

Notice of Meeting:

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

Date: Thursday 29 June 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

23 June 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*

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies	5
2	Confirmation of Agenda	5
3	Declarations of Interest	5
4	Public Forum	5
5	Council Meetings Minutes - 1 June 2017	6
6	Elected Member Briefing Notes - 15 June 2017	20
7	Adoption of the 2017/18 Annual Plan	24
8	Rates Resolution to Set and Assess Rates for 2017/18	70
9	Local Government New Zealand Annual General Meeting 2017 - Remits for Consideration.	77
10	HCC's Draft Submission to the Remuneration Authority - Local Government Review Consultation (Part 2)	91
11	Finance Committee - Amending Terms of Reference	131
12	Approval of Amended Hamilton Public Transport Joint Committee Terms of Reference and Project Agreement.	138
13	Recommendations to Council from Audit and Risk Committee Meeting -13 June 2017	142
14	Recommendation to Council from the Growth and Infrastructure Committee Meeting - 20 June 2017	143
15	Resolution to Exclude the Public	144

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 Governance 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 Governance by telephoning 07 838 6439.

Committee: Council

Date: 29 June 2017

Report Name: Confirmation of Council
Minutes – Open – 1 June 2017

Author: Becca Brooke

Status	<i>Open</i>
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Recommendation

That Council confirm the Open Minutes of the Council Meeting held on 1 June 2017 as a true and correct record.

1. Attachments

2. Attachment 1 - Council Minutes - Open - 1 June 2017

Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 1 June 2017 at 9.36am.

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

In Attendance:

- Richard Briggs – Chief Executive
- Chris Allen – General Manager City Infrastructure
- Lance Vervoort – General Manager Community
- Sean Hickey – General Manager Strategy and Communications
- Kelvyn Eglinton – General Manager City Growth
- David Bryant – General Manager Corporate
- Blair Bowcott – Executive Director Special Projects
- Tracey Musty – Financial Controller
- Debra Stan-Barton – Planning Guidance Unit Manager
- John Purnell – Parking Team Leader
- Nigel Ward – Communications Team Leader
- Luke O’Dwyer – Economic Development and Planning Unit Manager
- Jason Harrison – City Transportation Manager
- Julie Clausen – Programme Manager Strategy
- Sarah Ward – Programme Manager Corporate Planning
- Matthew Bell – Rates and Revenue Manager
- Chelsey Stewart – Project Manager
- Helen Paki – Community Business Manager

Lachlan Muldowney – City Barrister
David Foster - Contractor

Governance Advisors: Lee-Ann Jordan – Governance Manager
Becca Brooke – Governance Team Leader
Amy Viggers – Committee Advisor

Tame Pokaia carried out a blessing and Bishop Helen-Ann Hartley read a short bible reading to open the meeting.

1. Apologies

Resolved: (Crs Casson/Gallagher)

That the apologies from Cr Yeung and Cr Southgate (for lateness) are received and accepted.

2. Confirmation of Agenda

Resolved: (Crs Taylor/Gallagher)

That the agenda is confirmed.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

No members of the public wished to speak.

5. Council Minutes - 4 May 2017

Resolved: (Crs O'Leary/Casson)

That the Council confirm the Minutes of the Council Meeting held on 4 May 2017 as a true and correct record.

6. Council Annual Plan Hearing Minutes - 18 May 2017

Resolved: (Mayors King/Bunting)

That the Council confirm the Open Minutes of the Council Annual Plan Hearing Meeting held on 18 May 2017 as a true and correct record, noting the correction of Roger Stafford's name on page 18 of the agenda.

7. Elected Member Briefing Notes - 10 May 2017

Resolved: (Crs Henry/O'Leary)

That the Council confirm the notes of the Elected Member Briefing held on 10 May 2017 as a true and correct record.

8. Chair's Report

The Chair introduced his report, and provided some background on the establishment of the Regulatory Efficiency and Effectiveness Taskforce (REEP). He noted that the Taskforce was established with the aim of streamlining regulatory processes throughout Council and that any decisions to be made in relation to streamlining processes would be made at Council meetings. The role of the Taskforce was to come up with recommendations for improvement.

In order to provide a balanced Elected Member view, the Mayor indicated that he would like to nominate Cr O'Leary to be a member on the Taskforce.

Staff responded to questions from Elected Members concerning:

The role and scope of the Taskforce and its membership make up. It was confirmed that the two external members were Lachlan Muldowney and Tony McLaughlin. A planner (to be confirmed) would also be employed on a fixed term contract to assist staff with the review. The scope of the Taskforce was set out in the Terms of Reference and the Taskforce would report back to Council every 6 months or as decisions were required. An end date for the Taskforce would be determined once the scope of work was fully known.

Indicative budgets and costs of the project and whether the project would be stretching resources. The Chief Executive advised that he was confident that the work could be done within the specified budget. Dedicated resources would be put in place to ensure the pressure on staff was minimised.

Duplication of work the Taskforce would be carrying out and Council's monitoring of the District Plan. Staff advised that the REEP Taskforce would be carrying out a review of all regulatory functions within Council whereas the District Plan review and monitoring process would only focus on the District Plan. The two processes would take place in tandem with each other but the REEP Taskforce would be covering a much larger scope than just the District Plan.

Housing Accord – impact on rate payers. Staff confirmed that the Housing Accord wouldn't result in a rates increase. It would be largely funded by prioritising projects through the 10 Year Plan process.

In response to questions from Elected Members about the increasing number taskforces, the Chief Executive advised that he would be looking at how they are structured, their purpose and any controls needed.

The Governance Manager responded to questions concerning the applicability of Standing Orders to the recommendations in the Chair's Report.

Motion: (Mayor King/Cr Casson)

That the Council:

- a) receives this report; and
- b) approves the draft terms of reference for the Regulatory Efficiency and Effectiveness Taskforce, noting Cr O'Leary be added as a taskforce member.

The Motion was put.

Those for the Motion:

Mayor King, Councillors Gallagher, Mallett, Macpherson, Bunting, Casson, Henry, Southgate and Taylor.

Those against the Motion:

Councillors Pascoe, Tooman and O'Leary.

The Motion was declared carried.

Resolved: (Mayor King/Cr Casson)

That the Council:

- a) receives this report; and
- b) approves the draft terms of reference for the Regulatory Efficiency and Effectiveness Taskforce, noting Cr O'Leary be added as a taskforce member.

The meeting adjourned 11.05am – 11.23am.

Resolved: (Crs Bunting/Southgate)

That the Council:

- a) notes the report for the draft Hamilton Housing Accord Policy will be submitted to the Growth and Infrastructure Committee for consideration on 20 June 2017; and
- b) delegates authority to the Growth and Infrastructure Committee to approve the draft Hamilton Housing Accord Policy.

Cr Southgate joined the meeting (10.00am) during the discussion of the above item. She was present when the matters were voted on.

9. 2017/18 Annual Plan Deliberations

The General Manager City Infrastructure and the Programme Manager Strategy introduced the section of the report relating to the parking proposal. They outlined that the report provided a summary of submissions and points of clarification resulting from the Hearings on the Parking Proposal. They noted that staff had not put forward a recommendation in relation to the parking proposal but rather had provided four options for Elected Members to consider. The reason for this was the taskforce had not had the opportunity to discuss the parking proposal and submissions and make a recommendation to Council as per the agreed process.

Staff noted that Council could choose to go ahead or not go ahead with the proposal but they were unable to change it in a manner that would be substantially different as this would require further consultation.

Staff and Cr Taylor (Chair of the Parking Taskforce) responded to questions from Elected Members concerning the following points:

Clarification on the Crs Taylor/Bunting motion concerning the trial period, payment arrangements and time limits. It was confirmed that the motion put forward a trial period for the proposal so that data could be obtained to enable better informed decisions around parking in the future and through the 10 Year Plan process. Parking would be free for the first 2 hours then people would be charged \$6 per hour after that.

Technology capabilities. Staff advised that the new technology had the ability to sense a car had parked and therefore staff could monitor parking movements during the course of a day within the City. Sensors would be placed in all parking spaces within the CBD area. Parking users would get an immediate warning through the app when their 2 hours free parking was up. The new technology meant that Council would be able to gather more complex and accurate information than they had previously been able to do. Parking meters would be kept to be used in conjunction with the new parking app to cater to the various parking users and the way they wished to pay.

Funding and costs of the parking proposal. Staff confirmed that the only targeted rate would be for commercial properties within the CBD area. It would exclude residential properties and commercial properties outside the CBD area. It was estimated that there would be a further \$750,000 loss in revenue over and above the loss of revenue identified in the parking proposal that went out for consultation.

Potential effect of the parking proposal on City revitalisation and the measures to ascertain this. The General Manager City Infrastructure noted that free parking was aimed to be a short term policy to enable better utilisation of the CBD. At some point down the line, when saturation levels for on street parking were reached, Council may need to adjust prices to manage optimum utilisation. The proposal had the aim of increasing shopper numbers to the CBD and incentivising commuters to use off street parking. This would be done by charging \$6 per hour after the first 2 hours. The 8am to 8pm limits for charging would still apply.

The CE noted in response to questions, that staff would be working with businesses and other organisations such as Hamilton Central Business Association regarding measuring other CBD revitalisation indicators.

Consultation outcomes. Staff confirmed that the proposed Crs Taylor/Bunting responded in part to matters raised through the submissions and Hearings process. Various sections of the deliberations report were clarified and it was noted that the trial would enable Council to make more informed decisions in the future based on obtaining improved and more complex data.

Following the vote on the Parking section of the annual plan and after the below adjournment, the General Manager Corporate and General Manager Strategy and Communications introduced the remaining section of the Annual Plan Deliberations Report, noting that there had been a reduction in the capex programme by \$11m which had impacted the depreciation and forecasting cost, leading to a surplus position of \$1m. After the decisions made at this meeting concerning the Parking Proposal and the REEP Project, the surplus was now down to zero.

Staff provided clarification and explanation on the figures and costs concerning the following points:

- The extra amount of \$1.30m capital works was attributed to the River Plan spend.
- Capex programme and deferrals were a mixture of full and part projects and were affected by various factors in terms of timing.
- Founders Theatre renewals needed to be removed.
- Explanation of tenancy inducements and sale of properties.
- Wastewater projects cost clarification
- Ruakura infrastructure cost clarification
- Break down of Annual Plan development costs (to be provided at a future meeting)

It was noted that had the surplus (noted above) not have been used on projects, it would have been attributed towards debt.

Resolved: (Crs Taylor/Bunting)

That Council:

- a) receives the report; and
- b) notes the outcome of the consultation on the free two-hour on-street parking proposal in the Central Business District (CBD).

