(2,397)	(5,714)
HCC Costs	(12,887)	(13,413)	(12,731)	(13,340)	(13,885)	(13,150)
Net Costs to Ratepayers	(15,122)	(16,352)	(17,704)	(14,849)	(16,282)	(18,864)

(Source: Horwath HTL)

5.4 OPTION FOUR

Transfer of responsibility for the operation of H3 venues (and possibly assets) into Waikato Regional Airport Limited, possibly as a subsidiary entity (eg: similar to Hamilton and Waikato Tourism Limited)

Structured as a CCO, Waikato Regional Airport Limited (WRAL) is 50% owned by Hamilton City Council and 50% by four territorial local authorities (TLA's).

The main advantage of this option will be the possibility to integrate H3's marketing function with Hamilton and Waikato Tourism Limited (HWT) a subsidiary of WRAL. This can provide a very cost efficient and effective marketing organisation for the H3 venues and Hamilton as a destination. It can overcome some of the negative market perceptions of Hamilton and capitalise on more favourable perceptions of the Waikato in general.

Changes to the size and composition of the board of Waikato Regional Airport Limited will be required to provide the experience relevant to the specific nature of H3. Nevertheless, this option will create synergies of expertise around general governance, marketing, HR, financial, risk and general management and result in overall lower cost of governance for Council.

Yet, apart from HWT, the nature of the business of Waikato Regional Airport is quite different to that of H3 and whilst the objectives of the Waikato Regional Airport are complimentary to H3's objectives. H3's objectives are not equally aligned to the objectives of the CCO, in particular its TLA shareholders.

Most importantly, the economic contribution of H3 to the Waikato region outside Hamilton is not very significant.

As a result, regional stakeholders (other than Council) are unlikely to want to assume responsibility for H3 operations and / or assets, unless accompanied by adequate Council funding, or at a significant discount to book value / cost.

Further complications will arise from the need to increase Council's share of ownership of the existing CCO when transferring the assets. This in turn will complicate funding and accountability of the CCO's activities to Council and regional stakeholders.

Without clear alignment of objectives, the boards expertise, priorities and decisions are unlikely to drive H3's revenue growth and cost efficiencies



to the same levels as a dedicated CCO. The asset management focus will have to compete with airport and regional priorities and will likely to have less impact on H3 outcomes.

Table 5.4: Summary financial analysis - Option 4

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	8,932	8,245	7,243	10,574	9,760	8,004
H3 Operating Expenses	(12,750)	(12,624)	(12,216)	(14,453)	(14,310)	(13,718)
H3 Operating Result	(3,818)	(4,379)	(4,973)	(3,880)	(4,550)	(5,714)
HCC Costs	(12,565)	(13,077)	(12,731)	(12,984)	(13,514)	(13,150)
Net Costs to Ratepayers	(16,383)	(17,456)	(17,704)	(16,864)	(18,064)	(18,864)

(Source: Horwath HTL)

We estimate that in comparison with maintaining the status quo, benefits to Council are expected to be \$0.2-\$1.3 million per annum after 10 years and \$0.8-\$2.0 million per annum after 15 years.

5.5 OPTION FIVE

Establish H3 as a Stand Alone Business Unit (“SABU”) of Hamilton City Council, with an (Advisory) Board overseeing the governance of H3’s management and operations

Under this option, H3’s existing funding and service delivery structure would remain unchanged. An advisory board, consisting of a select group of independent people would oversee the governance and operation, provide advice and support to H3 management and Council. They would provide non-binding strategic advice to H3 and hence are informal in nature.

Similar as a CCO board, an advisory board would provide H3 with access to additional skills, expertise and independence that is not currently available. It would give greater flexibility to Council in how the board is structured and managed, when compared to a board of directors whereas it is easier and less costly to establish.

Whilst these benefits may appear quite attractive considering the similarities to those associated with a CCO, the informal nature of an advisory board will have a significant negative impact on its effectiveness.

An advisory board has little to no authority and advice given by the board would not necessarily be followed by management or Council. Consequently, the advisory board will not be taken as seriously as a CCO Board.

Contrary a CCO board, an advisory board's recommendations can only be based on what information management is willing to share with the board members. Furthermore, the Board will have less influence on the strategy and performance oversight of H3.

Unlike a CCO structure, the lack of legal responsibility of advisory board members makes it difficult to hold members accountable for their advice whilst some board members might not take their role seriously and put in the necessary commitment and contribution as they would as CCO Board members.

Furthermore, an advisory board would not change the responsibility of H3's performance from being with the Council CEO and must tolerate continuing involvement of Elected Representatives. Consequently, management decisions for H3 are likely to be influenced by other Council matters which may not be aligned with H3's pursuit of its objectives. At the same time the lack of board influence may not attract the same level of expertise in its members.

To mitigate the lack of authority of an advisory board and to establish influence it is likely to lead to appointments of persons who are well known and respected by Council or its CEO, rather than appointments through an independent, rigorous selection process provided for under a CCO structure. This in turn will compromise the board's quality and subject expertise.

Table 5.5: Summary financial analysis - Option 5

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	8,598	7,936	7,243	10,158	9,377	8,004
H3 Operating Expenses	(12,816)	(12,689)	(12,216)	(14,528)	(14,384)	(13,718)
H3 Operating Result	(4,219)	(4,753)	(4,973)	(4,369)	(5,007)	(5,714)
HCC Costs	(12,477)	(12,986)	(12,731)	(12,887)	(13,413)	(13,150)
Net Costs to Ratepayers	(16,696)	(17,739)	(17,704)	(17,257)	(18,420)	(18,864)

(Source: Horwath HTL)

We expect the benefits to council compared to maintaining the status quo, be no more than between \$0.1-1.0 million after 10 years growing to around \$0.4-\$1.6 million per annum 15 years from now. The benefits of the advisory board will provide additional revenue growth for the main venues and cost efficiencies in the operations. However without the governance skills and significant influence, they will not achieve the commerciality nor provide the expertise to address the long-term asset management and delivery opportunities that will develop H3's competitive market position in the most cost-effective way.



5.6 OPTION SIX

Transfer the Management rights for the operations of the H3 venues to a third party

This option involves the appointment of an external operator to manage the operations for a fee under a management agreement, or lease the assets. Comparable arrangements exist in many hospitality operations but to a lesser extent large entertainment venues or convention centres.

The objective of a third-party operator interested to operate the H3 facilities would predominantly be to maximise their financial returns. Considering that the broader community and economic objectives of H3 extend far beyond the immediate financial returns of the business unit, it will be difficult to create alignment between the interests of an operator and the interests of H3 stakeholders.

Furthermore, most of the commercial appeal for a potential operator of the H3 venues lies in providing the catering services as these are the most profitable part of the business. Part of the present arrangements, H3 has contracted the management of all its catering services to Montana Catering under long-term agreements. A transfer of management of H3 venues would have to exclude the management of most of these services unless this was done at the same time as renewal or re-tendering of the catering contract.

Without being able to offer the catering services as part of a management agreement or lease, it is unlikely that any suitable operator will be interested in managing the H3 operation on Council's behalf.

Even if there was an interested party, this option could be most cost effective if there was little to no management expertise within the current organisation to operate the H3 facilities, and the key issues to improve performance were related to operational management expertise.

We believe this is not the case in the current H3 organisation and that changes required to improve cost effectiveness are more related to governance rather than management.

Without operational performance uplift, we expect this option will increase costs to Council by around \$300k per annum in management fees, payable to a third-party operator.

Table 5.6: Summary financial analysis - Option 6
Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	7,533	6,953	7,243	8,324	7,684	8,004
H3 Operating Expenses	(12,338)	(12,216)	(12,216)	(13,855)	(13,718)	(13,718)
H3 Operating Result	(4,805)	(5,262)	(4,973)	(5,531)	(6,034)	(5,714)
HCC Costs	(12,761)	(13,282)	(12,731)	(13,201)	(13,740)	(13,150)
Net Costs to Ratepayers	(17,566)	(18,544)	(17,704)	(18,732)	(19,774)	(18,864)

(Source: Horwath HTL)

5.7 OPTION SEVEN

Continue governance, funding and delivery directly by Council (Status Quo)

A few areas could possibly be addressed under the current arrangements to improve H3's cost effectiveness.

Regardless of the governance structure, H3 and HWT can improve their strategic alignment and corporation to achieve efficiencies and better outcomes leading to a more favourable market positioning of H3. Opportunities exist to better define H3's direction, stakeholder responsibilities and expectations. Financial reporting can be better tailor to H3 needs, whilst intensity of oversight can be increased.

This will eliminate the need to allocate additional funds to create an alternative model, while preventing an increase in governance costs.

Council will maintain its ability to directly control the risks associated with H3 and there will be no need to address the issue of stranded overheads although the current allocation model should be looked at to have an allocation more closely related to the services and support H3 receive from Council.

Conversely, Council will miss a great deal of the opportunities identified in the other options, most of which cannot be realised under the status quo.

First and foremost, the specialist nature of the H3 assets, its operation and competitive environment in which it operated, requires more commercial focus and expertise to successfully compete in a cost-effective way. Changes to current arrangements or increasing oversight intensity by non-experts and without political independence are expected to be less effective.



Furthermore, continued integration in council's systems and processes will prevent greater nimbleness and agility which could otherwise stimulate valuable cost efficiencies.

As a result, we expect that the latest net position of a \$16.1 million deficit for the year ending June 2016, will worsen by another \$600k over the next five years and a further \$2.2 million in the 10 years thereafter.

We believe that revenue growth for Claudelands and FMG Stadium Waikato, which are the key revenue drivers, are unlikely to grow by more than an average of around 3% per annum over the next 5 years.

Once competing venues across the country have been completed, H3 is likely to lose market share and revenue growth for the main venues will fall below inflation. With costs growing in line with inflation and without significant cost savings or efficiency gains, shortfalls will increase accordingly.

This in turn will reduce the positive economic impact that H3 will have on the Hamilton economy.

Table 5.7: Summary financial analysis - Option 7

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	7,533	6,953	7,243	8,324	7,684	8,004
H3 Operating Expenses	(12,338)	(12,216)	(12,216)	(13,855)	(13,718)	(13,718)
H3 Operating Result	(4,805)	(5,262)	(4,973)	(5,531)	(6,034)	(5,714)
HCC Costs	(12,477)	(12,986)	(12,731)	(12,887)	(13,413)	(13,150)
Net Costs to Ratepayers	(17,282)	(18,248)	(17,704)	(18,418)	(19,447)	(18,864)

(Source: Horwath HTL)

5.8 RECOMMENDED OPTION

Having considered each of the seven options, and the future market environment in which H3 needs to operate, we recommend that Council transfers the H3 assets and responsibility for the management and operation of H3 venues to a new council-owned CCO (Option 1).

We believe that this option will provide the best platform for H3's future success and result in the most cost effective governance model, with outcomes that are superior to any of the other options.

Pivotal to our conclusion is the special nature of H3's assets and key drivers for success, which highly depend on winning major events such as multi-day conferences, concerts, entertainment and sports events. Attraction of such events provides a high contribution to the Hamilton economy but will become

more difficult in an increasingly competitive market place. H3's success factors are unlike any other council controlled activity and require dedicated, specialist governance expertise and oversight to maximize their potential.

In addition to operating in a highly competitive market place, H3's governance is further complicated by its objectives to provide economic benefits to Hamilton, fulfil its social responsibilities, and manage a diverse group of assets in a tense political and fiscal environment.

This level of complexity requires specialized, independent governance that can only be achieved through a highly experienced board that has the relevant skills, influence and authority to direct H3's future.

The close links between H3's success and quality of its assets, require the CCO to be responsible for all asset management.

As demonstrated in comparative New Zealand council entities, the required skills and expertise of board members will be paramount to H3's future success. Without comprehensive scope and authority to drive required changes, a board will not attract and retain the required quality of people.

This particularly reduces the value of alternative options such as a CCO without asset transfer or the option of using an advisory board.

To successfully compete in a cost-effective way whilst balancing all H3's stakeholder interests and objectives, H3 needs a commercially focussed governance body that is independent from immediate deliverables by Council.

Merely improving the status quo will not achieve such commerciality and independence, nor will it provide the governance expertise to address the long-term asset management and delivery opportunities that will develop H3's competitive market position in the most cost-effective way.

Our conclusion of this preferred option is supported by experiences of CCO's from comparative councils and other research described in the next two sections.

5.9 LESSONS LEARNED FROM COMPARATIVE COUNCIL ENTITIES

As part of our consultation we have gathered insights into the governance and service models of the following comparative Council venue management entities:

- Auckland Conventions, a business unit of the Regional Facilities Auckland Ltd (a CCO)
- Tauranga: Bay Venues Limited (a CCO)
- Taranaki: Venture Taranaki (a CCO)
- Palmerston North: Venues Palmerston North (a division of Council)



- Wellington: Wellington Region Economic Development Agency Ltd (a CCO)
- Christchurch: Vbase Ltd (a CCO, although currently managed in-house by Council).

The CEO's of all of the CCO's identified that governance of the CCO by an experienced, skilled and commercially-oriented Board of Directors is a major strength of their business model.

The key benefits identified included:

- a strong focus on strategy and deliverables
- investigation and probing into achieving cost efficiencies
- clear management and financial reporting which requires a far greater degree of commercial acumen of management due to increased level of scrutiny and accountability by the Board
- skilled directors who understand the business and its success drivers, enabling them to offer valuable assistance with strategic planning.