Motion: (Crs Taylor/Bunting)

That Council approves the Parking Proposal for implementation in 2017/18 with the following amendments:

- i. The continuation of parking meters in the central city;
- ii. Removal of the proposed increase to the Access Hamilton Targeted Rate (noting that the targeted rate for the Central Business Improvement District is retained);
- iii. Provision for paid on-street parking beyond the 2 hours free parking limit;
- iv. An increase to user pays charges for metered on-street parking from \$2 per hour to \$6 per hour for every hour after the first 2 hours; and
- v. The proposal will be implemented as a trial with a review by Council prior to 30 June 2018.

The Motion was put.

Those for the Motion:

Mayor King, Councillors Gallagher,
Pascoe, Macpherson, Bunting, Casson,
Henry, Southgate and Taylor

Those against the Motion:

Councillors Mallett, Tooman and O'Leary

The Motion was declared carried.

Resolved: (Crs Taylor/Bunting)

That Council approves the Parking Proposal for implementation in 2017/18 with the following amendments:

- i. The continuation of parking meters in the central city;
- ii. Removal of the proposed increase to the Access Hamilton Targeted Rate (noting that the targeted rate for the Central Business Improvement District is retained);
- iii. Provision for paid on-street parking beyond the 2 hours free parking limit;
- iv. An increase to user pays charges for metered on-street parking from \$2 per hour to \$6 per hour for every hour after the first 2 hours; and
- v. The proposal will be implemented as a trial with a review by Council prior to 30 June 2018.

The meeting adjourned 1.30pm – 2.30pm.

Motion : (Crs Taylor/Bunting)

That Council:

- a) approves the budget adjustments recommended in sections 141-148 of this report with the following amendments:
 - i) a further reduction in forecast revenue from parking in 2017/18 of \$750,000 for the 9 month period to 30 June 2018, to reflect the amended parking proposal;
 - ii) an increase in operating cost of \$325,000 in 2017/18 to reflect the cost of the Regulatory Effectiveness and Efficiency Programme; and
 - iii) a reduction in the request for additional funding to produce the 2018-28 10 Year Plan in 2017/18 from \$350,000 to \$310,000
- b) approves the 2017/18 fees and charges not yet approved with a further change to increase user pay parking charges from \$2 per hour to \$6 per hour after the first 2 hours;
- c) confirms the 2017/18 Annual Plan budget as final – incorporating decisions of Council at this meeting;
- d) approves the amended Revenue and Financing Policy, amended Funding Needs Analysis Policy, and amended Rating Policy;
- e) notes that staff will regularly monitor parking data and parking revenue for the free two hour parking trial; and
- f) notes the taskforce will establish and maintain regular contact with the Hamilton Central Business Association to assess business benefit gained during the trial period before implementation of the 10 Year Plan in 2018.

Those for the Motion:

Mayor King, Councillors Gallagher,
Pascoe, Macpherson, Bunting, Casson,
Henry and Taylor.

Those against the Motion:

Councillors Mallett, Tooman and O'Leary.

The Motion was declared carried.

Resolved : (Crs Taylor/Bunting)

That Council:

- a) approves the budget adjustments recommended in sections 141-148 of this report with the following amendments:
 - i) a further reduction in forecast revenue from parking in 2017/18 of \$750,000 for the 9 month period to 30 June 2018, to reflect the amended parking proposal;
 - ii) an increase in operating cost of \$325,000 in 2017/18 to reflect the cost of the Regulatory Effectiveness and Efficiency Programme; and
 - iii) a reduction in the request for additional funding to produce the 2018-28 10 Year Plan in 2017/18 from \$350,000 to \$310,000
- b) approves the 2017/18 fees and charges not yet approved with a further change to increase user pay parking charges from \$2 per hour to \$6 per hour after the first 2 hours;
- c) confirms the 2017/18 Annual Plan budget as final – incorporating decisions of Council at this meeting;
- d) approves the amended Revenue and Financing Policy, amended Funding Needs Analysis Policy, and amended Rating Policy;
- e) notes that staff will regularly monitor parking data and parking revenue for the free two hour parking trial; and
- f) notes the taskforce will establish and maintain regular contact with the Hamilton Central Business Association to assess business benefit gained during the trial period before implementation of the 10 Year Plan in 2018.

Cr Southgate left the meeting (2.55pm) during the debate on the above matter. She was not present when matter was voted on.

Resolved: (Crs Taylor/Bunting)

That Council notes the final 2017/18 Annual Plan document will be prepared for approval at the Council meeting on 29 June 2017.

10. Contract 16114 - Variation to approved contract sum for Civil Defence and Emergency Management Contract

The Executive Director, Special Projects took the report as read. He responded to questions from Elected Members concerning the reasons for the increase in costs and why an increase was required.

It was explained that the fit out was more complicated than initially thought and the space required for staff was greater than originally planned.

Elected Members raised concerns around the perceived number of project management miscalculations and resulting cost overruns. They asked that better processes be put in place to manage projects in the future. The Executive Director, Special Projects also responded to questions regarding the nature of the contractual agreement with Waikato District Council and implications of not approving the increase in contract sum.

Motion: (Crs Tooman/Mayor King)

That the Council;

- a) receives the report; and
- b) approves an increase of \$300,000 to the Approved Contract Sum for Contract 16114 Civil Defence Emergency Management Activity for a term of 6 years 9 months from \$2,800,000 to \$3,100,000 excluding GST (including a contingency to reflect actual employee related costs once recruited).

The Motion was put.

Those for the Motion: Mayor King, Councillors Gallagher, Pascoe, Mallett, Tooman, O'Leary, Bunting and Taylor.

Those against the Motion: Councillors Macpherson, Casson and Henry.

The Motion was declared carried.

Resolved: (Crs Tooman/Mayor King)

That the Council;

- a) receives the report; and
- b) approves an increase of \$300,000 to the Approved Contract Sum for Contract 16114 Civil Defence Emergency Management Activity for a term of 6 years 9 months from \$2,800,000 to \$3,100,000 excluding GST (including a contingency to reflect actual employee related costs once recruited).

11. Council Draft 2017 Schedule of Reports

The Governance Manager took the report as read. She responded to questions from Elected Members concerning the timing of reports.

Resolved: (Crs Mallett/Pascoe)

That Council:

- a) receives the draft 2017 Schedule of Reports; and
- b) notes that the Schedule of Reports is intended to be a living document to be updated as necessary with changes notified to Committee members.

12. Representation Arrangements Review Taskforce - Terms of Reference

The Governance Manager introduced the report, noting that the report responded to a request from an Elected Member briefing for a small taskforce to liaise with staff on various issues concerning the Representation Review.

It was clarified that the taskforce would not make any decisions and that all decisions regarding this matter would be made by Council.

Elected Members discussed the merit of having a taskforce or not. There was no requirement to have a taskforce, as the matter would be regularly be reported back through briefing sessions and at Council Meetings.

Questions were also raised around the process of the Representation Review. The Governance Manager advised that the process was prescribed by legislation and could be subject to judicial review. Staff would be ensuring all requirements were met and Elected Members would be actively involved in the process.

Resolved: (Deputy Mayor Gallagher/Mayor King)

That the Council receives the report

Cr Southgate re-joined the meeting (4.05pm) during the above Item. She was present when the matter was voted on.

13. Approval of Hamilton Public Transport Joint Committee Terms of Reference Change

Cr Macpherson provided a brief outline concerning the changes to Chairing arrangements.

Resolved: (Crs Gallagher/Macpherson)

That Council approve the Terms of Reference and Joint Committee Agreement for the Hamilton Public Transport Joint Committee be updated to reflect the changes in Chairing arrangements for the 2016-2019 Triennium.

14. Recommendation to Council from Community and Services Committee Meeting - 16 May 2017

Resolved: (Crs Bunting/Casson)

That Council appoints Cr Paula Southgate to the Rototuna Indoor Recreation Centre Trust Board.

15. Resolution to Exclude the Public

Resolved: (Crs Casson/Gallagher)

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 Minutes - Public Excluded - 4 May 2017) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987)	Section 48(1)(a)

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)

The meeting went into a public excluded session at 4.26pm.

The meeting was declared closed at 4.30pm.

Committee: Council

Date: 29 June 2017

Report Name: Elected Member Briefing
Notes - 15 June 2017

Author: Amy Viggers

Status	<i>Open</i>
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Recommendation

That the Council confirm the notes of the Elected Member Briefing held on 15 June 2017 as a true and correct record.

1. Attachments

2. Attachment 1 - Elected Member Briefing Notes - 15 June 2017

Elected Member Briefing Notes – 15 June 2017

Time and date:	15 June 2017
Venue:	Council Chamber, Hamilton City Council
In Attendance:	Mayor King, Deputy Mayor Gallagher, Crs Henry, Taylor, Macpherson, Mallett, Tooman, Casson, Pascoe, O’Leary, Bunting, Southgate
Apology for Full Session:	Cr Yeung
Apology for Part Session	Deputy Mayor Gallagher, Cr O’Leary

Discussion

The briefing session covered the following topics in the open session

- Mobile Retail Trader Regulations
- Hamilton to Auckland Passenger Rail
- Customer Complaints and Compliments Procedure
- Access Hamilton Strategy
- Annual Plan Document
- Future Proof Draft Strategy

There were a number of key points arising from the discussions:

1. Mobile Retail Trader Regulations

(Presentation was provided)

The City Safe Unit Manager introduced this item which was requested by the Community Forum Subcommittee in the last triennium. He presented information on the legislative and policy context for mobile shops and mobile traders as well as local context and data, noting that Council’s role was limited to these activities occurring in public places. Dr Anna Casey-Cox from Poverty Action Waikato and Eddie Neha from Te Whare O Te Ata gave a short verbal presentation on the social impacts of mobile traders that target poor communities and encouraged Council to consider partnership approaches to community education, ethical mobile trucks, and enforcement of Council’s Public Places Bylaw.

Presenters responded to questions from Elected Members concerning:

- Council’s role, permits, and the Public Places Bylaw
- The Commerce Commission’s role
- Legal considerations and options for Council to proactively enforce the Bylaw
- The impacts of predatory mobile traders on poor communities and supporting social agencies
- Ethical mobile trading
- Where mobile shops/mobile traders can and should be able to operate in Hamilton and challenges in distinguishing different types of mobile traders (e.g. food trucks, Mr Whippy) through policy and legislation.

2. Hamilton to Auckland Passenger Rail

(Handout was provided)

The General Manager City Infrastructure provided Elected Members with an update on opportunities for a Hamilton Auckland Passenger rail service, referencing the 2011 Waikato Regional Council working party on this issue as well as the Waikato Regional Land Transport Plan, and the Access Hamilton Strategy. He outlined the North Waikato Integrated Growth Management Programme Business Case was being developed by partner organisations (Waikato Regional Council, Hamilton City Council, and Waikato and Waikato District Councils) and joint Auckland-Waikato political discussions which included the partner organisations as well as New Zealand Transport Agency, WaterCare and Auckland Transport. The Mayor and CE briefly discussed the Palmerston North to Wellington rail service which was subsidised by two councils.

Staff responded to questions regarding:

- The need for an evidenced-based strategic business case
- Access to Auckland's rail system
- Options for gaining buy-in from Auckland to any business case or strategic proposal
- Interconnections between freight and passenger rail
- Land and infrastructure issues.

3. Customer Complaints and Compliments Procedure

(Presentation was provided)

The Customer Services and Key Account Manager presented an overview of Council's process from complaints and compliments, including reporting data gathered since the system was rolled out in July 2016. He also sought feedback from Elected Members on their preferences for managing complaints that had been notified to, or received via, multiple Elected Members.

The Customer Services and Key Account Manager responded to questions relating to:

- Whether the data and process included the Infrastructure Alliance (yes it did)
- Turn-around times and measures of success for the processes
- Management of high risk complaints
- Tracking of general enquiries and the need to close the loop with Elected Members for any complaints referred through them
- Options for responding to feedback before it developed into complaints.

4. Access Hamilton Strategy

(Presentation was provided)

The Transportation Manager and the Strategic Transport Planner provided a presentation on the refresh of the Access Hamilton Strategy and the preferred Access Hamilton programme. The Access Hamilton Strategy Taskforce was undertaking this work and would be bringing a report on these matters to the next Growth and Infrastructure meeting. Staff responded to questions from Elected Members regarding:

- Traveller choices and increasing demands on the transport network and resulting capacity issues
- Future projections for 25-30 years
- Safety issues, particularly cyclist safety
- Leading factors of congestion

- The approval process for the strategy and programme and connections to the 10 Year Plan

5. Annual Plan Document

The General Manager Strategy and Communications and the Programme Manager - Corporate Planning presented this item seeking Elected Member feedback on the draft 2017/18 Annual Plan Document. Elected Members noted they were unable to comment as the document had only been received the previous night.

6. Future Proof Draft Strategy

(Presentation was provided)

The Executive Director, Special Projects and the Principal Planner provided Elected Members with an update on the Future Proof Strategy which was currently being reviewed. They responded to questions concerning:

- The legal status of the strategy and its relationship to documents such as the District Plan, National Policy Statement and the Regional Policy Statement
- Demand assumptions and growth projections
- Areas of influence for HCC beyond its current boundaries
- Infrastructure planning and resourcing and whether this leads or responds to growth
- Processes for public consultation including the need for a link from the HCC website.

Committee: Council

Date: 29 June 2017

Report Name: Adoption of the 2017/18
Annual Plan

Author: Sarah Ward

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>2017/18 Annual Plan Year 3 of the 2015-25 10-Year Plan</i>
Financial status	<i>This report confirms the 2017/18 budget, effective from 1 July 2017 The cost to complete the Annual Plan process is estimated at \$74,000</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 considered to have a high degree of significance</i>

1. Purpose of the Report

2. To recommend the adoption of the 2017/18 Annual Plan.

3. Executive Summary

4. The Council deliberated and made final decisions on the 2017/18 Annual Plan on 1 June 2017.
5. The Annual Plan document reflects decisions made at that meeting and is attached to this report for the Council to adopt.

6. Recommendations from Management

That Council:

- a) receives the report; and
- b) adopts the 2017/18 Annual Plan.

7. Attachments

8. Attachment 1 - 2017/18 Annual Plan

9. Financial Implications

10. The estimated cost to complete this Annual Plan process is \$74,000. This is within budget and includes:

- The consultation process - \$50,000 (including preparing the consultation document, design and distribution of the consultation document and other communication costs, running the consultation process and hearings, analysis of submissions, and writing Council reports).
- Preparing the final Annual Plan document - \$24,000 (including staff time to prepare the commentary and financial statements, design of the document, preparing the rates resolution, and writing Council reports).

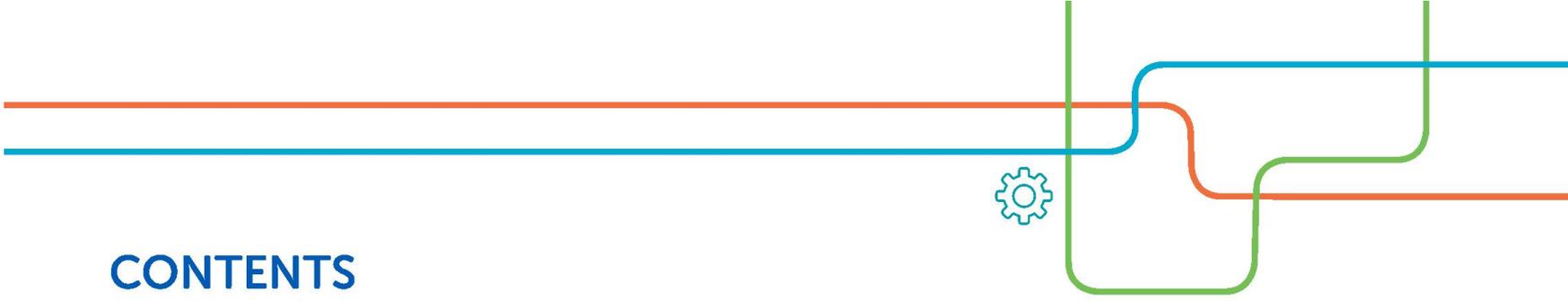
11. Risk

12. Risk is limited to any failure of the Council to adopt the 2017/18 Annual Plan and associated rates resolution.
13. The Council must adopt its Annual Plan on or by 30 June 2017 in accordance with the Local Government Act 2002. Failure to complete the process by 30 June 2017 has the potential to:
 - Delay implementing the setting and assessing of rates for 2017/18 at the level required to support the budget.
 - Limit borrowing, impacting on the new capital programme and have consequences with lending agencies.
 - Stop the collection of new development contributions.
 - Introduce significant negative reputational risk.

Signatory

Authorisers	Sean Hickey, General Manager Strategy and Communications David Bryant, General Manager Corporate
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CONTENTS

2
FROM THE MAYOR
AND CHIEF EXECUTIVE

5
YOUR COUNCIL

6
OUR FINANCIAL
STRATEGY

9
FINANCIAL STATEMENTS

11
PROSPECTIVE NOTES
TO THE FINANCIAL
STATEMENTS

25
CAPITAL PROJECTS

34
COUNCIL FUNDING
IMPACT STATEMENT

40
ANNUAL PLAN
DISCLOSURE STATEMENT

FROM THE MAYOR AND CHIEF EXECUTIVE

We are pleased to present Hamilton City Council's Annual Plan for 2017/18.

The Council produced its 10-Year Plan in 2015, which set out our priorities and budget for the next decade. The 2017/18 Annual Plan presents year three of that plan, updated to reflect changes made since 2015.

The financial strategy we introduced in 2012 has put Hamilton City Council in a much better financial position than we were in six years ago. However, the costs to run the city are increasing and this is exacerbated by Hamilton's unprecedented growth.

The Annual Plan for 2017/18 aims to strike a balance between controlling costs and embracing growth, while continuing to deliver projects that make Hamilton an even greater place to live.

Key projects for 2017/18 include:

- significant investment in water supply, stormwater and sewerage networks
- significant investment in transport networks including development in Rototuna and Rotokauri and completion of the Hamilton Ring Road
- continuation of the Hamilton Gardens Development Programme
- additional investment in River Plan projects and Victoria on the River
- accelerating investment in sports parks in Rototuna
- the introduction of a 'free parking' trial designed to help revitalise the CBD.

In the next year, using our balancing the books measure, we are forecasting a break-even operating budget. Our measure includes the money we expect to receive from development contributions. Using the Government's balanced budget measure, which excludes development

contributions, we are forecasting a significant deficit – that is, the money collected to run the city won't cover the costs.

The Council has kept to the 3.8% average rates increase originally forecast in the 10-Year Plan, but the finances are very tight. We will need to make some tough calls in the year ahead about what it will take to be financially sustainable over the next decade and how we measure that. This will include determining the best way to conservatively measure the Council's operating performance.

But these are exciting times for Hamilton; we are growing much faster than we originally predicted and more people are looking to move here every day. How and where we cater for that demand will be a key topic of debate this year, including how we fund it.

We believe this Annual Plan continues the positive momentum of the past few years in building a stronger economy and a more attractive city for families, while setting a solid platform for the big decisions ahead.



Andrew King
Mayor of Hamilton



Richard Briggs
Chief Executive







YOUR COUNCIL

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OUR FINANCIAL STRATEGY

Our 2015-25 10-Year Plan includes a financial strategy around rates increases, balancing the books and debt. The financial strategy:

- holds total rates rises at 3.8 per cent for existing ratepayers each year for 10 years
- balances the books from 2016 onwards
- reduces our debt-to-revenue ratio to 200 per cent or below by 2020. In other words, this caps debt at \$2 for every \$1 collected in rates and user charges.

This Annual Plan keeps within our financial strategy limits, which are outlined over the next few pages. However, you will see that there are funding challenges in future years and the Council has options to address those challenges.

We have started work on our next 10-Year Plan, which is where the important decisions will be made around our future spending and revenue, including a review of our financial strategy. Being our biggest budgeting process it will need the input of Hamiltonians, so there will be opportunities to contribute throughout 2017/18.

RATES

In the 2015-25 10-Year Plan, we renewed our financial strategy to hold rates rises at 3.8 per cent per year for 10 years. The Council decided to stick with this increase for 2017/18. For the average residential property, this will mean an extra \$84 in rates.

	What's in our 10-Year Plan for 2017/18	What's in our Annual Plan for 2017/18
Total rates increase for existing ratepayers	3.8%	3.8%

Rates increases to existing rate payers



* Hamilton Gardens targeted rate introduced in 2014/15
 ** Hamilton Gardens targeted rate removed in 2018/19

BALANCING THE BOOKS

Our 2015-25 10-Year Plan forecast a \$2m balancing the books surplus for 2017/18. Changes to our operating budget mean we are now forecasting to break even. The main reasons for this shift are:

- changes in our assumptions relating to interest costs, inflation and revenue
- significant increases in depreciation costs
- additional staff costs
- the cost of the CBD ‘free parking’ trial
- increased costs in other areas such as Civil Defence, seismic and building condition assessments and information technology licences.

Our balancing the books measure is a way of assessing the Council’s operating performance. There are other ways to measure this, including the Government’s balanced budget measure, which we also report against.