There was general agreement that a successful CCO board is made up of well respected, successful directors with relevant skills and with business experience often beyond the local community.

To ensure all board members are appropriately qualified, the preference was for an independent recruitment process, opposed to board members being nominated by Council.

We note that Hamilton City Council has an existing policy that does not permit elected representatives taking a directorship in a council controlled CCO.

Other benefits of the CCO model mentioned included a greater agility, less 'red tape' and much less 'political interference'.

Our consultation identified the importance of regular good quality formal and informal communication (including a 'no surprises' approach) between the CCO Board Chairperson and CEO and representatives of its shareholder(s).

One of the objectives is to assist Elected Representatives have a good understanding of the CCO performance on a quarterly or six-monthly basis, as well as to overcome concerns or perceptions of 'loss of power' by the Elected Representatives.

On the other hand, better access to funding and the opportunity to frequently engage with Elected Representatives was seen as a benefit of operating venues as a business unit of Council rather than as a CCO.

Although all CCO's incurred additional costs as a result of the establishment of a board of directors (although the remuneration of some Directors is low or very low), none expressed significant concern about the cost effectiveness of the governance model.

All CCO CEO's regarded the CCO model as strongly preferred over operating as a unit of Council.

5.10 OTHER RESEARCH

We have reviewed a presentation of three case studies by the Institute of Public Policy, AUT University³, which highlights lessons that could be of interest to local authorities considering corporatisation and setting up arm's length arrangements generally.

In deciding the right governance structure for local governments, this presentation emphasised the importance of the following three aspects:

- matching activity to structure
- keeping distance
- good people and accountability.

Taking these insights into account we note the following implications for H3.

Matching activity to structure

There may be real gains to be made by transferring the management to an arm's length entity operating on commercial principles, where agreed objectives include focus on external customers, revenues and efficiency, rather than a traditional local government focus on assets, expenditure and regulatory compliance.

On the other hand, if the activity is a monopoly, placing the entire activity in an arm's length commercial structure (such as a CCO) may increase the risk of monopoly exploitation as management seek to maximise profitability. With regard to H3, this would apply to its wider social and cultural contributions to the Hamilton community. If a CCO would be established, it would therefore be important, that Council's objectives regarding H3's social and cultural contributions to the community are clearly documented and understood.

³ Source: *Better Local Services: improving Local Government Delivery through innovation and partnerships*. Peter McKinlay, Director Local Government Centre, Institute of Public Policy, AUT University, Auckland, July 2005



Keeping distance

If H3 is transferred to an arm's length entity (eg: CCO), the new entity will be run by a board which will expect to be free, within agreed understandings, to operate the activity without interference from the shareholder (Council). This needs to be well managed by a combination of a documented constitution, letter of expectation, statement of intent and funding arrangement.

Local government authorities which have tried to intervene in the management of arm's length entities have often got into difficulty, where boards have resigned in protest and the local authorities finding it hard to attract competent replacements because they did not respect the proper conventions.

It is also important to understand that the separate entity, and the board responsible for the management, have legal obligations quite separate from those which may be imposed by Council.

If the entity is a company, then the directors will have obligations to manage the business in the best interest of the company (which does not simply mean the shareholder), to respect the interest of creditors and so on.

Council can permit directors of the CCO to act in the interests of the local authority or holding company, rather than the CCO through provisions in the constitution.

Alternatively, a trust structure can also provide for opportunities to allow the Trustees to act in the interests of the CCO's stakeholders.

People and accountability

New Zealand 'best practice' is for directors or trustees to be selected through an objective process against a set of predetermined criteria covering capabilities, qualifications, experience, personal characteristics, etc.

APPENDIX A – DETAILED ANALYSIS OF OPTIONS CONSIDERED

1 ANALYSIS OF OPTION ONE

Transfer of H3 assets and responsibility for the management and operation of H3 venues to a new Council-owned CCO

1.1 DESCRIPTION OF OPTION

This option includes two potential variations:

- a) Council controls 100% of the voting rights and appoints 100% of the members of the CCO board
- b) the CCO is owned by a holding company, which is fully owned and controlled by Council, and the holding company controls all voting rights in relation to the CCO and appoints its board.

Under this option a dedicated CCO board would have full responsibility for the governance oversight of H3 management and operations, and H3 asset management (including planning).

All or most directors would be independent (ie: excluding Council officials and Elected Representatives) appointed for the skills and competencies required by the H3 venues / business. Some directors could be appointed from outside the Hamilton / Waikato area, thereby expanding the board's perspective.

To ensure that the purpose and role of the CCO is clearly understood, formal documents such as the company's Constitution and Statement of Intent ("SOI") and non-statutory documents, such a Letter of Expectations, need to be put in place by council and agreed with the CCO board.

The Constitution is the means by which Council can ⁴:

- define what matters must be referred back to Council and what can be decided by the CCO's directors
- permit directors of the CCO to act in the interests of Council or holding company, rather than the CCO, as provided by section 131(2) of the Companies Act 1993
- recognise and set out procedures for managing potential conflicts between its roles as owner and purchaser or funder or regulator.

⁴ Source: Governance and accountability of council controlled organisations – Controller and Auditor General, September 2015



The SOI should ensure that the CCO operates within broad parameters established by Council.

By facilitating an effective and robust process, with Councillors who are engaged, and a CCO that is responsive and committed to working with its shareholder, Council will ensure that the agreed SOI is a document that provides clarity and direction for all parties.

The SOI will document the strategic objectives for establishing the CCO, its clearly defined purpose, its legal and taxation status (eg: limited liability company, trust), and its commercial imperatives in relation to revenue and profit maximisation versus providing economic and social benefits to the residents and ratepayers.

To facilitate effective governance, the SOI will also specify issues such as:

- the nature of the relationship between the CCO and Council, including the roles and responsibilities of CCO Board Members, Council officers and Elected Representatives
- the required levels of service to be provided by the CCO to Council.
- The basis, levels and conditions of funding of the CCO, where Council is expected to contribute to operational shortfalls and capital projects.
- how performance is to be reported by the CCO and assessed by Council
- how the net cost (after generation of external revenue) of the CCO's service delivery is to be funded by Council (and external sources, if applicable)
- how risks are to be identified by the parties, mitigated and appropriate intervention by Council occur if required
- what penalties may be applied for non-performance by the CCO and how would these be funded
- how accountability is to be enforced between the CCO and Council.

Council may request the CCO to modify the SOI during the year, including asking it to add or remove content.

Although there is no statutory requirement for Council or to prepare a periodic (eg: annual) Letter of Expectation, it can be a useful mechanism for providing further clarity about Council's expectations of the CCO including in relation to its role and responsibilities, and for setting clear boundaries on how the CCO Board is expected to meet its obligations. It can be a valuable addition to the local authority's monitoring regime.

Since the SOI provides that all decisions about the operation of a CCO must be made by, or under the authority of, the Board, in keeping with the SOI and

the Constitution, Council is expected not to be involved (or intervene) in the governance or management of the CCO other than as dictated / allowed for in the SOI.

Unless otherwise arranged between parties, the CCO would not be required to purchase services from Council unless they choose to do so and where this achieve the most cost effective provision of the services.

Council can transfer the assets to the CCO at Council's book value (or some other agreed value). Consideration needs to be given of the extent this will be considered an equity investment into the CCO or a loan (or some combination).

We recommend that, if Option 1 is pursued, specialist accounting, tax and legal advice be obtained by Council as part of a detailed business case, to assess the impact of any regulatory or tax implication on the cost effectiveness of such transfer.

To distinguish the operational and capital funding requirements of the CCO, we suggest that Council should fund the CCO through separate operational and capital funding grants. This is similar to the funding mechanism adopted by Auckland Council with Regional Facilities Auckland (RFA).

Under ownership option (a) noted above, the CCO board will report directly to Council or a council committee.

Alternatively, option (b) would involve structuring the CCO under a holding company which would be 100% owned by Council, with the CCO board reporting to the holding company board. The advantages & disadvantages of this option are considered later.

Consideration should be given around the transfer of the debt related to the H3 assets to the CCO and the implications this will have, for example on the cost of borrowing.

Consideration should also be given whether a CCO is best structured as a company or a trust, as these options may have implications on funding and tax effectiveness.

We recommend this consideration as well as details around the SOI, funding, etc, be part of a detailed business case.



Research into the benefits and disadvantages if CCO has been quite extensive and well documented, including in a 2015 report by the Controller and Auditor General⁵.

As part of our consultation, we have conducted various interviews within H3, Council and leaders of comparable CCO's in New Zealand to gain further views and insights.

Based on our consultation and research we have identified the following benefits, opportunities, disadvantages and risks of this option (Option 1).

1.2 BENEFITS AND OPPORTUNITIES

Considering the very specialised nature of the H3 assets and operations, as well as the requirement for future capital expenditure, the CCO structure outlined in Option 1 would provide the following benefits and opportunities:

- an improved commercial focus and expertise; that is, operating the organisation with a professional board of directors who have the experience and background relevant to the distinctive nature of H3
- a Constitution, SOI and Letters of Expectation which should provide clarity and direction for all parties including appropriate community accountability
- a CCO board will be appropriately qualified to advise and hold management to account in relation to strategic planning and execution, including through regular and clear accountability
- CCO board members will provide an independent perspective and constructively challenge management and each other, thereby increasing the effectiveness of the organisation
- a CCO board will provide independence from Council (ie: separation from political direction) and act as an 'isolating layer' between the political activities of Council and the CCO's operations which should increase the future effectiveness of H3
- better structure around reporting and accountability which should reduce the demands on H3's Executive Director in responding to broader Council activities and allow the role to fully focus on driving H3's strategy execution and performance

⁵ Governance and accountability of Council Controlled Organisations by the Controller and Auditor General of New Zealand, September 2015, ISBN 978-0-478-44223-6

- less reliance on H3's Executive Director and management team to provide all of the commercial and subject matter expertise, with the appropriately skilled and experienced CCO board providing:
 - expert guidance in H3's strategic direction
 - continuity of capability with changes at management level
 - expertise to better respond to a changing competitive environment in the conventions and entertainment market, especially multi-day conferences and events
- transferring H3's assets into the CCO will provide a clear accountability and responsibility for asset management planning linked to commercial imperatives and funding
- the CCO board's expertise will improve the rigour and decision making with regard to capital investment decisions through greater commercial focus, subject matter expertise and close attention to ROI; this is particularly relevant considering the Hamilton 10 year plan which includes a projected capital investment for H3 assets of \$47m for the period 2017-2025, or \$26m excluding Founders Theatre
- improved alignment to H3's business cycle and assist in reducing funding volatility by Council
- based on the experience of comparator CCO's, the CCO structure would result in a more intense and higher quality level of investigation and probing into possible cost efficiencies.
- a CCO board will scrutinize and approve more detailed budgets than Council, which due to its size approves consolidated information as part of a total annual plan.
- ability to recruit and retain appropriately experienced board members and management staff who would or may not otherwise be available to H3 operating as a business unit of Council
- greater opportunity of streamlining or reducing decision timeframes, enabling nimbleness and agility; CCO structure should allow H3 to have less "process" to follow in making decisions than operating as a business unit of Council; this will particularly manifest itself in areas of procurement, human resources, property & asset management and financial / management reporting; H3 will have the ability to perform these functions independently from Council on a commercial basis with the possibility to reduce current annual charges and improve quality and efficiency of outcomes
- financial / management reporting independent from Council requirements will allow reporting to be tailored to the specific needs of H3; this will improve clarity on performance and decision making
- A skilled CCO board will bring additional risk management expertise, especially with regard to risk versus reward opportunities.



- as a CCO, H3 would retain operating surpluses which could be utilised to fund and operating shortfalls in subsequent years; cash surpluses could also be used to reinvest in the asset and services to secure future benefits and sustain the quality of the asset; this would have the effect of reducing the volatility of cash flow and funding requirements for Council
- access to a wider range of funding sources; a CCO, trust or similar entity governed by community representatives could potentially receive sponsorship and donations for significant community projects and could be eligible for funding that would not be available to Council
- in certain instances, local authorities can derive tax credits from commercial subsidiaries that pay dividends; assessing taxation implications is outside the scope of this review and we recommend Council should seek appropriate tax advice
- a CCO will provide a platform to Council with better expertise to drive H3's performance and more structure and clarity to monitor H3's performance.

1.3 DISADVANTAGES AND RISKS

The disadvantages and risks of a CCO model which we have identified are predominantly general to any CCO as they have been well researched and documented. Our interviews with H3 and Council representatives, and those from comparable entities have not identified any significant areas of risk that could be specific to H3 or Council.

We have identified the following disadvantages and risks of the model:

- an increased cost of governance of H3 (establishing and maintaining a board of directors); we estimate an establishment cost of \$350,000 and ongoing additional governance cost to be around \$250,000–\$300,000 per annum; this cost would be mitigated by opportunities for improved asset management outcomes and operational performance of the entity in the short, medium and long-term
- a perceived reduced ability to control reputational risk; arm's length delivery can make controlling risks to the reputation of Council more difficult; this could be mitigated through provisions in the Constitution and SOI
- there would be a need to agree asset values and the future funding model with Council prior to transfer of existing assets to new CCO entity (eg: cash funding of depreciation and future asset additions or enhancements)
- there is a risk of 'stranded overhead' in Council, related to the current overhead allocation of \$2.5 million per annum to H3; under

a CCO, Council overhead would not be allocated to new entity, unless accompanied by Council funding. Given Council's allocation model and H3's present duplication of services there is likely to be little variable cost saving to Council on removing H3 from Council

- Council's lack of direct accountability to the community for the performance of H3
- possible tensions between the objectives of pursuing profit and delivering community outcomes
- independent board members of a CCO may not always appreciate the legislative and community obligations of Council or that the expectations of the CCO differ from those of a private organisation; commercial directors may initially have limited understanding of local government and may not understand the context and expectations for increased transparency from Council.