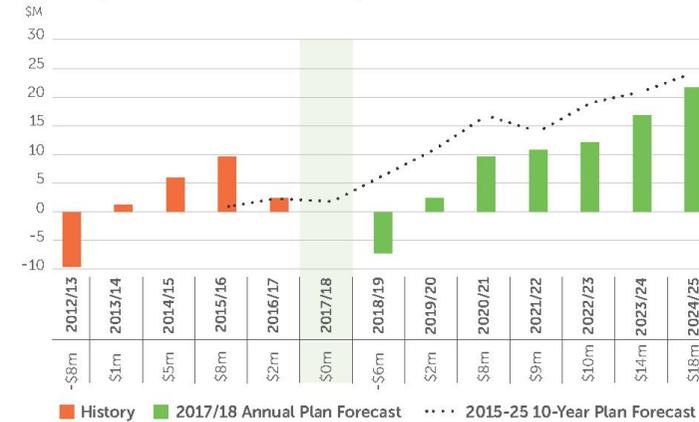
The main difference between the two measures is the Government’s balanced budget measure excludes revenue from development contributions and Hamilton City Council’s measure includes it. This makes the Government’s measure more conservative.

Using the Council’s measure, we balance the books in 2017/18 to \$0. Using the Government’s measure, we are projecting a \$11m deficit in 2017/18 and wouldn’t balance the budget until 2022/23.

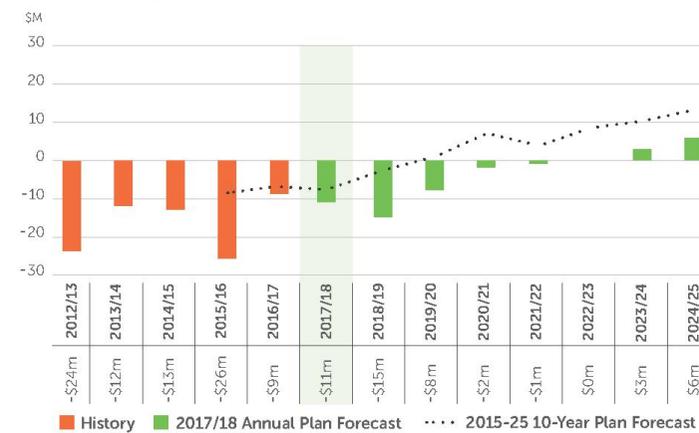
As part of developing our next 10-Year Plan, we will be reviewing our financial strategy, including how we measure our operating performance.

	What’s in our 10-Year Plan for 2017/18	What’s in our Annual Plan for 2017/18
Balancing the books <i>(Hamilton City Council measure)</i>	\$2m surplus	Break even
Balanced budget <i>(Government measure)</i>	\$7m deficit	\$11m deficit

Balancing the Books – Hamilton City Council Measure



Balanced Budget – Government Measure



DEBT

Our 2015-25 10-Year Plan forecast the Council's debt at \$435m in 2017/18 and a debt-to-revenue ratio of 203 per cent. Changes to our capital budget and revenue mean that we are now forecasting \$434m of debt in 2017/18 and a debt to revenue ratio of 205 per cent.

The change in our projected debt position is due to bringing forward projects planned for future years, additional funding for projects (including \$1.25m for River Plan projects) and re-phasing some projects to future years.

The debt-to-revenue ratio is now projected to be 205%, due to reduced revenue. This is largely revenue from pensioner housing, which has been removed due to the sale of these assets; and reduced parking revenue due to the introduction of the 'free parking' trial in the CBD.

	What's in our 10-Year Plan for 2017/18	What's in our Annual Plan for 2017/18
Total overall debt	\$435m	\$434m
Debt-to-revenue ratio	203%	205%



Total Overall Debt



Debt-to-revenue Ratio



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2018

	Note	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
		\$000	\$000	\$000
Revenue				
Rates	2	152,774	159,606	160,765
Revenue from activities	3	43,525	44,621	39,867
Subsidies and grants	4	5,127	5,301	5,692
Development and financial contributions	5	9,027	9,141	11,141
Capital revenue	5	6,528	6,769	6,702
Interest revenue	8	2,000	2,000	2,000
Other revenue		9,766	9,857	9,770
Total revenue		228,747	237,295	235,937
Expenses				
Personnel costs		68,855	70,800	73,884
Depreciation and amortisation	7	58,352	60,086	63,870
Finance costs	8	23,543	24,650	21,819
Other expenses		67,497	71,572	67,783
Total expenses		218,247	227,108	227,356
Operating surplus/(deficit)		10,500	10,187	8,581
Gains		-	-	-
Losses		-	-	-
Surplus/(deficit) before tax		10,500	10,187	8,581
Other comprehensive revenue and expense				
<i>Items that could be reclassified to surplus/(deficit)</i>				
<i>Items that will not be reclassified to surplus/(deficit)</i>				
Gain on property, plant and equipment revaluations		22,753	52,857	52,857
Total other comprehensive revenue and expense		22,753	52,857	52,857
Total comprehensive revenue and expense		33,253	63,044	61,438

BALANCING THE BOOKS MEASURE

FOR THE YEAR ENDED 30 JUNE 2018

Note	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Surplus/(deficit) before tax	10,500	10,187	8,581
Adjustments for balancing the books measure			
Gains	-	-	-
Losses	-	-	-
Vested assets (included in Other revenue)	8,549	8,618	8,581
Ring Road subsidy (included in Capital revenue)	-	-	-
Total adjustments	8,549	8,618	8,581
Balancing the books surplus/(deficit)	1,951	1,569	-

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

Note	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Balance at 1 July	2,983,007	3,016,260	3,179,121
Total comprehensive revenue and expense for the period	33,253	63,044	61,438
Balance at 30 June	3,016,260	3,079,304	3,240,559
Total comprehensive revenue and expense attributable to:			
Hamilton City Council	33,253	63,044	61,438
Total comprehensive revenue and expense	33,253	63,044	61,438

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

Note	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
ASSETS			
Current assets			
Cash and cash equivalents	45,000	45,000	35,000
Receivables	17,614	18,142	19,142
Prepayments	1,663	1,663	1,563
Inventory	244	251	151
Other financial assets	-	-	-
Derivative financial instruments	-	-	-
Non-current assets held for sale	-	-	-
Total current assets	64,521	65,056	55,856
Non-current assets			
Property, plant and equipment	3,338,252	3,420,301	3,608,249
Intangible assets	20,520	19,196	19,067
Investment property	24,308	24,308	19,420
Investment in associates	10 7,430	7,430	7,430
Other financial assets	9 8,280	8,280	27,426
Investment in subsidiaries	11 10,150	10,150	8,422
Derivative financial instruments	-	-	-
Total non-current assets	3,408,940	3,489,665	3,690,014
Total assets	3,473,461	3,554,721	3,745,870
LIABILITIES			
Current liabilities			
Employee entitlements	5,053	5,094	5,994
Payables and deferred revenue	15,017	16,078	25,470
Provisions	1,074	824	1,781
Borrowings	12 81,217	84,443	65,300
Derivative financial instruments	-	-	-
Total current liabilities	102,361	106,439	98,545
Non-current liabilities			
Employee entitlements	886	886	886
Provisions	8,072	8,059	12,180
Borrowings	12 345,882	360,033	363,700
Derivative financial instruments	-	-	30,000
Total non-current liabilities	354,840	368,978	406,766
Total liabilities	457,201	475,417	505,311
Net assets	3,016,260	3,079,304	3,240,559
Equity			
Accumulated funds	1,620,209	1,630,844	1,639,564
Other reserves	1,355,264	1,408,120	1,558,540
Restricted and Council created reserves	40,787	40,340	42,455
Total equity attributable to Hamilton City Council	3,016,260	3,079,304	3,240,559
Total equity	3,016,260	3,079,304	3,240,559

10 | HAMILTON CITY COUNCIL'S 2017/18 ANNUAL PLAN

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Rates revenue	152,774	159,606	160,765
Fees, rents and charges	43,525	44,621	39,867
Government operating subsidies and grants	5,127	5,301	5,692
Government capital subsidies and grants	4,771	4,964	4,905
Other capital contributions	10,784	10,946	12,938
Interest received	2,000	2,000	2,000
Dividends received	144	145	100
Sundry revenue	1,068	1,094	1,089
Total	220,193	228,677	227,356
Cash was applied to:			
Payments to employees	68,855	70,800	73,884
Payments to suppliers	65,475	69,513	67,783
Interest paid	23,543	24,650	21,819
Net GST paid	1,900	1,900	(657)
Total	159,773	166,863	162,829
Net cash flow from operating activities	60,420	61,814	64,527
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of property, plant and equipment	137	145	-
Total	137	145	-
Cash was applied to:			
Purchase of property, plant and equipment	72,572	79,336	89,884
Total	72,572	79,336	89,884
Net cash flow from investing activities	(72,435)	(79,191)	(89,884)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Loans raised	67,440	112,802	110,782
Total	67,440	112,802	110,782
Cash was applied to:			
Loan repayments	55,000	95,000	95,000
Finance lease repayments	425	425	425
Total	55,425	95,425	95,425
Net cash flow from financing activities	12,015	17,377	15,357
Net increase/(decrease) in cash held	-	-	(10,000)
Opening cash and cash equivalents balance	45,000	45,000	45,000
Closing cash and cash equivalents balance	45,000	45,000	35,000

PROSPECTIVE NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Hamilton City Council is a territorial local authority governed by the Local Government Act 2002.

The primary objective of the Council is to provide goods or services for community or social benefit rather than making a financial return. Accordingly, for the purposes of financial reporting, Hamilton City Council is a public benefit entity.

These prospective financial statements are for Hamilton City Council (the Council) as a separate legal entity. Consolidated prospective financial statements comprising the Council and its subsidiaries and associates have not been prepared as the income and expenditure is not material to the long-term planning of Council.

BASIS OF PREPARATION

The Council authorised the prospective financial statements on 29 June 2017. The Council which is authorised to do so and, believes that the assumptions underlying these prospective financial statements are appropriate, approved the Annual Plan. Council and management of Hamilton City Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual results have been incorporated within the prospective financial statements. Council do not intend to update the prospective financial statements subsequent to presentation.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity.

The reporting period for these prospective financial statements is for the year ending 30 June 2018. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The purpose of the prospective financial information is to support the planning of Council.

Measurement base

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used are obtained from the latest relevant BERL21 forecasts and the discount rate is the Council's forecast long-term cost of borrowing.

Judgements and estimations

The preparation of prospective financial statements using PBE standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, impairments, certain fair value calculations and provisions.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains, finance and other revenue and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Specific accounting policies for major categories of revenue are outlined below:

Rates

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates revenue is classified as non-exchange except for metered water rates which are classed as exchange revenue.

Operating activities

The following categories (except where noted) are generally classified as transfers of non-exchange revenue.

- **Grants, subsidies and reimbursements**

Grants, subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the payment will be received and all attaching conditions will be complied with. Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Reimbursements (e.g. NZTA roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

- **Development contributions**

Development contributions are recognised as revenue when the application for service connection or code of compliance or 224(c) is received.

- **Fees and charges**

Revenue from the rendering of services (e.g. building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage

of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Within rendering of services most activities are at least partially funded by rates and therefore classified as non-exchange. The exceptions are: Parking (excluding fines), Planning and guidance, Housing and Building Control which are 100 percent funded by users and classified as exchange revenue.

- **Fines and penalties**

Revenue from fines and penalties (e.g. traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

- **Sale of goods**

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.

Other revenue

Specific accounting policies for major categories of other revenue are outlined below:

- **Dividends**

Dividends are classified as exchange revenue and are recognised when the Council's right to receive a payment has been established.

- **Investment property lease rentals**

Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease.

- **Donated, subsidised or vested assets**

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as non-exchange revenue when the control of the asset is transferred to the Council.

- **Gains**

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities. Gains are classified as exchange revenue.

Finance revenue

- **Interest**

Interest revenue is exchange revenue and recognised using the effective interest rate method.

- **Donated services**

The Council benefits from the voluntary service of many Hamiltonians in the delivery of its activities and services. Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

Expenses

Specific accounting policies for major categories of expenditure are outlined below:

Grants and sponsorship

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources (e.g. cash or physical assets) to another entity for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants and sponsorships are distinct from donations which are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

Finance expense

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

Borrowing costs

The Council has elected to defer the adoption of NZ IAS 23 *Borrowing Costs (revised 2007)* in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Goods and Services Tax (GST)

All items in the prospective financial statements are stated exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Taxation

Income tax expense on the surplus or deficit for the year comprises current and deferred tax.

Current tax is the expected tax payable based on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Financial instruments

Financial instruments include financial assets (loans and receivables and financial assets at fair value through other comprehensive revenue and expense), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Council. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Council has transferred substantially all of the risks and rewards of ownership.

Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

Financial assets

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive revenue and expense.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of three months or less.

Trade and other receivables have fixed or determinable payments. They arise when the Council provides money, goods or services directly to a debtor, and has no intention of trading the receivable.

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Trade and other receivables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for impairment in respect of these receivables.

Financial assets at fair value through other comprehensive revenue and expense relate to equity investments that are held by the Council for long-term strategic purposes and therefore are not intended to be sold. Financial assets at fair value through other comprehensive revenue and expense are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive revenue and expense is recognised within surplus or deficit.

Debtors and other receivables

Debtors and other receivables are measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidations, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Inventory

Inventories consumed in the provision of services (such as botanical supplies) are measured at the lower of cost and current replacement cost.

Property, plant and equipment

Property, plant and equipment consist of:

- **Operational assets**

These include land, buildings (which includes cultural assets, community and leisure facilities), improvements, non-restricted parks and gardens, plant and equipment, vehicles, sports areas and library books.

- **Zoo animals**

Zoo animals are held primarily for a social and recreational purpose. The capital cost consists of the actual expense incurred in acquiring the Zoo animals.

- **Restricted assets**

These are parks and reserves owned by Council that cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

- **Heritage assets**

These are museum collections and library collections (New Zealand Room).

- **Infrastructure assets**

These are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

- **Additions**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

- **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

- **Subsequent costs**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Revaluation

Land and buildings (operational and restricted), heritage assets, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

- **Depreciation**

Depreciation is provided on a straight-line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings - structure/fit out/services	10-100 yrs	1%-10%
Plant and vehicles	3-15 yrs	6.6%-33.3%
Furniture, fittings and equipment	5-10 yrs	10%-20%
Library books	8 yrs	71%
Zoo animal (acquisition costs)	10 yrs	10%
Improvements – Parks & Gardens	5 – 150 yrs	0.6% - 20%
Roads and traffic network:		
Top surface (seal)	6 - 18 yrs	5.5% - 16.6%
Pavement (basecourse)	30 - 140 yrs	2% - 4%
Catchpits	70 yrs	2%
Culverts	60 - 80 yrs	1.25% - 1.6%
Footpaths	50 - 70 yrs	1.4% - 2%
Kerbs and traffic islands	70 yrs	1.4%
Signs	12 yrs	8.3%
Street lights	25 yrs	4%
Bridges	150 yrs	0.6%
Traffic signals	15 yrs	6.6%
Barriers	25 - 40 yrs	2.5% - 4%
Bus shelters and parking meters	4 - 10 yrs	10% - 25%
Verge, embankment and retaining walls	60 yrs	1.6%
Wastewater reticulation:		
Pipes	60 - 100 yrs	1% - 1.6%
Manholes	75 yrs	1.3%
Treatment plant	5 - 100 yrs	1% - 20%
Bridges	75 - 100 yrs	1% - 1.3%
Pump stations	15 - 100 yrs	1% - 6.6%
Stormwater system:		
Pipes	100 yrs	1%
Manholes, cesspits	100 yrs	1%
Service connections and outlets	30-100 yrs	1%-3.3%
Water reticulation:		
Pipes	60 - 80 yrs	1.25% - 1.6%
Butterfly valves	50 - 75 yrs	1.3% - 2%
Treatment plant	10 - 120 yrs	0.8% - 10%
Meters	20 - 75 yrs	1.3% - 5%
Hydrants	50 yrs	2%
Reservoirs	30 - 80 yrs	1.25% - 3.3%
Refuse – Rubbish and Recycling	10 - 100 yrs	1% - 10%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.
Heritage assets are not depreciated.

Depreciation is not provided in these statements on the following assets:

- Land
- Formation costs associated with roading
- Investment properties
- Non-current asset held for resale
- Work in progress and assets under construction

Investment properties

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

These assets consist of investment properties owned by the Council, funded either from Corporate Funds, the Domain Endowment Fund or the Municipal Endowment Fund.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Intangible assets

Intangible assets comprise:

Computer software licences are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (5 years). Costs associated with maintaining computer software are recognised as an expense when incurred.

Resource consents which are not attributed to a specific asset are capitalised at historic cost and are amortised on a straight-line basis over their estimated useful lives (7 to 35 years).

Impairment of non-financial assets

The carrying amount of the Council's assets, other than investment property and inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of an asset are not primarily dependant on the asset's ability to generate net cash flows, and where the Council would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, an impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

Where the Council accounts for revaluations of property, plant and equipment on a class of asset basis, a reversal of an impairment loss on a revalued asset is credited directly to the revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the surplus or deficit, a reversal of that impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

- **Financial assets at fair value through surplus or deficit**

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy below.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

- **Fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are those that are designated into this category at initial recognition or are not classified in any of other categories above.

They are included in non-current assets unless management intends to dispose of, or realise, the

investment within 12 months of balance date. The Council includes in this category;

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

- **Loans and other receivables, and held-to-maturity investments**

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock bonds, general and community loans are recognised directly against the instruments' carrying amount.

- **Financial assets at fair value through surplus or deficit**

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt instruments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through the other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be

objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the surplus or deficit using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences.

The provision for retirement gratuities has been calculated on an actuarial basis bringing to account what is likely to be payable in the future in respect of service that employees have accumulated up until twelve months after balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

SUPERANNUATION SCHEMES

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Derivative financial instruments

The Council's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. Council uses foreign exchange forward contracts and interest rate swaps to manage their foreign currency and interest rate exposure. Derivative financial instruments are recognised initially at fair value. The Council has elected not to hedge account for these derivative financial instruments.

Changes in the fair value of the derivative financial instruments are recognised in the surplus/deficit.

LEASES

Leases consist of:

- **Finance leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

- **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

- **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder of the contract for loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to the present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

The Council has legal obligations under resource consent to provide ongoing maintenance and monitoring services at several of its landfill sites. Provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the Council.

All subsequent changes in the liability shall be recognised in the surplus/deficit and the periodic

unwinding of the discount will also be recognised in the surplus/deficit as a finance cost as it occurs.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds
- Revaluation reserves
- Restricted reserves
- Council created reserves

Accumulated funds comprise accumulated surpluses over the years.

Revaluation reserves comprise accumulated revaluation increments/decrements.

Restricted reserves are those funds subject to external restrictions accepted as binding by Council, which may not be revised by Council without reference to the Courts or a third party.

Council created reserves are formally imposed designations of public equity that indicate Council's intention to use a certain level of resources for a special purpose.

Prospective Statement of cash flows

Cash and cash equivalents for the purposes of the cashflow statement comprises bank balances, cash on hand and short term deposits with a maturity of three months or less.

Operating activities include cash received from all non-financial revenue sources of the Council and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change the equity and debt capital structure of the Council and financing cost.

Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these draft prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

(i) Description of the nature of the entity's current operation and its principal activities

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this Annual Plan.

(ii) Purpose for which the prospective financial statements are prepared

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span one year and include them within the Annual Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

(iii) Bases for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the

future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Annual Plan.

(iv) Cautionary note

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

(iv) Other disclosures

These prospective financial statements were adopted as part of the 2017-2018 Annual Plan for Hamilton City Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Annual Plan is prospective and as such contains no actual operating results.