1.3.1 Implications of a CCO structured under an existing Council owned holding company

Following our consultation regarding the advantages and disadvantages of a holding company, we have identified the following advantages:

- the holding company board of directors should be better skilled than Elected Representatives to oversee the CCO and hold the CCO board to account for the responsibilities they have been appointed to manage
- this structure will form an additional 'isolating layer' between the political decisions of Council and the CCO's activities
- it enables a clear focus on the CCO's performance and governance
- borrowing can be managed at a group level
- it helps to further separate politics from the commercial realities of running a business
- it should remove or significantly reduce any political influence on the appointment of directors for the CCO
- it enables an appropriate delineation between operations and governance responsibilities.

On the other hand, the following disadvantages have been identified⁶:

⁶ <http://www.oag.govt.nz/2015/cco-governance/part4.htm>



- a holding company structure does not help with community relations and often makes discussions between the local authority and an operational CCO difficult
- a holding company can act as a barrier between the subsidiary and the Elected Representatives; delegating the monitoring role to a holding company can create an additional layer of reporting that Elected Representatives do not support because they want to "look the board in the eye".

1.4 COST OF THE OPTION

The additional direct cost of this option will consist of one-off establishment costs and ongoing additional governance costs. Establishment costs are estimated around \$350k and will include costs associated with the recruitment of board members, drafting and negotiation of legal documentation, transfer of assets, etc.

Ongoing costs will include costs such as director fees, audit fees etc.

1.5 OVERALL ASSESSMENT OF COST EFFECTIVENESS

The special nature of this business requires governance and oversight of a body that has the relevant skills and commercial experience to maximise its cost effectiveness. This is further evidenced by the fact that five out of six comparable Council entities reviewed had successfully adopted a CCO model and confirmed the benefits of a qualified, independent board on improving outcomes.

Table 5.1: Summary financial analysis - Option 1

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	10,833	10,000	7,243	13,484	12,446	8,004
H3 Operating Expenses	(13,069)	(12,939)	(12,216)	(14,992)	(14,844)	(13,718)
H3 Operating Result	(2,236)	(2,939)	(4,973)	(1,509)	(2,397)	(5,714)
HCC Costs	(12,887)	(13,413)	(12,731)	(13,340)	(13,885)	(13,150)
Net Costs to Ratepayers	(15,122)	(16,352)	(17,704)	(14,849)	(16,282)	(18,864)

(Source: Horwath HTL)

We expect that the benefits and opportunities of this option will cause H3's operating results to outperform the status quo option by \$2.0-\$2.7 million per annum after 10 years, growing to \$3.3-\$4.2 million per annum after 15 years.

70%–80% of this growth is expected to come from Claudelands and FMG Stadium Waikato by maximizing future revenue opportunities, whilst improved cost efficiencies will allow better operating margins and lower overhead costs.

Whilst we expect that the benefits of this options will provide only marginal benefits of \$100k–500k in years 4-5. The most significant benefits over the status quo and other options are expected to be realized after the development and implementation of a longer term asset management and delivery strategy, which will maximize H3's competitiveness in the New Zealand events market during a period of significant supply increase.

This is expected to turn around an operating deficit of \$400k per annum for the main venues, Claudelands, FNG Stadium and Seddon Park to an annual surplus of \$1.6–\$1.9 million in the next 10 years.

Including the additional governance costs of this option, we expect that the overall benefits for Council could be between \$1.4–\$2.6 million per annum after 10 years and \$2.6–\$4.0 million per annum after 15 years, compared to maintaining the status quo.

In addition, Hamilton city will benefit from a greater economic contribution based on increased venue activities, the quantity of which will require more analysis as part of a detailed business case.



2 ANALYSIS OF OPTION TWO

Transfer responsibility for the management and operation of H3 venues only (ie: excluding transfer of assets) to a new Council-owned CCO

2.1 DESCRIPTION OF THE OPTION

Under this option, the H3 assets would remain under direct Council ownership while the management of the operations would be placed into a CCO.

This option includes many benefits, opportunities, disadvantages and risks mentioned in Option One which are not repeated. We summarise here the benefits and limitations that this option provides by comparison to Option One and their impact on the potential cost effectiveness of H3.

2.2 ISSUES ARISING FROM NOT TRANSFERRING ASSETS TO THE CCO

The scale and complexity of the CCO will be substantially less without it taking responsibility for the \$260 million worth of assets. This will reduce the scope of the board of directors, and to this extent some of their skills may be underutilised. As a result, there may be fewer suitably qualified potential candidates who are prepared to act as Directors of a CCO with less responsibility.

Based on the Hamilton 10 year plan, capital projects will make up the majority of expenditure for H3 until 2025. Without transferring the assets to the CCO, the benefits of the CCO structure cannot be applied to the majority of expected future expenditure.

This is likely to have a negative impact on the potential cost efficiency benefits that can be achieved.

Future attraction of visitors from outside Hamilton, the generation of revenues and effectiveness of the service delivery, largely depends on the quality of the assets in relation to its purpose.

Separating the governance over the assets from the governance of the service delivery is likely to result in misalignment and inefficiencies. Whereas in the short term the impact may not be noticeable, over the long term capital needs will dominate more significant to secure positive outcomes.

On the other hand, the limited scope may allow for a smaller board with a different composition, focussing more on market and operational expertise. This could reduce ongoing governance costs.

A CCO without assets would be easier to 'unwind' if required in the future.

2.3 OVERALL ASSESSMENT OF COST EFFECTIVENESS

The impact of a CCO with a limited scope and a board composition with different skill levels will have less impact on H3's performance, than the CCO described in Option 1.

Whereas the cost of director fees may reduce the total additional cost from around \$250–300k to \$200–250k, other governance overhead expenses such as audit fees remain and result in a relatively high cost of governance for the scale of the operations.

Table 5.2: Summary financial analysis - Option 2

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	9,420	8,696	7,243	11,154	10,296	8,004
H3 Operating Expenses	(12,896)	(12,768)	(12,216)	(14,617)	(14,473)	(13,718)
H3 Operating Result	(3,475)	(4,072)	(4,973)	(3,464)	(4,177)	(5,714)
HCC Costs	(12,770)	(13,291)	(12,731)	(13,211)	(13,750)	(13,150)
Net Costs to Ratepayers	(16,245)	(17,363)	(17,704)	(16,675)	(17,927)	(18,864)

(Source: Horwath HTL)

We estimate that in comparison with maintaining the status quo, this option may return an additional operating profit of \$200k-\$700k after five years, growing to \$0.9-\$1.5 million in year 10 and \$1.5-\$2.2 million after 15 years.

Including additional governance costs, benefits to Council are expected to be \$300k-\$1.5 million after 10 years and \$900k-\$2.2 million per annum after 15 years.

These results are close to half the results we expect from Option 1, where the CCO includes the H3 assets with board responsibility of asset management.

Revenue growth is expected to be lower while fewer opportunities for cost efficiencies may be realized.

Whereas this difference is less distinct in the first 5 years, the importance of aligning asset management to the return on investment in a commercial, environment will be more prevalent in the long term and will strongly influence business outcomes after five years.

On balance, we believe that this option will not outweigh the missed opportunities available under a model that includes asset transfer.



3 ANALYSIS OF OPTION THREE

Transfer of responsibility for the management and operation of H3 venues and other compatible Council activities into a new Council-owned CCO (possibly also including transfer of H3 and other assets

3.1 DESCRIPTION OF OPTION

The rationale for considering this option would be that having established a CCO to undertake the governance and operation of H3, the CCO may have the capability and capacity to also take over governance and responsibility for other Council activities and facilities which may further add to the cost effectiveness of the CCO and HCC.

An example of such an expanded CCO is Regional Facilities Auckland Limited, which is responsible for a diverse range of facilities and activities, including public assembly venues, the Auckland Zoo, Auckland Art Gallery and overseeing the funding arrangements in relation to Auckland Museum and Motat.

Examples in Hamilton could include, Hamilton Gardens, Hamilton Zoo and Waikato Museum.

3.2 FEASIBILITY

The rationale for expanding the responsibility of the CCO may include both operating synergies, destination marketing synergies, asset management synergies as well as the efficiency of spreading the cost of governing and managing the CCO more widely

As an example, Hamilton Gardens attracts many visitors from outside Hamilton and therefore contributes to the Hamilton economy by attracting additional visitor expenditure. It also runs events and activities which are popular with local residents as well as attracting visitors from further afield. In addition, it has venues available for functions meetings and other events. To this extent Hamilton Gardens has a number of synergies with H3.

The Hamilton Plan states an objective to "have the best garden in the world"

By contrast, Hamilton Zoo is predominantly focussed on serving the Hamilton and Waikato community.

3.3 OVERALL ASSESSMENT OF COST EFFECTIVENESS

Without a more detailed review of the such additional activities and facilities, it is not possible to accurately quantify the impact that adding additional facilities into a CCO will have on the cost effectiveness of H3. Such additional analysis

is outside the scope of our review in addition to the benefits realized under the CCO model described in option 1. Hence for the purpose of this report we have projected similar outcomes on trading performance as option 1.

We are advised that if, for example responsibility for Hamilton Gardens was also to be transferred to a new CCO, based on 2016 allocations, additional stranded overheads of around \$400k per annum would remain in Council.

Table 5.3: Summary financial analysis - Option 3

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	10,833	10,000	7,243	13,484	12,446	8,004
H3 Operating Expenses	(13,069)	(12,939)	(12,216)	(14,992)	(14,844)	(13,718)
H3 Operating Result	(2,236)	(2,939)	(4,973)	(1,509)	(2,397)	(5,714)
HCC Costs	(12,887)	(13,413)	(12,731)	(13,340)	(13,885)	(13,150)
Net Costs to Ratepayers	(15,122)	(16,352)	(17,704)	(14,849)	(16,282)	(18,864)

(Source: Horwath HTL)



4 ANALYSIS OF OPTION FOUR

Transfer of responsibility for the operation of H3 venues (and possibly assets) into an existing asset owning regional CCO (eg: Waikato Regional Airport Limited) possibly as a subsidiary entity (eg: similar to Hamilton and Waikato Tourism Limited) (or form a new regional CCO for the purpose)

4.1 DESCRIPTION OF OPTION

We have considered this option in relation to Waikato Regional Airport Limited, which is an existing regional CCO. Its shareholders include Hamilton City Council (50%) and four territorial local authorities (TLA's) who combined, own the remaining 50% of the shares.

The CCO also owns Hamilton and Waikato Tourism (HWT), which is the Regional Tourism Organisation. HWT is supported by seven of the Waikato region's TLA's and the region's tourism operators.

The core purpose of this organisation is to promote the Hamilton and Waikato region as an appealing destination to international and domestic visitors in order to generate the economic benefits for the region and its communities.

The aspiration for the Hamilton and Waikato region is to expand the visitor economy from \$1.08B in 2013 to \$1.5B in 2025, representing growth of 40 per cent or 2.8% per annum. Additional funding has been provided through the seven councils' 2015–25 10 year plans to help achieve this. This includes an increased investment in destination marketing and the expansion of HWT's activities to include destination management.

This option would involve placing H3 as a subsidiary entity into the existing CCO, with or without transfer of assets.

4.2 FEASIBILITY

Advantages of this option include the possibility to build very strong marketing capabilities by capitalising on marketing synergies between H3 and HWT.

This can provide a very cost efficient and effective marketing organisation for the H3 venues and Hamilton as a destination, which can overcome some of the negative market perceptions of Hamilton and capitalise on more favourable perceptions of the Waikato in general.

The current composition of the board of Waikato Regional Airport Limited does not include members with skills or experience relevant to the specific nature of H3 and likely requires changes to provide maximum benefits to H3.

Whilst changes and / or expansion of the board can be considered a disadvantage, it also offers an opportunity to attract the highly skilled board members and create synergies of expertise around general governance, marketing, HR, financial, risk and general management. Furthermore, this option would result in overall lower cost of governance for Council.

Nevertheless, apart from HWT, the nature of the business of Waikato Regional Airport is quite different to that of H3 and appropriate structures and capabilities need to be put in place to ensure effective governance and service delivery.

Complications will arise from the need to increase Council's share of ownership of the existing CCO when transferring the assets. This in turn will complicate funding and accountability of the CCO's activities to Council and regional stakeholders.

An important criteria for a successful CCO is that the local authority gives it a clearly defined purpose. In the case of Council, H3's purpose is to attract short term visitors from outside Hamilton who will contribute to the Hamilton's economy.

Whereas the objectives of the Waikato Regional Airport and HWT are complimentary to H3's objectives, H3's objectives are not equally aligned to the objectives of the CCO, in particular its TLA shareholders.

Based on the latest economic impact study, the economic contribution of H3 to the Waikato region outside Hamilton, is not very significant. Whereas this option may derive better cost effectiveness to Council, it may not add to the regional economic / social outcomes.

As a result, regional stakeholders (other than Council) are unlikely to want to assume responsibility for H3 operations and/or assets, unless accompanied by adequate Council funding, or at a significant discount to book value / cost.

Without strong interest and commitment from the regional stakeholders, it will not be in Council's interest to transfer existing assets owned by Council nor responsibility of the service delivery to a regionally owned CCO.

4.3 OVERALL ASSESSMENT OF COST EFFECTIVENESS

Considering the above we expect that this model may still deliver better outcomes for Council than maintaining the status quo, however to a much lesser extent than the previous models.

Without clear alignment of objectives, the boards expertise, priorities and decisions are unlikely to drive H3's revenue growth and cost efficiencies to the same levels as a dedicated CCO. Asset management focus will have to



compete with airport and regional priorities and will likely to have less impact on H3 outcomes.

We estimate that in comparison with maintaining the status quo, this option may return an additional operating profit of \$600k-\$1.2 million in year 10, growing to \$1.2-\$1.8 million per annum after 15 years.

Table 5.4: Summary financial analysis - Option 4				Amounts in \$'000		
	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	8,932	8,245	7,243	10,574	9,760	8,004
H3 Operating Expenses	(12,750)	(12,624)	(12,216)	(14,453)	(14,310)	(13,718)
H3 Operating Result	(3,818)	(4,379)	(4,973)	(3,880)	(4,550)	(5,714)
HCC Costs	(12,565)	(13,077)	(12,731)	(12,984)	(13,514)	(13,150)
Net Costs to Ratepayers	(16,383)	(17,456)	(17,704)	(16,864)	(18,064)	(18,864)

(Source: Horwath HTL)

Including additional governance costs, benefits to Council are expected to be \$200k-\$1.3 million per annum after 10 years and \$800k-\$2.0 million per annum after 15 years.

5 ANALYSIS OF OPTION FIVE

Establish H3 as a Stand Alone Business Unit (“SABU”) of Hamilton City Council, with an (Advisory) Board overseeing the governance of H3’s management and operations

5.1 DESCRIPTION OF OPTION

Under this option, H3’s existing funding and service delivery structure would remain unchanged with an Advisory Board overseeing the governance and operations.

The Advisory Board would be a select group of “independent” people who provide advice and support to H3 Management and Council. They would provide non-binding strategic advice to H3 and hence are informal in nature.

The advisory board would not be a binding decision-making entity. H3 and Council would need to determine the roles, responsibilities and any level of authority of the advisory board.

Suggested roles and responsibilities for Advisory Board members include:

- developing an understanding of the business, market and industry trends
- providing an independent source of information and advice to H3 management and Council on strategic issues, performance or risks confronting the business and any other issues raised by the H3 management or Council
- providing Council and management with insights and ideas arising from board members’ expertise and experience, with distance from the day-to-day operations
- encouraging and supporting the exploration of new business ideas
- acting as a resource for executives
- encouraging the development of a governance framework that enables continued growth, whilst observing the overall purpose of H3
- monitoring business performance and challenging management to consider options for improving the business
- creating a “learning forum” to assist management.

With regard to compensation, we understand that, at the simplest level, a daily fee (plus expenses) is standard. If there is more to the role than occasional meetings, it may be appropriate to negotiate a monthly or annual retainer for access and assistance between meetings.



5.2 ADVANTAGES AND OPPORTUNITIES

Similar to a CCO Board, an Advisory Board would provide H3 with access to additional skills, expertise and independence that is not currently available. Its advice would be expected to be unbiased and not affected by Council issues or pressure.

This option would give greater flexibility to Council in how the board is structured and managed, when compared to a Board of Directors.

Whereas a CCO Board of Directors would have legally defined responsibilities, an Advisory Board would not be not regulated under the Companies Act or corporate governance codes. An Advisory Board would not make binding decisions like a CCO Board.

With little if any legal responsibility imposed on its members, an Advisory Board may attract high calibre members who would not be interested in assuming the legal responsibilities that come with a CCO Board appointment.

An Advisory Board may enhance H3's reputation and credibility in the marketplace through demonstrating a commitment to commercial professionalism. This is likely to benefit the marketing of the venues and increase H3's ability to attract a high calibre of employees, whilst they remain employees of Council.

From Council's perspective, an Advisory Board should provide an additional source of expertise whilst maintaining its current influence and decision making authority over H3. It may increase confidence by Council and ratepayers in the governance of H3.

From a direct cost perspective, an Advisory Board is easier and less costly to establish, with no requirement to set up a separate legal entity, no need to transfer assets and no regulatory governance costs.

5.3 DISADVANTAGES AND RISKS

Whilst these benefits may appear quite attractive considering the similarities to those associated with a CCO, the informal nature of an Advisory Board could have a significant negative impact on its effectiveness.

The Advisory Board would function like a group of experts whose advice would not necessarily be followed by management or Council. As a consequence, the Advisory Board might not be taken as seriously as a CCO Board.

By definition, an Advisory Board has little to no authority, although this may somewhat depend on the delegation of authority given to the Board.

Issues arising from a lack of authority include:

- the Board's recommendations can only be based on what information management is willing to share with the board members
- the Board will have less influence on the strategy and performance oversight of H3
- likelihood of continuing involvement of Elected Representatives which may result in the Board not being able to attract the same level of expertise in its members
- confusion around responsibilities and accountabilities amongst Council and H3 management, and this could create inefficiencies in the speed and quality of decision making.

The lack of legal responsibility makes it difficult to hold members of the Advisory Board accountable for their advice whilst some advisory board members might not take their role seriously and put in the necessary commitment and contribution as they would as real board members.

An Advisory Board would not change the responsibility of H3's performance from being with the Council CEO. Consequently, management decisions for H3 are likely to be influenced by other Council matters which may not be aligned with the H3's pursuit of its objectives.

5.4 OVERALL ASSESSMENT OF COST EFFECTIVENESS

To mitigate the lack of authority of an Advisory Board and to establish influence so the board's expertise will be utilised, it will be important that the chairman of the board and / or its members are well respected by Council, the Council CEO and the community. This is likely to lead to appointments of persons who are well known which in turn may compromise on the person's quality and subject expertise.

We believe that this option can be considered an improvement to the current governance structure but its informal nature will prevent it from achieving the most cost effective outcomes in a political environment.

As a result, we expect the benefits to council compared to maintaining the status quo, be no more than between \$0-\$1 million after 10 years growing to around \$0.4-\$1.6 million per annum 15 years from now.



Table 5.5: Summary financial analysis - Option 5 **Amounts in \$'000**

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	8,598	7,936	7,243	10,158	9,377	8,004
H3 Operating Expenses	(12,816)	(12,689)	(12,216)	(14,528)	(14,384)	(13,718)
H3 Operating Result	(4,219)	(4,753)	(4,973)	(4,369)	(5,007)	(5,714)
HCC Costs	(12,477)	(12,986)	(12,731)	(12,887)	(13,413)	(13,150)
Net Costs to Ratepayers	(16,696)	(17,739)	(17,704)	(17,257)	(18,420)	(18,864)

(Source: Horwath HTL)

The benefits of the Advisory Board will provide additional revenue growth for the main venues and cost efficiencies in the operations. However, without the governance skills and significant influence, they will not achieve the commerciality nor provide the expertise to address the long-term asset management and delivery opportunities that will develop H3's competitive market position in the most cost-effective way.

6 ANALYSIS OF OPTION SIX

Transfer the management of the operation of the H3 venues to a third party

6.1 DESCRIPTION OF OPTION

This option involves the appointment of an external operator to manage for a management fee:

- management of the operations only
- management of the operations and the assets
- appoint an external operator to lease the assets and provide the venue management services operation under a lease.

Comparable arrangements exist in many hospitality operations but to a lesser extent large entertainment venues or convention centres.

Where a third party is engaged to manage the operations and assets, the most common options to remunerate the third party is a variable management fee based on the achievement of certain performance indicators.

This option can include the transfer of the assets to a Council-owned holding company who then transfer the management rights to a third party.

6.2 FEASIBILITY

As part of the present arrangements, H3 has transferred the management of a substantial part of the venue's income stream to a third party. The Food & Beverage service operations are contracted to Montana Catering which gives them the right to operate the catering services until 2027 (Claudelands and Seddon Park) and December 2016 (FMG Stadium Waikato). Montana generates between \$4–5 million of revenue from these venues and pays a commission to H3.

A transfer of management of H3 venues would presumably exclude the management of the majority of the F&B services and a substantial potential income stream, unless this was done at the same time as renewal or re-tendering of the catering contract.

The objective of a third party operator interested to operate the H3 facilities would predominantly be to maximise their financial returns. Most of the commercial appeal for a potential operator of the H3 venues lies in providing the catering services as these are the most profitable part of the business.



Without being able to offer the catering services as part of the management agreement, it is unlikely that any suitable operator will be interested in managing the H3 operation on Council's behalf.

A possible option could be to provide other concessions of interest to a reputable operator. For example, international hotel operators could be interested in assuming the management rights if this is combined with an opportunity to build hotel accommodation close to Claudelands on favourable terms.

6.3 COMMUNITY VIEWS AND PREFERENCES

It is likely that Council will face opposition to providing significant concessions to private enterprise without being able to clearly demonstrate that the future benefits outweigh such concessions.

6.4 ASSESSMENT OF THE EFFECTIVENESS OF THIS OPTION

A third party manager may provide a new management approach that produces better outcomes. However management fees payable to the third party will further reduce financial returns to Council and possibly offset any potential gains.

Considering that the broader community and economic objectives of H3 which extend far beyond the immediate financial returns of the business unit, it will be difficult to create alignment between the interests of an operator and the interests of H3 stakeholders, as the operator's objectives will be predominantly financially focussed.

6.5 OVERALL ASSESSMENT OF COST EFFECTIVENESS

This option could be most cost effective if there was little to no management expertise within the current organisation to operate the H3 facilities and the key issues to improve performance were related to operational management expertise.

We believe this is not the case in the current H3 organisation which has built a strong leadership and operational management team that has delivered on the objectives set out. Furthermore, without clear alignment of objectives between a third-party operator and Council, it is unlikely that this option will add to meeting Council's objectives.

Without any operational performance uplift, we expect this option will increase costs to Council by around \$300k per annum in Management fees, payable to a third- party operator.

Table 5.6: Summary financial analysis - Option 6
Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	7,533	6,953	7,243	8,324	7,684	8,004
H3 Operating Expenses	(12,338)	(12,216)	(12,216)	(13,855)	(13,718)	(13,718)
H3 Operating Result	(4,805)	(5,262)	(4,973)	(5,531)	(6,034)	(5,714)
HCC Costs	(12,761)	(13,282)	(12,731)	(13,201)	(13,740)	(13,150)
Net Costs to Ratepayers	(17,566)	(18,544)	(17,704)	(18,732)	(19,774)	(18,864)

(Source: Horwath HTL)



7 ANALYSIS OF OPTION SEVEN

Continue governance, funding and delivery by Hamilton City Council as a unit of Council (Status Quo)

7.1 DESCRIPTION OF OPTION

In determining the advantages and disadvantages to remain with the status quo, our main consideration has been to assess what would be the missed opportunities provided by these alternatives and the extent that the absence of any of the disadvantages outweigh the missed opportunities.

We have also considered what improvements can be made to the current arrangements to address the key issues facing H3 at the moment.

7.2 ADVANTAGES AND OPPORTUNITIES

Based on our assessment of alternative options, the benefits of keeping the status quo would be as follows:

- no resources nor funds need to be allocated to create alternative models, create a new entity or address tax issues. There will be no increase in ongoing governance costs
- Council will maintain its ability to fully control the risks associated with H3
- the issue of stranded overheads will not need to be addressed
- Council will be seen as directly accountable to the community for the performance of H3
- possible tensions between the objectives of pursuing profit and delivering community outcomes can be fully dealt with by Council
- by implementing improvements to the current arrangements, Council have an opportunity to create further support from rate payers.

7.3 DISADVANTAGES AND RISKS

Council would miss a great deal of the opportunities identified in the other options, most of which cannot be, or only partially be realised under the status quo. These result in the following disadvantages / risk of a status quo position:

- continued strong reliance on H3's Executive Director and local management team for commercial and subject matter expertise
- decreased ability to recruit and retain high quality management staff and members on oversight committees

- lack of expertise to provide the improvements in strategic planning and accountability
- no separation from political direction which will negatively impact commercial focus
- lack of commercial focus and expertise which is likely to result in H3 to loose future market share in an increasingly competitive environment
- inappropriate financial management information to provide clarity and insight necessary for good decision making in a commercial business
- continued uncertainty about responsibilities around aspects of asset management between Council and H3, resulting in inefficiencies and missed opportunities to cost effective asset management
- only moderate and lower quality investigation and probing of possible cost efficiencies
- continued local government processes – red tape, disabling nimbleness and agility
- inability for H3 to manage operating surpluses used to reduce volatility of cash flow and funding requirements for Council.

7.4 ENHANCEMENTS TO STATUS QUO OPTION

A number of areas can could possibly be addressed under the current arrangements to improve H3's cost effectiveness. These will only succeed when implemented under the right leadership and with full support of Council.

Regardless of the governance structure, H3 and HWT can improve their strategic alignment and corporation to achieve efficiency and better outcomes. Similarly, Council and H3 can improve funding arrangements for marketing and advertising activities.

To create a more favourable market positioning, consideration could be given to renaming Claudelands to something with a lessor connotation to historical turmoil and more reflective of the positive attributed of the region, such as "Waikato Conference and Events Centre" could.