NOTE 2: RATES REVENUE

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
General rates, rates penalties			
General rate	30,303	46,892	44,679
Rates penalties	775	810	950
Less rates charges to Council properties	(652)	(676)	(414)
Less Rates remissions			
- Hardship	(369)	(386)	(250)
- Other	(2,368)	(3,184)	(3,184)
Targeted rates attributable to activities:			
- Transitional rate	110,262	101,084	104,251
- Services category rates (water, refuse and sewerage)	975	1,020	1,020
- Access Hamilton rate	5,000	5,000	5,000
- Business improvement district rate	280	280	291
- Hamilton Gardens rate	615	620	620
- CBD Parking rate	-	-	109
- Metered water supply	7,953	8,146	8,111
Less metered water charges to Council properties	-	-	(418)
Total rates revenue	152,774	159,606	160,765

NOTE 3: ACTIVITY REVENUE

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Revenue by group of activity			
Arts and Culture	1,718	1,760	1,018
Community Support	2,458	2,517	118
Governance	220	18	18
Economic Development	9,210	9,436	7,851
Parks and Green Spaces	3,104	3,196	2,536
Planning and Development	7,583	7,767	8,629
Recreation	4,790	5,103	4,279
Rubbish and Recycling	347	355	353
Safety	2,185	2,239	2,163
Sewerage	5,400	5,598	4,226
Stormwater	246	252	173
Transport	6,108	6,256	3,774
Water Supply	161	164	164
Overheads/Support units	2,010	2,058	5,591
Less: Internal revenue	(2,015)	(2,098)	(1,026)
Total revenue from activities	43,525	44,621	39,867
Revenue from activities by type			
Adshel contribution	37	38	53
Environment Waikato contribution (Project Watershed)	459	471	392
Sale of goods	1,340	1,372	2,104
Fees and user charges	27,533	28,414	27,872
Infringements and fines	2,036	2,086	1,379
Rental income	6,206	6,357	3,849
Commission received	973	996	778
Ticketing commission	14	15	-
External recoveries	4,571	4,507	3,103
Donations	11	12	12
Other income	345	353	325
Total revenue by type	43,525	44,621	39,867

NOTE 4: SUBSIDIES AND GRANTS

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
NZTA roading subsidy - operating	4,226	4,378	4,640
Government grants & subsidies	-	-	295
Other grants	481	493	207
Waste minimisation levy	420	430	550
Total subsidies and grants	5,127	5,301	5,692

NOTE 5: CAPITAL REVENUE

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Development and financial contributions			
Stormwater	477	483	589
Transport	2,524	2,556	3,116
Sewerage	2,733	2,767	3,372
Water	1,820	1,843	2,246
Community infrastructure	1,473	1,492	1,818
Total development and financial contributions	9,027	9,141	11,141
Capital revenue			
NZTA roading subsidy - capital	4,771	4,964	4,905
Capital contributions - general	1,757	1,805	1,797
	6,528	6,769	6,702
Total capital revenue	15,555	15,910	17,843

The NZTA capital roading subsidy was classified as subsidies and grants and capital contributions were classified as other revenue in the 2015-2015 10-Year Plan.

NOTE 6: OTHER REVENUE

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Vested assets	8,549	8,618	8,581
Dividends	144	145	100
Petrol tax income	1,068	1,094	1,089
Other sundry income	5	-	-
Total other revenue	9,766	9,857	9,770

Revenue reclassified as exchange or non-exchange transactions

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Revenue from exchange transactions			
Fees and user charges	27,877	28,767	28,197
Other revenue	9,543	9,544	8,530
Rental income	6,206	6,357	3,849
Subsidies and grants	481	493	502
Targeted rates for water supply	7,953	8,146	7,693
Total revenue from exchange transactions	52,060	53,307	48,771
Revenue from non-exchange transactions			
Development and financial contributions	9,027	9,141	11,141
Subsidies and grants	9,417	9,772	10,095
Infringements and fines	2,036	2,086	1,379
Other revenue	2,837	2,911	2,898
Rates, excluding targeted rates for water supply	144,821	151,460	153,072
Vested assets	8,549	8,618	8,581
Total revenue from non-exchange transactions	176,687	183,988	187,166
Total revenue	228,747	237,295	235,937

NOTE 7: DEPRECIATION AND AMORTISATION EXPENSE BY GROUP

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Directly attributable depreciation and amortisation expense by group of activity			
Arts and Culture	2,641	2,744	3,683
Community Support	1,118	1,193	186
Governance	-	-	-
Economic Development	5,284	5,715	5,478
Parks and Green Spaces	3,341	3,666	4,180
Planning and Development	-	-	-
Recreation	1,641	1,715	1,660
Rubbish and Recycling	317	327	410
Safety	76	80	80
Sewerage	7,921	8,131	9,313
Stormwater	5,805	5,853	8,256
Transport	17,927	17,792	18,309
Water Supply	7,416	7,616	7,146
Total directly attributable depreciation and amortisation by group of activity	53,487	54,832	58,701
Depreciation and amortisation not directly related to group of activities	4,865	5,254	5,169
Total depreciation and amortisation expense	58,352	60,086	63,870

NOTE 8: INTEREST REVENUE AND FINANCE COSTS

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Interest revenue			
Interest income	2,000	2,000	2,000
Finance costs			
Interest on borrowings	23,468	24,575	21,744
Interest on finance leases	75	75	75
Total finance costs	23,543	24,650	21,819
Net finance costs	21,543	22,650	19,819

NOTE 9: OTHER FINANCIAL ASSETS

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Non-current portion			
Loans and receivables			
Term deposits with maturities greater than 1 year	3,303	3,303	5,040
Community loans	-	-	17,975
Unlisted shares			
NZ Local Government Insurance Co Limited	227	227	295
NZ Local Government Funding Agency Limited	1,866	1,866	1,866
Waikato Innovation Park Limited	2,506	2,506	2,079
Local Authority Shared Services Limited	378	378	171
Total non-current portion	8,280	8,280	27,426
Total other financial assets	8,280	8,280	27,426

NOTE 10: INVESTMENT IN ASSOCIATES

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Associates			
Waikato Regional Airport Limited	7,430	7,430	7,430
Total investment in associates	7,430	7,430	7,430

NOTE 11: INVESTMENT IN SUBSIDIARIES

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Subsidiaries			
Hamilton Properties Limited	1	1	1
Innovation Waikato Limited	10,149	10,149	8,421
Total investment in subsidiaries	10,150	10,150	8,422

NOTE 12: BORROWINGS

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Current portion			
Secured loans	80,917	84,143	65,000
Finance leases	300	300	300
Total current portion	81,217	84,443	65,300
Non-current portion			
Secured loans	345,232	359,383	361,850
Unsecured loans	-	-	1,200
Finance leases	650	650	650
Total non-current portion	345,882	360,033	363,700
Total external debt	427,099	444,476	429,000
Adjustments required to determine overall debt:			
External debt	427,099	444,476	429,000
Less cash held and cash equivalents	(45,000)	(45,000)	(35,000)
Plus reserves	36,288	35,841	39,583
Total overall debt	418,387	435,317	433,583
DEBT SERVICING PERFORMANCE INDICATORS			
Financial ratios			
Liquidity ratio (target >110%)	>110%	>110%	>110%
Total overall debt / Total revenue (target 200% by 2020)	203%	203%	205%
Net interest on external debt / Total revenue (target <20%)	11%	11%	9%
Total overall debt as a multiple of cashflow (target <15)	7.5	7.7	9

NOTE 13: RESERVES

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Restricted reserves			
Cemetery plot maintenance in perpetuity reserve	1,541	1,541	1,800
Dame Hilda Ross children's library memorial fund	2	2	-
Domain Endowment fund	2,144	2,144	7,518
Municipal Endowment fund	27,927	27,927	28,639
Roman Catholic Schools Library fund	2	2	-
Waikato Art Gallery Endowment reserve	8	8	10
Total restricted reserves	31,624	31,624	37,967
Council created reserves			
Bus shelter (adshel) reserve	212	212	81
Hamilton Gardens reserve	492	-	432
Housing upgrade reserve	3,101	3,101	-
Project Watershed operating reserve	351	396	571
Rotokauri land sale reserve	2,167	2,167	-
Reserves contribution fund	2,332	2,332	2,872
Waste minimisation reserve	508	508	532
Total council created reserves	9,163	8,716	4,488
Total restricted and council created reserves	40,787	40,340	42,455

THE FOLLOWING RESERVES WERE CLOSED IN 2015/16**Council created reserves**

- Rotokauri land sale reserve
- Housing upgrade reserve

Restricted reserves

- Dame Hilda Ross children's library memorial fund
- Roman Catholic Schools Library fund

NOTE 13: RESERVES

	Activities to which the reserve relates	Balance July 2017	Transfers into reserve	Transfers out of	Balance June 2018
Restricted reserves					
Cemetery plot maintenance in perpetuity reserve - to maintain and provide for improvements to the cemeteries.	Cemeteries and Crematorium	1,800	0	0	1,800
Domain endowment fund reserve - to provide a capital endowment fund for domain land for investment in property. Rental income and interest earned from domain endowment land is used to fund parks and reserves operating costs.	Parks and Green Spaces and Stormwater	7,518	0	0	7,518
Municipal Endowment Fund - to provide a capital fund for Crown endowment land vested in the council for investment in property. Rental income and interest earned from the land and property may be used for council purposes to offset rates.	Strategic property investments	28,639	0	0	28,639
Waikato Art Gallery Endowment reserve - to provide funds for the acquisition of works of art for the Waikato Museum of Art and History.	Arts promotion	10	0	0	10
Total restricted reserves		37,967	-	-	37,967
Council created reserves					
Bus shelter reserve - to manage the income generated from advertising in bus shelters to provide, maintain and enhance passenger infrastructure.	Travel demand management	299	53	(271)	81
Hamilton Gardens reserve - to provide funds for the development of Hamilton Gardens. Funds are being sourced from a target rate over a four year period starting 2014/15.	Hamilton Gardens	911	2,265	(2,744)	432
Project Watershed operating reserve - to fund works relating to river flood protection and erosion control (Project Watershed). Waikato Regional Council is the funding agency and Hamilton City Council carries out agreed works within the city boundary.	Parks and Green Spaces and Stormwater	869	0	(298)	571
Reserves contribution fund - this fund receives contributions from Council policy on levying sub-dividers and developers for provision of reserves. Payment may be in kind (land) or a pro rata levy on the value of the development. The balance of the fund is used for the purchase of land for reserves (or the development of same). Reserve contributions were levied on sub-divisions approved prior to the advent of development contributions for reserves which came into effect on 1 July 2006.	Strategic property investments	2,872	0	0	2,872
Waste minimisation reserve - To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. The reserve was created in 2009 as a result of the Waste Minimisation Act 2008. Funding is distributed to local authorities by the Ministry of Environment and expenditure includes grants to others, waste minimisation initiative operating expenses and recycling contract.	Waste minimisation	530	550	(548)	532
Total council created reserves		5,481	2,868	(3,861)	4,488
Total restricted and council created reserves		43,448	2,868	(3,861)	42,455

NOTE 14: CAPITAL EXPENDITURE

	Notes	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
		\$000	\$000	\$000
CAPITAL EXPENDITURE INCURRED BY ACTIVITIES				
Arts and Culture		2,245	3,541	3,484
Community Services	1	205	211	-
Democracy Services		-	-	-
Economic Development		1,912	2,083	2,314
Parks and Green Spaces	2	5,841	5,326	8,979
Planning and Development		-	-	-
Recreation		1,214	1,801	1,133
Rubbish and Recycling		422	425	420
Safety		41	42	40
Sewerage	3	15,590	23,072	23,790
Stormwater		1,550	2,714	3,038
Transportation	4	20,286	17,643	20,693
Water Supply		17,994	18,334	18,850
Corporate Services	5	5,272	4,144	7,143
Total capital expenditure		72,572	79,336	89,884

CAPITAL EXPENDITURE NOTES – EXPLAIN CHANGES FROM 10 YEAR PLAN TO ANNUAL PLAN

1. Budget not required due to the sale of the Pensioner Housing stock.
2. Includes work at the Crematorium, the River Plan and the Rototuna Sports Park.
3. For providing increased capacity in the Rototuna wastewater network.
4. Includes an increase for the roading network in Rotokauri.
5. Increase required to meet fleet and software replacements.