While opportunities may exists to tailor the financial reporting to H3, including balance sheet and cash flow management, this is not in line with the rest of Council's business needs. Therefore for best results, clear separation and distinction between H3 and Council accounts is required and internal transactions need to be fully transparent and accounted for on an arm's length basis.

The intensity monitoring and oversight can be increased by establishing a separate sub-committee for H3 under H3's finance committee. However,



improving the intensity without the quality of oversight will likely lead to inefficiencies and dismay. Improving quality is essential, including skilled and experienced committee members who are free of political motives.

Similar as with the establishment of a CCO, an agreed SOI and a Letter of Expectation can provide greater clarity and direction for all parties under the current arrangements.

More rigorous assessment of future capital expenditure can be implemented to ensure alignment with potential increase in visitation, revenues and ROI.

7.5 OVERALL ASSESSMENT OF COST EFFECTIVENESS

We believe that this option does not deliver the required skills, expertise and independence from political influences that is required to achieve much improved cost effectiveness within H3.

As a result we have forecast that the latest net position of a \$16.1 million deficit for the year ending June 2016, will worsen by another \$600k over the next five years and a further \$2.2 million in the 10 years thereafter.

We have assumed that revenue growth for Claudelands and FMG Stadium Waikato, which are the key revenue drivers in H3, will not grow by more than an average of around 3% per annum over the next 5 years.

Once competing venues across the country have been completed, we have assumed that H3 is likely to lose market share and revenue growth for the main venues will fall below inflation. With costs assumed to grow in line with inflation and without significant cost savings or efficiency gains, the forecast shortfalls will increase accordingly.

Table 5.7: Summary financial analysis - Option 7

Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	7,533	6,953	7,243	8,324	7,684	8,004
H3 Operating Expenses	(12,338)	(12,216)	(12,216)	(13,855)	(13,718)	(13,718)
H3 Operating Result	(4,805)	(5,262)	(4,973)	(5,531)	(6,034)	(5,714)
HCC Costs	(12,477)	(12,986)	(12,731)	(12,887)	(13,413)	(13,150)
Net Costs to Ratepayers	(17,282)	(18,248)	(17,704)	(18,418)	(19,447)	(18,864)

(Source: Horwath HTL)

8 APPENDIX B – FINANCIAL ANALYSIS SUMMARY TABLES

Table 5.7: Summary financial analysis - Status Quo (Status Quo) - C Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	7,533	6,953	7,243	8,324	7,684	8,004
H3 Operating Expenses	(12,338)	(12,216)	(12,216)	(13,855)	(13,718)	(13,718)
H3 Operating Result	(4,805)	(5,262)	(4,973)	(5,531)	(6,034)	(5,714)
HCC Costs	(12,477)	(12,986)	(12,731)	(12,887)	(13,413)	(13,150)
Net Costs to Ratepayers	(17,282)	(18,248)	(17,704)	(18,418)	(19,447)	(18,864)

Table 5.1: Summary financial analysis - CCO with Asset Transfer - O Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	10,833	10,000	7,243	13,484	12,446	8,004
H3 Operating Expenses	(13,069)	(12,939)	(12,216)	(14,992)	(14,844)	(13,718)
H3 Operating Result	(2,236)	(2,939)	(4,973)	(1,509)	(2,397)	(5,714)
HCC Costs	(12,887)	(13,413)	(12,731)	(13,340)	(13,885)	(13,150)
Net Costs to Ratepayers	(15,122)	(16,352)	(17,704)	(14,849)	(16,282)	(18,864)

Table 5.2: Summary financial analysis - CCO without asset transfer - Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	9,420	8,696	7,243	11,154	10,296	8,004
H3 Operating Expenses	(12,896)	(12,768)	(12,216)	(14,617)	(14,473)	(13,718)
H3 Operating Result	(3,475)	(4,072)	(4,973)	(3,464)	(4,177)	(5,714)
HCC Costs	(12,770)	(13,291)	(12,731)	(13,211)	(13,750)	(13,150)
Net Costs to Ratepayers	(16,245)	(17,363)	(17,704)	(16,675)	(17,927)	(18,864)

Table 5.3: Summary financial analysis - CCO with other HCC activities Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	10,833	10,000	7,243	13,484	12,446	8,004
H3 Operating Expenses	(13,069)	(12,939)	(12,216)	(14,992)	(14,844)	(13,718)
H3 Operating Result	(2,236)	(2,939)	(4,973)	(1,509)	(2,397)	(5,714)
HCC Costs	(12,887)	(13,413)	(12,731)	(13,340)	(13,885)	(13,150)
Net Costs to Ratepayers	(15,122)	(16,352)	(17,704)	(14,849)	(16,282)	(18,864)

(Source: Horwath HTL)



Table 5.4: Summary financial analysis - Regional CCO - Option 4 Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	8,932	8,245	7,243	10,574	9,760	8,004
H3 Operating Expenses	(12,750)	(12,624)	(12,216)	(14,453)	(14,310)	(13,718)
H3 Operating Result	(3,818)	(4,379)	(4,973)	(3,880)	(4,550)	(5,714)
HCC Costs	(12,565)	(13,077)	(12,731)	(12,984)	(13,514)	(13,150)
Net Costs to Ratepayers	(16,383)	(17,456)	(17,704)	(16,864)	(18,064)	(18,864)

Table 5.5: Summary financial analysis - SBU with advisory board - OI Amounts in \$'000

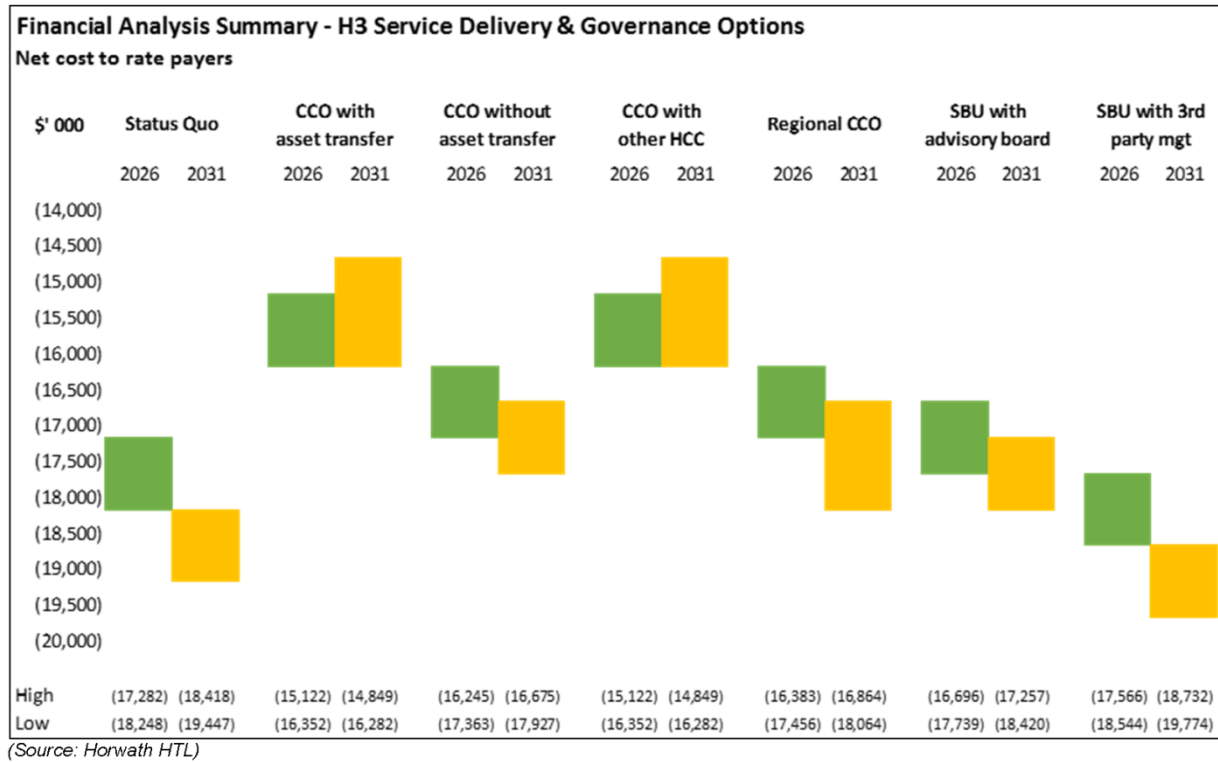
	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	8,598	7,936	7,243	10,158	9,377	8,004
H3 Operating Expenses	(12,816)	(12,689)	(12,216)	(14,528)	(14,384)	(13,718)
H3 Operating Result	(4,219)	(4,753)	(4,973)	(4,369)	(5,007)	(5,714)
HCC Costs	(12,477)	(12,986)	(12,731)	(12,887)	(13,413)	(13,150)
Net Costs to Ratepayers	(16,696)	(17,739)	(17,704)	(17,257)	(18,420)	(18,864)

Table 5.6: Summary financial analysis - Transfer management to 3rc Amounts in \$'000

	2026			2031		
	High	Low	Status Quo	High	Low	Status Quo
H3 Revenues	7,533	6,953	7,243	8,324	7,684	8,004
H3 Operating Expenses	(12,338)	(12,216)	(12,216)	(13,855)	(13,718)	(13,718)
H3 Operating Result	(4,805)	(5,262)	(4,973)	(5,531)	(6,034)	(5,714)
HCC Costs	(12,761)	(13,282)	(12,731)	(13,201)	(13,740)	(13,150)
Net Costs to Ratepayers	(17,566)	(18,544)	(17,704)	(18,732)	(19,774)	(18,864)

(Source: Horwath HTL)

9 APPENDIX C – FINANCIAL ANALYSIS SUMMARY GRAPH



Committee: Council**Date:** 08 February 2017**Report Name:** Housing Accord**Author:** Paul Bowman

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton Urban Growth Strategy, Partly Operative District Plan, Future Proof Strategy</i>
Financial status	<i>There is no budget allocated.</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

1. Purpose

2. To seek Council's retrospective approval of the Hamilton Housing Accord signed by both the Minister for Building and Construction and the Mayor of Hamilton City Council on 22 December 2016.

3. Executive Summary

- On 30 November 2016 Council approved the development and negotiation of a Housing Accord. At its 13 December meeting Council approved the delegation of authority to the Chief Executive to finalise negotiations with the Minister for then Building and Housing (now Building and Construction) on any subsequent amendments to the draft Accord.
4. On the 22 December 2016, His Worship Mayor King signed the final version of the Housing Accord with Nick Smith, the Minister for Building and Construction.
 5. This report outlines the background to the Housing Accord and the practical effects it will have. A brief discussion of the targets, an outline of key changes (between the draft version and the final signed version) as well as reporting and monitoring requirements and next steps are provided.
 6. The Housing Accord commenced on the date which it was signed by both the Minister and the Mayor of Hamilton City Council.
 7. This report seeks Council approval of the signed Housing Accord attached in Appendix 2.

Recommendations from Management

That:

- a) the report be received; and
- b) Council retrospectively approves the signed version of the Hamilton Housing Accord (attachment 2 of the staff report).

8. **Attachments**

9. Attachment 1 - Housing Accord TRACKED CHANGES following Council meeting held on 13 December 2016
10. Attachment 2 - FINAL signed Housing Accord dated 22 December 2016

11. **Key Issues**

12. Background

13. In the latter half of 2016, discussions with the government regarding Hamilton City Council's (HCC) indicative application to the Housing Infrastructure Fund, Council had been made aware of the opportunities to support the advancement of housing supply within Hamilton via the development of a Housing Accord.
14. Council passed a resolution at the meeting of Council on 25 August 2016 instructing staff to begin commencement of a draft proposal to the Housing Infrastructure Fund (HIF), based on advancing the Peacockes growth cell and Rotokauri growth cell and the related infrastructure requirements.
15. In order to meet ministerial deadlines and to show alignment the recently submitted HCC indicative proposal to Government for the Housing Infrastructure Fund, Council staff and Ministry of Business, Innovation and Employment (MBIE), officials began negotiations on the attached Accord.
16. In conjunction with MBIE officials staff have identified that whilst Hamilton has sufficient long term supply within existing zoned land, there may also be opportunities within the city where additional supply might be advanced through the Accord in appropriate cases.
17. A Housing Accord establishes an agreed approach between the Minister for Building and Construction and Hamilton City Council to address housing supply issues in Hamilton and provides the mechanism by which opportunities can be examined to determine the appropriateness or otherwise of utilising the tools contained within the Housing Accords and Special Housing Areas Act 2013 (HASHA) legislation to advance housing and land supply.
18. The Accord provides Council with additional policy tools, which may include targets for housing. Targets may be supported through the use of Special Housing Areas in the City.
19. Special Housing Areas (SHAs) are areas that HCC would consider suitable for housing and recommend to the Minister to be established.
20. Practical Effect
21. These provisions in the HASHA Act will allow for 'qualifying developments' within the identified 'Special Housing Areas' (SHA) to become eligible for a different resource consent process. The Act also allows resource consents and plan changes to be processed concurrently.
22. Staff will also need to commence work on developing the accompanying Council policy to the Accord which will clearly outline the Council selection criteria for Special Housing Areas (SHA) and the qualifying development within them. Selection criteria could include matters such as; that adequate infrastructure exists or is likely to exist and that developments have regard to the District Plan, the Hamilton Urban Growth Strategy, the Waikato Regional Policy Statement and the Future Proof sub regional settlement pattern.

23. Staff will seek Council's endorsement of the (SHA) policy and selection criteria this year. Once finalized, Council will undertake targeted engagement with land owners of potential SHA sites.
24. Housing Accord Targets
25. The Housing Accord targets recognise the importance of agreed targets to give effect to the Accord and to assist the delivery of land supply, dwellings and market price necessary to meet Hamilton's housing needs.
26. It is important to note that the target figures are an aggregate of both the total number of sections and dwellings consented, or enabled 'opportunities' for housing. Data matching will be conducted to discount double counting of a section (resource consent) and the subsequent dwelling consent (building consent), should it fall within the 3 year period of the Accord.
27. To set the target figures presented on 13 December 2016, multilevel analysis was conducted by staff. Firstly, different forecasts of demand for housing were examined (including HCC Growth model forecasts) which provided plausible levels of expected residential building consents over the next three years.
28. Historic levels of demand have been checked and data analysis was conducted to assess the historic levels of 'overlap' between section (resource consent) and the subsequent dwelling consent (building consent). From this analysis, and taking into account recent economic and building demand commentary, reasonable annual targets were set with incremental increases over the second and third year of the Accord to reflect the anticipated increase in supply derived from the future SHAs.
29. As a final check, the Accord targets were assessed against recent estimates of capacity ('developer ready' land zoned residential and serviced by infrastructure) to ensure that the targets were achievable and deliverable.
30. The targets in the signed Accord (See Attachment 2) have been increased by 150 consents for each year 2017-2019 at the request of MBIE and approved by the Minister for Building and Construction.
31. Key change between Draft and Final signed version
32. All changes between the Draft Accord (submitted to Council on 13 December) and the Final Accord have been track changed, see Attachment 1. Key changes between the draft and final signed accord are summarised as follows:
 - Update to reflect change to Ministerial title;
 - Update to reflect increase in Hamilton's average house price and median income multiple
 - MBIE adjustment of the target figures up by increment of 150 consents for each year;
 - MBIE legal team have redrafted and refined the termination and dispute resolution sections.
33. Reporting and Monitoring

The Accord requires that implementation of the Accord, progress towards Accord targets, declaration of SHAs and the overall effectiveness of the accord is monitored and reported regularly. HCC staff and MBIE officials will jointly prepare any required progress and monitoring reports.

34. Next Steps

35. Pending Council approval of the attached signed Housing Accord, staff will progress the following matters early this year:
- 1) Develop the HCC SHA Policy for Council approval;
 - 2) Establishment of the required Joint Housing Steering Governance Committee (The Mayor, Chairperson of Growth and Infrastructure Committee and Minister for Building and Construction) and agree a reporting and monitoring schedule.

36. **Financial and Resourcing Implications**

37. The development of the HCC SHA Policy will be delivered within existing budgets.
38. Any additional resource required for the processing of any resulting resources consents or plan changes for qualifying SHA developments will be on a cost recovery basis.
39. MBIE will make available staff available to assist Council with the reporting and monitoring requirements.

40. **Risk**

41. It is important that robust SHA selection criteria are developed to ensure delivery of housing supply that is not misaligned with HCC Strategic Planning Framework and Future Proof, the sub- regional growth strategy.
42. That market conditions alter such that targets are not able to be met. The Accord does however provide for the alteration of targets (at the discretion of the Joint Steering Committee) in the event weaker market conditions occur.

Signatory

Authoriser	Kelvyn Eglinton, General Manager City Growth
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TRACK CHANGED

**DRAFT HAMILTON
HOUSING ACCORD**

(IN DRAFT)

DRAFT**Hamilton Housing Accord****Purpose**

1. This Agreement, ~~The Hamilton Housing Accord~~ between the Hamilton City Council (HCC) and the Government ~~is intended to increase housing supply in line with the National Policy Statement on Urban Development~~, is the Hamilton Housing Accord (the Accord).
2. The intention of the Accord is to increase housing supply in line with the National Policy Statement on Urban Development Capacity (NPS-UDC) and the Housing Accords and Special Housing Areas Act 2013 (the Act). The Accord aims to maintain a well-functioning, private sector-led housing market in Hamilton ~~and ensure a spread of prices across the housing market~~ by ensuring adequate supply and market competition.
3. Development progressed through this Accord will be generally consistent with the Hamilton Urban Growth Strategy (HUGS) for Hamilton ~~City~~, the strategic directions contained within the Partly Operative District Plan, the Waikato Regional Policy Statement (RPS) and the FutureProof sub regional settlement pattern.

Benefit

4. A Housing Accord establishes an agreed approach between the Minister for Building and Construction ~~Housing and Hamilton City Council HCC~~ to address housing supply issues in high growth areas Hamilton. The Accord provides HCC ~~Council~~ with ~~a range of~~ additional policy tools which may include ~~such things as housing targets for housing~~. Targets ~~could in turn could~~ may be supported through the use of Special Housing Areas in the City.
5. ~~A Special Housing Area (SHAs) are areas suitable for new housing is an area of the City that HCC can recommend to the Minister to be established. Resource consenting powers under the Act can be used to fast track qualifying developments within SHAs. considers suitable for new housing and where more enabling resource consenting powers of the Act can be used to fast track qualifying development.~~

Background

6. ~~Hamilton offers a compelling narrative. The city has a strong and diversified economy with GDP growth in 2015 at 4.3%.~~ Hamilton has a robust employment base across a number of key sectors including; High value manufacturing, Logistics, Information tTechnology, research and development, health and science, logistics and agricultural technology. The city has a strong and diversified economy with GDP growth in 2015 at 4.3 percent.

~~Hamilton is well positioned for future growth given its proximity to Auckland, geographic location within the economic 'Golden Triangle', proximity to over half of the country's population within 90 minutes' drive, the availability (approximately 30 years supply of zoned residential land) and comparative affordability of residential and non-residential land for development within the city. HCC acts as the co-ordination body with key city and regional stakeholders, leveraging these opportunities and actively promoting the city's competitive strengths.~~

7. Hamilton's population has is growing strongly at around 1.7% per annum (2,600 people per year). Future projections see Hamilton growing from an estimate of 161,000 in 2016 to close to 170,000 in the next five years, ~~180,000 in the next decade and to 200,000 by 2036~~. Hamilton has a favourable age profile with the youngest and most highly skilled workforce in the country, with 39% percent employed in knowledge intensive sectors.

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8. Hamilton is well positioned for future growth given its proximity to Auckland, geographic location within the economic 'Golden Triangle', proximity to over half of the country's population within 90 minutes' drive, the availability (approximately 30 years supply of zoned residential land) and comparative affordability of residential and non-residential land for development within the city.
9. Hamilton has well progressed future urban development strategies, namely;
 - The Hamilton Urban Growth Strategy (~~HUGS~~) which sets a clear pattern of future development within the city boundaries.
 - The FutureProof strategy, a sub-regional planning framework which establishes an integrated land use and transportation pattern for the next 50 years across Hamilton and its adjoining territorial authorities; Waipa and Waikato Districts.
 - A number of strategic boundary change agreements are also in place with the neighbouring territorial authorities to assume land within the boundary of the Waikato Expressway network once construction of this Road of National Significance is completed. These agreements will allow for the long term urban expansion of the city.
10. Under the recent ~~National Policy Statement on Urban Development Capacity~~ (NPS-UDC), Hamilton City has been identified as falling within a High-Growth Urban area. Under the NPS-UDC, HCC is required to ensure that there is sufficient ~~feasible~~-housing and business land development capacity feasible for the short ~~term~~, medium ~~term~~-and long term. Hamilton currently has sufficient land supply for four 4-years of greenfield housing supply, with the current 10 ~~year~~ infrastructure plan providing for a further seven years of supply.

Challenges for Hamilton

11. The majority of Hamilton's population growth is coming from internal migration, including former residents of Auckland moving to Hamilton for lifestyle choice and career and employment opportunities. Similarly significant increases in house price growth over the two years has largely been driven by the Auckland 'halo effect'; the spill over of increased Auckland house prices on surrounding regions.
12. According to REINZ data for October 2016, Hamilton's average house price was \$5~~27~~48,000, up from an average of \$4~~23~~5,000 the year prior (an annual increase of ~~2419.4~~ percent %). The Ministry of Business, Innovation and Employment (MBIE) calculates that the median multiple for Hamilton is 6.870, meaning that the median house price was 6.870 times the value of the median income; thus deemed unaffordable. The latest Demographic International report (September 2015) allocates a median multiple ranking of 5.1 for Hamilton, putting Hamilton in the same 'severely unaffordable' category as most other cities in New Zealand.
13. ~~Whilst Hamilton City still compares favourably to other growth centres in relation to housing affordability, the recent Hamilton's~~ housing market has seen marked increases in ~~to~~-new home developments and house prices throughout the existing market stock. Since the Global Financial Crisis, development activity (subdivision and building consents) has increased rapidly in Hamilton. The forecast for 2016 building consents for new dwellings issued by HCC is 1271, up from a low of 481 in 2008.
14. ~~Whilst Hamilton enjoys competitive wage rates, a strong economy and is currently positioned as the most affordable of the growth centres~~ HCC's challenge is to fund lead infrastructure capacity and ensure that the supply of sections to the market remains well ahead of the growth curve to ensure adequate land supply and market competition ~~and retain the city's competitive advantage in market affordability and housing options.~~
15. HCC ~~'s~~ has a ~~robust~~ capital works programme in place through its Long Term Plan to provide services to the ~~remaining~~-zoned ~~capacity in~~ greenfield areas for urban development over the next 10 years so

|
that

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Item 12

Attachment 1

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~~they can also be developed~~. This current level of zoned land supply compares favourably with the other metropolitan centres in New Zealand.

16. However to ensure that the longer term supply of land for housing remains ahead of the growth curves and that supply of developer ready land is such that it promotes competition within the market, ~~Council~~ HCC faces major financial hurdles to fund lead infrastructure to open ~~new-zoned growth zones-areas~~. The significant challenge ~~which Council~~ which HCC faces is to fund orderly, efficient and affordable urban growth in a fiscally prudent manner. This includes the existing provision of zoned, serviced or structure planned land for residential development in a range of locations as well as areas identified for future residential land supply.
17. Whilst a number of strategic boundary change agreements are in place with the neighbouring territorial authorities to allow for the long term urban expansion of the city, the existing boundaries pose a constraint on the long term development of the city and present an ongoing requirement to negotiate the transfer of land to enable urban development.
18. Hamilton also faces challenges in maintaining a balance between infill and greenfield development in the city that does not unduly compromise effort to intensify the city and revitalise the city centre.
19. HCC and ~~T~~the Government ~~and the Council~~ acknowledge that improving the affordability of housing is a complex issue and requires extensive consideration of wider issues. Not all issues are able to be addressed under this Accord.

Principles to guide how HCC and the Government ~~and the Council~~ will work together

20. HCC and ~~T~~the Government ~~and the Council~~ agree that they will:
 - work collaboratively to facilitate an increase in housing supply in Hamilton
 - allocate appropriate resources
 - prioritise achievement of the targets in this Accord
 - adopt a no surprises approach
 - seek to resolve differences quickly, and
 - respect the obligations resulting from each party's statutory and legislative requirements.

Targets [PROPOSED]

21. HCC and ~~T~~the Government ~~acknowledge~~ recognise the importance of ~~agreeing a targets~~ to give effect to ~~the purpose of~~ this Housing Accord and to ~~that will assist in delivering the level delivery~~ of land supply, dwellings and market price necessary to meet Hamilton's housing needs.
22. HCC and ~~T~~the Government agree, within their respective areas of control, to endeavour in good faith to achieve the following agreed aspirational targets within the timeframe of this Housing Accord;

Housing Supply	Aspirational targets		
	Year1 (2017)	Year2 (2018)	Year3 (2019)
Total number of sections and dwellings consented	1, 3004050	1, 4002050	1, 5003050

Actions

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23. The purpose of the ~~Housing Accord and Special Housing Areas Act 2013~~ Act is consistent with a number of existing HCC's efforts to improve housing affordability and ensure sufficient land supply is available on an on-going basis for residential development in both greenfield and infill areas of the city.
24. Under this Accord HCC and the Government ~~and the Council~~ commit to aligning and working together on the following key areas of focus and action:
- ~~Council-HCC~~ will investigate how Special Housing Areas could support pockets of opportunities to bring forward potential qualifying housing developments within Hamilton and recommend any suitable potential Special Housing Areas to the Minister ~~for Building and Construction of Housing~~.
 - ~~Council-HCC~~ will ~~application~~ to the Housing Infrastructure Fund to support the provision of lead infrastructure to service land identified for residential development in the Peacockes and Rotokauri growth cells, which both play key roles in Hamilton's future housing supply strategy.
 - ~~Council-HCC~~ will ~~A~~actively and regularly work with developers to address issues, ensure certainty and identify development trends.
 - HCC will undertake an Efficiency and Effectiveness assessment to streamline regulatory functions.
 - Support HCC's collaborative urban development strategies with the Waikato District Council and Waipa District Council, ~~and assist in expediting any boundary change agreements if required.~~
 - Support HCC's existing efforts to ensure customer focused and streamlined resource consent and subdivision consent processes.
 - ~~Undertake an Efficiency and Effectiveness assessments to streamline regulatory functions.~~
 - Support HCC's collaborative efforts with social housing providers in the city to improve the supply of affordable housing.