CAPITAL PROJECTS

The following pages set out what we will spend on major projects in 2017/18. The projects are required to renew existing assets, improve the Council's levels of service or to respond to the needs of a growing city.

KEY

R	= Renewals
LOS	= Levels of service
G	= Growth

	Type	2017/18 10-Year Plan \$000	2017/18 Annual Plan \$000
ARTS AND CULTURE			
Libraries			
CE10005 - Library collection purchases	R	1,104	1,091
CE10006 - Library asset renewal	R	81	177
CE10007 - Library building asset renewal programme	R	38	37
		1,223	1,305
Museum			
CE10008 - Museum asset renewal	R	94	93
CE10009 - ArtsPost earthquake strengthening	R	1,316	1,301
CE10010 - Public art support fund	R	32	81
CE10011 - Museum activity building renewals	R	115	254
		1,557	1,729
Hamilton City theatres			
CE10012 - Founders Theatre plant and equipment	R	292	0
CE10013 - Technical services equipment renewals	R	456	450
CE10014 - Founders Theatre building renewals	R	13	0
		761	450
Total Arts and Culture		3,541	3,484

	Type	2017/18 10-Year Plan \$000	2017/18 Annual Plan \$000
COMMUNITY SERVICES			
Housing services			
CE10025 - Pensioner housing renewals	R	211	0
Total Community Support		211	0
ECONOMIC DEVELOPMENT			
Claudeland and stadia			
CE10040 - Business administration plant and equipment	R	53	52
CE10041 - Claudelands plant and equipment	R	591	648
CE10042 - Seddon Park plant and equipment	R	53	52
CE10043 - FMG Stadium Waikato plant and equipment	R	115	114
CE10044 - Turf services plant and equipment	R	74	73
CE10046 - Seddon Park property renewals	R	334	330
CE10047 - FMG Stadium Waikato property renewals	R	0	267
CE10048 - Stadia building renewals	R	694	686
CE10049 - Claudelands building renewals	R	9	9
		1,923	2,231
Strategic property			
CE10052 - Strategic property renewals	R	8	8
CE10053 - Tenancy inducement renewals	R	152	75
		160	83
Total Economic Development		2,083	2,314

	Type	2017/18 10-Year Plan \$000	2017/18 Annual Plan \$000
PARKS AND GREEN SPACES			
Cemeteries and crematorium			
CE10021 - Building renewals cemeteries	R	3	603
CE10022 - Renewal of crematorium assets	R	32	31
CE10023 - Hamilton Park east and west cemeteries renewals	R	8	8
CE15024 - Hamilton Park cemetery, burial and ash lawn extension	G	37	36
		80	678
Hamilton Gardens			
CE10026 - Hamilton Gardens renewals	R	158	158
CE10028 - Hamilton Gardens building renewals	R	48	48
CE15027 - Proposed development programme	G	2,786	2,744
		2,992	2,950
Parks			
CE10029 - Toilet and changing room renewals	R	110	156
CE10030 - Building renewals parks and open spaces	R	48	0
CE10032 - Parks and open spaces assets and playgrounds renewals	R	1,245	1,231
CE15033 - Land purchase future reserves	G	232	229
CE15036 - Playground development programme	G	0	906
CE16001 - Victoria on the River Development	LOS	0	743
CE17004 - River Plan	LOS	527	1,250
		2,162	4,515
Sports Parks			
CE10031 - Sports area renewals	R	92	91
CE15164 - Rototuna Park option 1	G	0	745
		92	836
Total Parks and Green Spaces		5,326	8,979

	Type	2017/18 10-Year Plan \$000	2017/18 Annual Plan \$000
RECREATION			
Aquatic Facilities			
CE10001 - Aquatic facilities building renewals	R	1,120	211
CE10003 - Waterworld operational asset renewals	R	252	249
CE10004 - Gallagher Aquatic Centre operational asset renewal	R	156	154
		1,528	614
Hamilton Zoo			
CE10015 - Zoo animal enclosure renewals	R	146	144
CE10016 - Zoo building renewals	R	85	84
CE10020 - Zoo animal replacement	R	42	41
CE19019 - Zoo safety improvements	R	0	250
		273	519
Total Recreation		1,801	1,133
SAFETY			
CE10037 - CCTV renewals	R	42	40
Total Safety		42	40
RUBBISH AND RECYCLING			
CE10054 - Replacement of closed landfill assets	R	182	233
CE10056 - Replacement of RTS & HOC assets	R	7	7
CE15055 - Closed landfill management	LOS	236	180
Total Rubbish and Recycling		425	420

	Type	2017/18 10-Year Plan \$000	2017/18 Annual Plan \$000
SEWERAGE			
CE10100 - Replacement of wastewater pump stations	R	825	814
CE10101 - Replacement of wastewater assets	R	4,406	4,354
CE15103 - Increase capacity of wastewater pump stations	LOS	446	440
CE15104 - Wastewater pipe upgrade - growth	G	316	312
CE15105 - Increase capacity of wastewater network - Rototuna	G	671	0
CE15106 - Wastewater network upgrades to allow development	G	84	83
CE15107 - Increase capacity of network in Rotokauri stage 1	G	256	1,154
CE15111 - Increase capacity of network throughout the city	G	3,202	3,178
CE15112 - Increase capacity of network (far east interceptor)	G	0	3,124
CE15114 - Increase capacity of network (bulk storage)	G	3,881	837
CE15161 - Wastewater master plan	R	79	178
CE10115 - Replacement of wastewater treatment plant assets	G	1,901	1,879
CE15116 - Upgrade wastewater treatment plant systems	LOS	369	364
CE15117 - Upgrade wastewater treatment plant (Pukete 3)	G	6,056	6,500
CE15120 - Wastewater treatment plant compliance	LOS	527	521
CE15121 - Wastewater customer connections to the network	G	53	52
Total Sewerage		23,072	23,790
STORMWATER			
CE10058 - Replacement of Stormwater assets	R	645	637
CE15059 - Rototuna Stormwater infrastructure	G	900	600
CE15060 - Rotokauri Stormwater infrastructure stage 1	G	0	520
CE15062 - Peacocke stormwater infrastructure stage 1	G	316	0
CE15064 - Stormwater pipe upgrade - growth	G	132	131
CE15066 - Existing network improvements in new areas	G	105	104
CE15067 - Comprehensive stormwater consent implementation	LOS	184	182
CE15068 - Stormwater customer connections to the network	G	53	52
CE15162 - Integrated catchment management plan	LOS	379	812
Total Stormwater		2,714	3,038

	Type	2017/18 10-Year Plan \$000	2017/18 Annual Plan \$000
TRANSPORT			
Parking management			
CE10070 - Replacement of parking enforcement equipment	R	5	5
CE10071 - Parking building renewal	R	5	200
		10	205
Transportation network			
CE10072 - Replacement of footpath	R	2,248	1,790
CE10073 - Replacement of street furniture	R	63	60
CE10074 - Replacement of drainage (kerb and channel)	R	1,294	1,001
CE10075 - Replacement of road base	R	2,093	1,950
CE10076 - Road resurfacing	R	4,561	4,946
CE10077 - Replacement of bridges and culverts	R	158	155
CE10078 - Replacement of retaining walls and structures	R	47	45
CE10079 - Replacement of environmental controls	R	11	5
CE10080 - Replacement of lighting	R	295	428
CE10081 - Replacement of traffic equipment	R	421	358
CE10082 - Replacement of street signs	R	74	30
CE10098 - Building and property renewals	R	3	200
CE15085 - Minor improvements to transport network	LOS	672	664
CE15086 - Bus stop infrastructure	LOS	118	117
CE15087 - Network upgrades to allow new development	G	184	182
CE15088 - Roading upgrades and development in Peacocke stage 1	G	53	52
CE15089 - Roading upgrades and development in Peacocke stage 2	G	527	783
CE15090 - Roading upgrades and development in Rotokauri stage 1	G	772	3,281
CE15092 - Roading upgrades and development in Rototuna	G	3,091	3,504
CE15093 - Roading upgrades and development in Ruakura	G	0	0
CE15095 - Integrated transport initiatives	LOS	948	937
		17,633	20,488
Total Transportation		17,643	20,693

	Type	2017/18 10-Year Plan \$000	2017/18 Annual Plan \$000
WATER SUPPLY			
CE10123 - Replacement of watermains	R	3,440	3,400
CE10124 - Replacement of water meters, valves and hydrants	R	339	334
CE15126 - Upgrade or build new watermains in Rototuna	G	2,503	395
CE15127 - Water pipe upgrade - growth	G	316	312
CE15128 - Upgrade/build new watermains in Rotokauri stage 1	G	105	7,474
CE15130 - Upgrade/build new watermains in Peacocke stage 1	G	747	238
CE15132 - Water network upgrades to allow new development	G	84	83
CE15133 - Water demand management - network water loss	LOS	421	416
CE15134 - Water demand management - Pukete reservoir zone	LOS	105	104
CE15136 - Water demand management - Dinsdale reservoir zone	LOS	11	11
CE10138 - Replacement of treatment plant and reservoir assets	R	994	981
CE15139 - Water treatment plant compliance - minor upgrades	LOS	684	676
CE15140 - Rototuna reservoir and associated bulk mains	G	53	52
CE15141 - Water demand management - Hillcrest reservoir zone	LOS	0	1,520
CE15144 - Upgrade water treatment plant	G	8,426	2,750
CE10145 - Tools of trade renewals	R	53	52
CE15146 - Water customer connections	G	53	52
Total Water Supply		18,334	18,850

	Type	2017/18 10-Year Plan \$000	2017/18 Annual Plan \$000
CORPORATE SERVICES			
Corporate Buildings			
CE10151 - Renewals program	R	1,104	1,044
		1,104	1,044
Information Services			
CE10152 - Network and infrastructure	R	342	636
CE10153 - Core business applications	R	706	896
CE10154 - Minor applications	R	11	11
CE15155 - Mobility and eservices	LOS	243	589
CE10156 - Lease funding of equipment	R	800	791
CE15157 - Authority replacement	LOS	0	996
		2,102	3,919
Performance			
CE10158 - Replacement of fleet vehicles	R	938	2,080
		938	2,080
Customer services			
CE17001 - Customer Services Projects	LOS	0	100
Total Corporate Services		4,144	7,143
TOTAL COUNCIL		79,336	89,884



COUNCIL FUNDING IMPACT STATEMENT

The Funding Impact Statement is made up of three parts:

- Rating Information for 2017/18
- Rates Samples for 2017/18
- The Whole of Council Funding Impact Statement

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy and Rating Policy. Figures in this statement are GST inclusive.