Other Matters

25. This Accord does not limit ~~the Council-HCC~~, or the Government, coming from differing positions in respect of Government programmes of reforms to the Resource Management Act 1991, the Local Government Act 2002 or other legislation. The Government welcomes submissions from ~~the Council-HCC~~ at the appropriate stages in the process.
26. ~~The Council-HCC~~ welcomes input and submissions from the Government ~~or its agencies and specifically~~ in how it may be improved ~~in respect of~~ housing affordability, supply and other matters such as adequate infrastructure in the city.
27. As part of this Accord, ~~the Council-HCC~~ and the Government additionally agree to coordinate their efforts on other issues impacting the provision of affordable housing.
28. For the purpose of clarifying the effect of sections 15(8) and 34(1)(d) of the Housing Accords and Special Housing Areas Act 2013, any reference to the Partly Operative Hamilton City Plan will be a reference to the objectives, rules and policies for the appropriate Zone that supports residential development. The appropriate Zone may not be the Zone that the development is actually located in, particularly in instances where a Special Housing Area is located on land that does not have a residential zoning - for example land with an industrial or rural zoning.

Governance and Process

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29. Governance of this Accord will rest with a Joint Housing Steering Group comprising the Mayor of Hamilton City, the Chair~~person~~~~man~~ of the HCC Growth and Infrastructure Committee ~~of Hamilton City~~ or their nominee, the Minister for Building and Construction of Housing and the Associate Minister of Housing. The ~~Joint Housing~~ Steering Group will meet ~~every 6-monthly~~ six months.
30. The ~~Joint Housing~~ Steering Group ~~has the ability to~~ may amend this Accord, including targets, upon agreement. The targets shall be reviewed annually, subject to reports on progress and the state of the building/construction sector.
31. ~~The Council~~ HCC and ~~MBIE the Government~~ shall establish an Officials Working Group (Working Group) which will meet as often as required to advance implementation of this Accord.
32. The ~~Officials~~ Working Group will report to the ~~Joint Housing~~ Steering Group and will prepare any progress or monitoring report as requested by the Steering Group.

Monitoring and Review

33. In order to ensure that the purposes of this Accord are achieved, the Steering Group will monitor and review the implementation and effectiveness of this Accord. ~~An~~ Officials from ~~each of~~ MBIE and HCC ~~Council~~ will be present to advise and observe the Steering Group Meetings.
34. In order to ensure the implementation and effectiveness of this Accord the Officials Working Group will meet as required to:
 - Review progress in implementing the Accord
 - Review progress towards the Accord targets and declaration/ implementation of ~~SHAs~~ pecial Housing Areas
 - Review progress on the supply of affordable houses to the Hamilton market
 - Review progress on the other areas of joint action or information sharing.
35. A full review of the effectiveness of the Accord will be carried out by the ~~Officials~~ Working Group after its first 12 months of operation and be reported to the ~~Joint Housing~~ Steering Group.

Validity of the Accord

36. This Accord is invalid and ceases to have effect on the date:
 - the Accord is terminated;
 - Hamilton City Council is removed from Schedule 1 of the Act;
 - the Act is repealed in its entirety.

Termination of the Accord

37. This Accord may be terminated by either party, giving not less than six months' notice to the other party, subject to completing the dispute resolution process, on the following grounds:
 - Failure to reach the agreed targets as set out in the accord if the failure results from inaction or ineffective action;

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- Failure of either party to allocate adequate resources to support the purpose or the exercising of powers and functions under the Act:
 - Failure on the part of HCC to exercise the powers and functions of an accord territorial authority under the Act:
 - Failure to resolve a dispute or difference:
 - A significant economic downturn which would render the Accord targets and policy tools redundant:
38. Notwithstanding the above, this Accord may be terminated by either party, giving not less than six months' notice to the other party, and without completing the dispute resolution process, if both parties agree there is an irretrievable breakdown in the relationship.
39. The party intending to terminate the Accord must meet its obligations under section 13 of the Act.

Dispute Resolution Process

40. The parties will attempt to resolve any dispute or difference that may arise under or in connection with this Accord (including a party seeking to terminate the Accord) amicably and in good faith according to the following process:
- The initiating party must immediately refer the dispute to the other party in writing;
 - The ~~Joint Housing~~ Steering Group must meet for the purpose of resolving the dispute within 20 business days of the dispute being referred by the initiating party to the other party (the first meeting);
 - If, for any reason, the Steering Group is unable to resolve the dispute in the first meeting, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the first meeting (the second meeting);
 - If the Steering Group remains unable to resolve the dispute at the second meeting, either party may terminate the Accord.
41. The parties must continue to perform their obligations pending final resolution of the dispute as if the dispute had not arisen.

Termination of the Accord

42. ~~This Accord will come to an end:~~
- ~~At the end of a three year period or as in agreement by the parties as specified in section 3(1) of the Act, or~~
 - ~~Six months following the date that either party gives notice of its intention to withdraw from this Accord, subject to clause 35.~~
43. ~~Subject to first complying with the requirements in clauses 37-42, either party may terminate this Accord, on any of the grounds set out in clause 36, by giving not less than six (6) months' notice to the other.~~
44. ~~The grounds on which this accord may be terminated are:~~
- ~~Failure to reach the agreed targets as set out in the accord; whether the failure results from inaction or ineffective action;~~

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- ~~Failure of either party to allocate adequate resources to support the purpose or the exercising of powers and functions under the Housing Accords and Special Housing Areas Act;~~

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- ~~Failure on the part of the Council to exercise the powers and functions of an Authorised Agency under the Housing Accords and Special Housing Areas Act;~~
- ~~The parties agree that there is an irretrievable breakdown in the relationship. Notwithstanding any other provision of this Accord, the parties agree that clauses 34 and 35 shall not apply to a termination on this ground; or~~
- ~~Hamilton is removed from Schedule 1 of the Housing Accords and Special Housing Areas Act, in accordance with that Act e.g. if Hamilton no longer meets the affordability and land supply criteria provided for under that Act.~~

Dispute Resolution Process

45. ~~The parties will attempt to resolve any dispute or difference that may arise under or in connection with this Accord (including seeking to terminate) amicably and in good faith as set out below.~~
46. ~~The initiating party must immediately refer the dispute to the other party in writing.~~
47. ~~The Joint Housing Steering Group must meet for the purpose of resolving the dispute within 10 business days of the dispute being referred to the parties.~~
48. ~~If, for any reason the Steering Group is unable to resolve the dispute in the meeting referred to in clause 39 above, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the meeting referred to in clause 39 above.~~
49. ~~If the Steering group remains unable to resolve the dispute at the second meeting, either party may terminate the Accord by giving written notice to the other party. This notice must be given at least six months in advance of the termination date in clause 34.~~
50. ~~The parties must continue to perform their obligations under this Accord as if the dispute had not arisen, pending final resolution of the dispute in accordance with this section of the Accord.~~

Publicity

51. The Mayor and the Minister for Building and Construction of Housing agree that any communications or publicity relating to this Accord will be mutually agreed prior to release.

Ratification and Commencement of the Accord

52. The Accord commences from the date at which the latter of the following occurs:

- HCC ratifies the agreement by formal council resolution.
- The Accord is signed by the Minister for Building and Construction of Housing and the Mayor of HCC, and;
- ~~HCC ratifies the agreement by formal council resolution.~~

Signed on this day of month 2016

Minister for Building and Construction of Housing Mayor of Hamilton City Council



HAMILTON HOUSING ACCORD

Hamilton Housing Accord

Purpose

1. This agreement, between the Hamilton City Council (HCC) and the Government, is the Hamilton Housing Accord (the Accord).
2. The intention of the Accord is to increase housing supply in line with the National Policy Statement on Urban Development Capacity (NPS-UDC) and the Housing Accords and Special Housing Areas Act 2013 (the Act). The Accord aims to maintain a well-functioning, private sector-led housing market in Hamilton and ensure a spread of prices across the housing market by ensuring adequate supply and market competition.
3. Development progressed through this Accord will generally be consistent with the Hamilton Urban Growth Strategy (HUGS), the strategic directions contained within the Partly Operative District Plan, the Waikato Regional Policy Statement (RPS) and the FutureProof sub regional settlement pattern.

Benefit

4. A Housing Accord establishes an agreed approach between the Minister for Building and Construction and HCC to address housing supply issues in high growth areas. The Accord provides HCC with additional policy tools, which may include targets for housing. Targets may be supported through the use of Special Housing Areas (SHAs) in the city.
5. SHAs are areas suitable for new housing that HCC can recommend to the Minister to be established. Resource consenting powers under the Act can be used to fast track qualifying developments within SHAs.

Background

6. Hamilton has a robust employment base across a number of key sectors including high value manufacturing, logistics, information technology, research and development, health and science, logistics and agricultural technology. The city has a strong and diversified economy with GDP growth in 2015 at 4.3 percent.
7. Hamilton's population has grown strongly. Future projections see Hamilton growing from an estimate of 161,000 in 2016 to close to 177,000 in the next five years. Hamilton has a favourable age profile with the youngest and most highly skilled workforce in the country, with 39 percent employed in knowledge intensive sectors.
8. Hamilton is well positioned for future growth given its proximity to Auckland, geographic location within the economic 'Golden Triangle', proximity to over half of the country's population within 90 minutes' drive, availability and comparative affordability of residential and non-residential land for development within the city (approximately 30 years supply of zoned residential land). Whilst Hamilton has experienced strong growth in recent years the city has maintained availability and diversity of housing stock.

9. Hamilton has well progressed future urban development strategies, namely;
 - The HUGS which sets a clear pattern of future development within the city boundaries.
 - The FutureProof strategy, a sub-regional planning framework which establishes an integrated land use and transportation pattern for the next 50 years across Hamilton and its adjoining territorial authorities (Waipa and Waikato Districts).
 - A number of strategic boundary change agreements are also in place with the neighbouring territorial authorities to assume land within the boundary of the Waikato Expressway network once construction of this Road of National Significance is completed. These agreements will allow for the long term urban expansion of the city.
10. Under the recent NPS-UDC, Hamilton has been identified as falling within a High-Growth Urban area. Under the NPS-UDC, HCC is required to ensure that there is sufficient housing and business land development capacity for the short, medium and long term. Hamilton currently has sufficient land supply for four years of greenfield housing supply, with the current 10 year infrastructure plan providing for a further seven years of supply.

Challenges for Hamilton

11. The majority of Hamilton's population growth is from internal migration, including former residents of Auckland moving to Hamilton for lifestyle choice, and career and employment opportunities. Similarly significant increases in house price growth over the last two years has largely been driven by the Auckland 'halo effect' (the spill over of increased Auckland house prices on surrounding regions).
12. According to REINZ data for November 2016, Hamilton's average house price was \$527,000, up from a median of \$425,000 the year prior (an annual increase of 24 percent). The Ministry of Business, Innovation and Employment (MBIE) calculates that the median multiple for Hamilton is 6.8, meaning that the median house price was 6.8 times the value of the median income; and therefore deemed unaffordable.
13. Hamilton's housing market has seen marked increases in new home developments and house prices throughout the existing market stock. Since the Global Financial Crisis, development activity (subdivision and building consents) has increased rapidly in Hamilton. The forecast for 2016 building consents for new dwellings issued by HCC is 1271, up from a low of 481 in 2008.
14. HCC's challenge is to fund lead infrastructure capacity and ensure that the supply of sections to the market remains well ahead of the growth curve to ensure adequate land supply and market competition.
15. HCC has a capital works programme in place through its Long Term Plan, to provide services to the zoned greenfield areas for urban development over the next 10 years. This current level of zoned land supply compares favourably with the other metropolitan centres in New Zealand.
16. However, to ensure that the longer term supply of land for housing remains ahead of the growth curves and that supply of developer ready land is such that it promotes competition within the market, HCC faces major financial hurdles to fund lead infrastructure to open up zoned growth areas. The significant challenge that HCC faces is to fund orderly, efficient and affordable urban growth in a fiscally prudent manner. This includes the existing provision of zoned, serviced or structure planned land for residential development in a range of locations as well as areas identified for future residential land supply.

17. Whilst a number of strategic boundary change agreements are in place with the neighbouring territorial authorities to allow for the long term urban expansion of the city, the existing boundaries pose a constraint on the long term development of the city and present an ongoing requirement to negotiate the transfer of land to enable urban development.
18. Hamilton also faces challenges in maintaining a balance between infill and greenfield development in the city that does not unduly compromise effort to intensify the city and revitalise the city centre.
19. HCC and the Government acknowledge that improving the affordability of housing is a complex issue and requires extensive consideration of wider issues. Not all issues are able to be addressed under this Accord.

Principles to guide how HCC and the Government will work together

20. HCC and the Government agree that they will:
 - work collaboratively to facilitate an increase in housing supply in Hamilton
 - allocate appropriate resources
 - prioritise achievement of the targets in this Accord
 - adopt a no surprises approach
 - seek to resolve differences quickly, and
 - respect the obligations resulting from each party's statutory and legislative requirements.

Targets

21. HCC and the Government recognise the importance of agreed targets to give effect to this Housing Accord and to assist the delivery of land supply, dwellings, and market price necessary to meet Hamilton's housing needs.
22. HCC and the Government agree, within their respective areas of control, to endeavour in good faith to achieve the following agreed targets within the timeframe of this Housing Accord;

	Year 1 (2017)	Year 2 (2018)	Year 3 (2019)
Total number of sections and dwellings consented	1,300	1,400	1,500

Note: Sections measured at point of resource consent and dwellings measured at building consent.

Actions

23. The purpose of the Act is compatible with a number of existing HCC efforts to improve housing affordability and ensure sufficient land supply is available on an on-going basis for residential development in both greenfield and infill areas of the city.

24. Under this Accord HCC and the Government commit to aligning and working together on the following key areas of focus and action:
- HCC will investigate how SHAs could support pockets of opportunities to bring forward potential housing developments within Hamilton and recommend any suitable potential Special Housing Areas to the Minister for Building and Construction.
 - HCC will apply to the Housing Infrastructure Fund to support the provision of lead infrastructure to service land identified for residential development in the Peacockes and Rotokauri growth cells, which both play key roles in Hamilton's future housing supply strategy.
 - HCC will actively and regularly work with developers to address issues, ensure certainty and identify development trends.
 - HCC will undertake an Efficiency and Effectiveness assessment to streamline regulatory functions.
 - Support HCC's collaborative urban development strategies with the Waikato District Council and Waipa District Council.
 - Support HCC's existing efforts to ensure customer focused and streamlined resource consent and subdivision consent processes.
 - Support HCC's collaborative efforts with social housing providers in the city to improve the supply of affordable housing.

Other Matters

25. This Accord does not limit HCC, or the Government, coming from differing positions in respect of Government programmes of reforms of the Resource Management Act 1991, the Local Government Act 2002 or other legislation. The Government welcomes submissions from HCC at the appropriate stages in the process.
26. HCC welcomes input and submissions from the Government on how it may improve housing affordability, supply and other matters such as adequate infrastructure in the city
27. As part of this Accord, HCC and the Government additionally agree to coordinate their efforts on other issues impacting the provision of affordable housing.
28. For the purpose of clarifying the effect of sections 15(8) and 34(1)(d) of the Housing Accords and Special Housing Areas Act 2013, any reference to the Operative Hamilton District Plan will be a reference to the objectives, rules and policies for the appropriate Zone that supports residential development. The appropriate Zone may not be the Zone that the development is actually located in, particularly in instances where a SHA is located on land that does not have a residential zoning - for example land with an industrial or rural zoning.

Governance and Process

29. Governance of this Accord will rest with a Joint Housing Steering Group (Steering Group) comprising the Mayor of Hamilton, the Chairperson of the HCC Growth and Infrastructure Committee or their nominee, and the Minister for Building and Construction. The Steering Group will meet every six months.
30. The Steering Group may amend this Accord, including targets, upon agreement and subject to HCC endorsement. The targets shall be reviewed annually, subject to reports on progress and the state of the building/construction sector.

31. HCC and MBIE shall establish an Officials Working Group (Working Group) which will meet as often as required to advance implementation of this Accord.
32. The Working Group will report to the Steering Group and will prepare any progress or monitoring report as requested by the Steering Group.

Monitoring and Review

33. In order to ensure that the purposes of this Accord are achieved, the Steering Group will monitor and review the implementation and effectiveness of this Accord. Officials from MBIE and HCC will be present to advise and observe the Steering Group meetings.
34. In order to ensure the implementation and effectiveness of this Accord the Working Group will meet as required to:
 - Review progress in implementing the Accord.
 - Review progress towards the Accord targets and declaration / implementation of SHAs.
 - Review progress on the supply of affordable houses to the Hamilton market.
 - Review progress on the other areas of joint action or information sharing.
35. A full review of the effectiveness of the Accord will be carried out by the Working Group after its first 12 months of operation and be reported to the Steering Group.

Validity of the Accord

36. This Accord is invalid and ceases to have effect on the date:
 - the Accord is terminated;
 - Hamilton City Council is removed from Schedule 1 of the Act;
 - the Act is repealed in its entirety.

Termination of the Accord

37. This Accord may be terminated by either party, giving not less than six months' notice to the other party, subject to completing the dispute resolution process, on the following grounds:
 - Failure to reach the agreed targets as set out in the accord if the failure results from inaction or ineffective action;
 - Failure of either party to allocate adequate resources to support the purpose or the exercising of powers and functions under the Act;
 - Failure on the part of HCC to exercise the powers and functions of an accord territorial authority under the Act;
 - Failure to resolve a dispute or difference.
 - A significant economic downturn which would render the Accord targets and policy tools redundant.
38. Notwithstanding the above, this Accord may be terminated by either party, giving not less than six months' notice to the other party, and without completing the dispute resolution process, if both parties agree there is an irretrievable breakdown in the relationship.

39. The party intending to terminate the Accord must meet its obligations under section 13 of the Act.

Dispute Resolution Process

40. The parties will attempt to resolve any dispute or difference that may arise under or in connection with this Accord (including a party seeking to terminate the Accord) amicably and in good faith according to the following process:

- The initiating party must immediately refer the dispute to the other party in writing;
- The Steering Group must meet for the purpose of resolving the dispute within 20 business days of the dispute being referred by the initiating party to the other party (the first meeting);
- If, for any reason, the Steering Group is unable to resolve the dispute in the first meeting, the Steering Group must reconvene for the purpose of resolving the dispute within 20 business days of the first meeting (the second meeting);
- If the Steering Group remains unable to resolve the dispute at the second meeting, either party may terminate the Accord.

41. The parties must continue to perform their obligations pending final resolution of the dispute as if the dispute had not arisen.

Publicity

42. The Mayor and the Minister for Building and Construction agree that any communications or publicity relating to this Accord will be mutually agreed prior to release.

Ratification and Commencement of the Accord

43. The Accord commences from the date at which the latter of the following occurs:

- HCC ratifies the agreement by formal council resolution.
- The Accord is signed by the Minister for Building and Construction and the Mayor of HCC.

Signed on this 22nd day of December, 2016



Minister for Building and Construction



Mayor of Hamilton City Council

Committee: Council

Date: 08 February 2017

Report Name: Nominations for LGNZ
National Advisory Groups for
the New Triennium.

Author: Richard Briggs

Report Status	<i>Open</i>
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1. Purpose of the Report

- To inform Council of the nominations put forward by the Mayor and Chief Executive for the Local Government New Zealand (LGNZ) National Council Advisory Groups for the new triennium.

3. Executive Summary

- Nominations for the LGNZ Governance and Strategy Advisory Group and a new Policy Advisory Group were sought with a closing date of 3 February 2017.
- Councillor Paula Southgate (Chair of the Community and Services Committee) has been nominated for the Policy Advisory Group and Lee-Ann Jordan (Governance Manager) has been nominated for the Governance and Strategy Advisory Group.
- Both Advisory Groups constitute Subcommittees of the National Council and will be chaired by a National Council.
- Nominations will be considered by the National Council at its meeting on 10 February 2017.

Recommendation from Management

That the report be received.

8. Attachments

- Attachment 1 - LGNZ National Council - Advisory Group Terms of Reference - 9 December 2016

Who's
putting local
issues on
the national
agenda?

**We are.
LGNZ.**

National Council

Advisory Groups Terms of Reference

9 December 2016

LGNZ Advisory Groups Terms of Reference

1. Introduction

National Council wishes to establish two Advisory Groups to assist with the strategic oversight and development of LGNZ's strategy and work programme.

The two Advisory Groups will be sub-committees of National Council.

The two Advisory Groups are:

1. Governance and Strategy Advisory Group; and
2. Policy Advisory Group.

Note that the portfolio areas of each Advisory Group are indicative. At times particular topics may cross over differing Advisory Groups but the lead will be allocated by National Council to a particular Advisory Group in the light of the Advisory Groups current work load.

The terms of reference for each Advisory Group are set out below.

Terms of Reference

LGNZ Governance and Strategy Advisory Group

1. Introduction

The LGNZ Governance and Strategy Advisory Group ("the GSAG") is appointed by National Council and constitutes a sub-committee of National Council in accordance with Rule E30.

2. Scope of role

The GSAG is expected to investigate, analyse and make recommendations to National Council on the matters assigned by National Council.

A key role of the GSAG is to bring its collective knowledge and experience to bear on the matters brought before it.

The GSAG is expected to reconcile divergent views and interests in ways consistent with the vision of LGNZ.

3. Scope of advice

The GSAG has been established to provide advice to National Council primarily on:

1. the law, policy and best practice approaches that relate to local government governance, performance, funding and procedure;
2. the overall strategic direction of LGNZ; and
3. LGNZ's communications and stakeholder strategies.

Certain matters considered by the GSAG may interrelate with matters considered by National Council's other Advisory Groups. National Council will co-ordinate advice from the other Advisory Groups on any such matters. This coordination may include joint meetings, workshops or the like.

4. Approach to Advisory Group work

Subject to any specific guidance from National Council, the GSAG will decide:

- the extent and type of analysis it undertakes and feedback it seeks, so as to enable it to make recommendations to National Council;
- the content of discussion and submission papers;
- how it will interact with interested parties to seek feedback on issues; and
- how to incorporate feedback into its analysis and recommendations.

National Council has the right at any stage to request reports from the GSAG on its progress.

5. Provision of advice and recommendations to National Council

National Council expects the GSAG to provide, wherever possible, consensus recommendations on the issues assigned to it.

If the GSAG is unable to provide consensus recommendations, National Council expects the GSAG to provide a report that explains the alternative views held by members.

In making recommendations to National Council, the GSAG must explain how the recommendations promote LGNZ's vision and the achievement of LGNZ's business plan.

6. Membership

The GSAG will comprise a maximum of ten members appointed by National Council.

The Group will be comprised of LGNZ member representatives. A balance of elected members and senior council officers are eligible for membership. National Council members are eligible for membership.

Members are appointed for a period of up to three years.

The President will appoint the chairperson of the GSAG. The Chair must be a member of National Council.

At the discretion of the Chair, additional persons may be co-opted to be members of the GSAG for the purposes of particular matters under consideration by the GSAG.

Members of National Council are entitled to attend GSAG meetings and participate in discussions, whether or not they are not members of the GSAG.

Members are not entitled to send an alternate in their place if they cannot attend a GSAG meeting.

7. Interacting with working groups

National Council may from time to time establish working groups to progress certain matters and choose to give day to day oversight of a working group's deliberations to the GSAG.

Any working group placed under the oversight of the GSAG will report its analysis and recommendations first to the GSAG.

8. Frequency of meetings

The GSAG will meet as required, but no less than three times a year.

9. Quorum

A quorum for a meeting of the GSAG is:

- half plus one of the Group's members if the GSAG has an even number of members; or
- a majority of the members if the GSAG has an odd number of members.

Terms of Reference

LGNZ Policy Advisory Group

1. Introduction

The LGNZ Policy Advisory Group ("the PAG") is appointed by National Council and constitutes a sub-committee of National Council in accordance with Rule E30.

2. Scope of role

The PAG is expected to investigate, analyse, and make recommendations to National Council on the matters assigned to by National Council.

A key role of the PAG is to bring its collective knowledge and experience to bear on the matters brought before it.

The PAG is expected to reconcile divergent views and interests in ways consistent with the vision of LGNZ.

3. Scope of advice

The PAG has been established to provide advice to National Council on policy matters relating to the economic, environmental, social and cultural well-being of New Zealand and its communities.

Certain matters considered by the PAG may interrelate with matters considered by National Council's other Advisory Groups. National Council will co-ordinate advice from the other Advisory Groups on any such matters. This coordination may include joint meetings, workshops or the like.

4. Approach to Advisory Group Work

Subject to any specific guidance from National Council, the PAG will decide:

- the extent and type of analysis it undertakes and feedback it seeks, so as to enable it to make recommendations to National Council;
- the content of discussion and submission papers;
- how it will interact with interested parties to seek feedback on issues; and
- how to incorporate feedback into its analysis and recommendations.

National Council has the right at any stage to request reports from the PAG on its progress.

5. Provision of advice and recommendations to National Council

National Council expects the PAG to provide wherever possible consensus recommendations on the issues assigned to it.

If the PAG is unable to provide consensus recommendations, National Council expects the PAG to provide a report that explains the alternative views held by members.

In making recommendations to National Council, the PAG must explain how the recommendations promote LGNZ's vision and the achievement of LGNZ's business plan.

6. Membership

The PAG will comprise a maximum of fifteen members appointed by National Council.

The Group will be comprised of LGNZ member representatives. A balance of elected members and senior council officers are eligible for membership. National Council members are eligible for membership.

Members are appointed for a period of up to three years.

The President will appoint the chairperson of the PAG. The Chair must be a member of National Council.

At the discretion of the Chair, additional persons may be co-opted to be members of the PAG for the purposes of particular matters under consideration by the PAG.

Members of National Council are entitled to attend PAG meetings and participate in discussions, whether or not they are not members of the PAG.

Members are not entitled to send an alternate in their place if they cannot attend a PAG meeting.

7. Interacting with working groups

National Council may from time to time establish working groups to progress certain matters and choose to give day to day oversight of a working group's deliberations to the PAG.

Any working group placed under the oversight of the PAG will report its analysis and recommendations first to the PAG.

8. Frequency of meetings

The PAG will meet as required, but no less than three times a year.

9. Quorum

A quorum for a meeting of the PAG is:

- half plus one of the Group's members if the PAG has an even number of members; or
- a majority of the members if the PAG has an odd number of members.

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Council - Public Excluded Minutes - 13 December 2016	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Weathertight Claims - Verbal Report	)	
C3. Proposed Plan Change 1 - Ruakura Appeals Management		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to maintain legal professional privilege	Section 7 (2) (g)
Item C3.	on the grounds that a right of appeal lies to any Court or Tribunal against the final decision of the Local Authority in this matter	Section 7 (2) (a) (i) Section 7 (2) (i)
	to enable Council to carry out negotiations to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)