RATING INFORMATION FOR 2017/18

Council sets and assesses the following rates under the Local Government (Rating) Act 2002.

- General Rate
- Targeted Rates:
- Transitional
- Access Hamilton
- Business Improvement District
- Central City
- Hamilton Gardens
- Services Category Water
- Services Category Sewerage
- Services Category Refuse
- Metered water
- Commercial and rural non-metered water

Details of the amount of rates to be collected and the categories that will pay these rates are in this funding impact statement.

GENERAL RATE

A general rate is set and assessed on the capital value of all rateable land in the City.

General rates are set on a differential basis on the categories of land identified below. The rating categories are defined in the Rating Policy. The differential basis is the use to which the land is put and/or the area of the land, and in the case of the BID Commercial differential, the location of the land. The different categories of rateable land are outlined in the table below.

The objective of including differentials in the general rate is to achieve a fair and equitable distribution of the general rate taking into account all factors Council believes are relevant.

This funding mechanism covers all services of Council. The total revenue sought is \$51,243,415.

The general rate is set and assessed on a differential basis as follows:

Source	Differential categories	Differential factor	Percentage of total general rates	General rate in the dollar of capital value (GST incl)	Rates revenue (GST incl)
General Rate	Residential	1.0000	65.00%	0.00143455	\$33,308,240
	Commercial	1.8363	27.20%	0.00263423	\$13,937,039
	BID Commercial	1.7445	6.80%	0.00250251	\$3,485,700
	Rural	0.4806	1.00%	0.00068944	\$512,436

Land described in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly land owned or used by societies for arts or sports) will be assessed 50% of the residential rate that applies to the land. The total revenue sought from the land is \$250,489.

Uniform Annual General Charge

Council does not use a uniform annual general charge.

TARGETED RATES

Lump sum contributions are not sought or invited by Council in respect of targeted rates.

Transitional Rate

The rate is set and assessed on the land value of all rateable properties in the City. The transitional rates are set on a differential basis on the categories identified in the table below. The rating categories are defined in the Rating Policy. The differential basis is the use to which the land is put and/or the area of the land, and in the case of the BID Commercial differential, the location of the land. The total revenue sought is \$119,776,125.

Source	Differential categories	Differential factor	Percentage of total transitional rates	Transitional rate in the dollar of land value (GST Incl)	Rates revenue (GST Incl)
Transitional Rate	Residential	1.0000	63.16%	0.00681327	\$75,655,758
	Commercial	2.9791	26.93%	0.02029708	\$32,253,288
	BID Commercial	2.8301	7.07%	0.01928222	\$8,470,621
	Multi Unit Residential	1.4957	1.79%	0.01019085	\$2,144,287
	Rural Residential	0.5685	0.05%	0.00387303	\$54,408
	Rural Small	0.4190	0.75%	0.00285459	\$897,817
	Rural Large	0.1730	0.25%	0.00117857	\$299,946

The Transitional rate funds the following activities:

- Planning Guidance and Compliance
- Animal Education and Control
- Stormwater Network
- Catchment Management
- Rubbish and Recycling Collection
- Waste Minimisation
- Landfill Site Management
- Arts Promotion
- City Planning
- Theatres

- Sewage Collection
- Sewage Treatment and Disposal
- Hamilton Gardens
- Economic Development
- Libraries
- Museum
- Community Development
- Community Parks
- Gullies and native plantings
- Streetscapes
- Sports Parks
- Governance & Public Affairs
- Environmental Health and Public Safety
- Water Treatment and Storage
- Water Distribution
- Transport Network
- Zoo
- Stadiums
- Claudelands
- Leisure Facilities
- Emergency Management

Metered Water Rate

The rate is set and assessed for metered and restricted flow water supply on a differential basis to all rating units that are metered (as defined by Hamilton City Council's Water Supply Bylaw 2013).

The rate is:

- i. a fixed amount based on the nature of the connection as follows:
 - \$440 for all metered rating units (except rural rating units receiving a restricted flow supply);
 - \$320 for rural rating units receiving a restricted flow supply.
- ii. a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:
 - all metered rating units (except rural rating units receiving a restricted supply) – \$1.82 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
 - rural rating units receiving a restricted flow supply – \$1.34 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities.

The total revenue sought is \$9,060,864.

Commercial and Rural Non-metered Water Rate

The rate is set and assessed on non-metered Commercial and Rural properties which are connected to or have a water supply available. The rate is \$440 per separately used or inhabited part of the rating unit.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities. The total revenue sought is \$266,717.

Properties in the Waikato District Council and Waipa District Council supplied with water under contractual arrangements will be charged according to Council's Fees and Charging schedule.

Access Hamilton Rate

The rate is set and assessed at a uniform rate per dollar of capital value on all rating units in the City (excluding 100% non-rateable and 50% non-rateable properties).

The rate is \$0.00018763 per dollar of capital value. The total revenue sought is \$5,750,000.

The Access Hamilton rate funds the work programmes and/or financing costs relating to this project as part of the Transport Network activity.

Business Improvement District Rates (BID)

The rate is set and assessed on all commercial rating units in the BID area as mapped in the Rating Policy. The rate is:

- a) BID Fixed rate: a fixed amount of \$239 per separately used or inhabited part of a commercial rating unit within the defined area; and
- b) BID CV Rate: a rate per dollar of capital value required to meet the total revenue, after allowing for the total revenue raised by the BID Fixed Rate. The rate is \$0.00003309 per dollar of capital value.

The rate provides funding to the Economic Development activity. The total revenue sought is \$334,650.

Central City Rate

The rate is set and assessed on commercial rating units within the BID area as mapped in the Rating Policy. The rate is a fixed amount of \$102.85 per separately used or inhabited part of a rating unit within the defined area.

The rate provides funding to the Transport Network activity. The total revenue sought is \$125,066.

Hamilton Gardens Rate

The rate is set and assessed as a fixed amount on all rating units within the City (excluding 100% non-rateable and 50% non-rateable properties). The rate is set at \$11.50 per separately used or inhabited part of a rating unit.

The rate contributes funding to develop themed gardens and infrastructure as part of the Hamilton Gardens activity. The total revenue sought is \$713,000.

Services Category Use- Water Rate

The rate is set and assessed on properties as defined as a services category (see Rating Policy) and which are connected to the water supply.

- a) a fixed amount of \$440 per separately used or inhabited part of a rating unit; and
- b) a rate per dollar of land value of the rating unit, set at \$0.00199025.

The rate provides funding towards the water distribution and water treatment and storage activities.

The total revenue sought is \$114,790.

Services Category Use – Refuse Rate

The rate is set and assessed on properties defined as a services category (see Rating Policy) and which are provided with refuse collection service. The rate is:

- a) a fixed amount of \$151 per separately used or inhabited part of a rating unit; and
- b) a rate per dollar of land value) per rating unit set at \$0.00075944

The rate provides funding towards the refuse collection activity. The total revenue sought is \$47,365.

Service Category Use – Sewerage Rate

The rate is set and assessed on properties defined as a services category (see Rating Policy) and which are connected to the sewerage network. The rate is:

- a) a fixed amount of \$436 per separately used or inhabited part of a rating unit; and
- b) The rate per dollar of land value set at \$0.00238760

The rate provides funding towards the sewage distribution and sewage treatment and storage activities. The total revenue sought is \$1,010,897.

SEPARATELY USED OR INHABITED PART OF A RATING UNIT (SUIP) – DEFINITION

Any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement.

For example, this means that each flat within a block of flats, or each shop within a block of shops would be charged the relevant targeted rate. The same would apply to a farm with more than one dwelling, (i.e. worker accommodation), or a residential property with a separate fully self-contained unit available for visitor accommodation.

Each use that involves a different activity that is conducted by a person, company, or organisation different to the ratepayer is considered to be a separate use. For example, if a photographic processing franchise operated within a store is operated by the store's staff, it is not a separate use. However if the same franchise is operated by a person, company, or organisation

different to the store operator, it is considered a separate use.

INSPECTION OF RATING INFORMATION DATABASE

In accordance with the Local Government (Rating) Act 2002, the District Valuation Roll and Rates Records are available for public inspection at the Council Offices, Garden Place, Hamilton, between the hours of 7:45 am and 5.00 pm on all business days of the week.

RATING BASE

The projected number of rating units for 2017/18 is 57,860.

Total Land Value is \$14,297,243,500

Total Capital Value is \$32,806,167,600

2017/18 RATES - SAMPLE PROPERTIES

Differential	SUIPs	2015 RATING VALUES		2016/17 RATES				2017/18 RATES				Total Rates Change (\$)	Total Rates Change (%)
		Land Value	Capital Value	Land Value Transitional Rates	Capital Value General Rates	Other Rates	Total Rates	Land Value Transitional Rates	Capital Value General Rates	Other Rates	Total Rates		
RESIDENTIAL SECTOR													
Residential	1	250,000	250,000	1,864	231	59	2,155	1,703	359	58	2,120	-34	-1.6%
Residential	1	170,000	315,000	1,267	292	72	1,631	1,158	452	71	1,681	50	3.1%
Residential	1	225,000	375,000	1,677	347	83	2,108	1,533	538	82	2,153	45	2.1%
Residential	1	260,000	550,000	1,938	509	117	2,564	1,771	789	115	2,675	111	4.3%
Multi Unit Residential	4	240,000	710,000	2,717	657	182	3,556	2,446	1,019	179	3,644	88	2.5%
Multi Unit Residential	10	570,000	910,000	6,452	842	289	7,584	5,809	1,305	286	7,400	-184	-2.4%
Rural Residential	1	345,000	750,000	1,474	694	155	2,324	1,336	1,076	152	2,564	241	10.3%
RURAL SECTOR													
Rural Small	1	360,000	360,000	1,038	155	81	1,274	1,028	248	79	1,355	81	6.3%
Rural Small	1	330,000	660,000	952	285	138	1,375	942	455	135	1,532	158	11.5%
Rural Small	1	710,000	960,000	2,048	414	196	2,657	2,027	662	192	2,880	223	8.4%
Rural Large	1	1,850,000	1,850,000	2,505	798	366	3,669	2,180	1,275	359	3,814	145	4.0%
Rural Large	1	2,500,000	2,990,000	3,385	1,290	585	5,260	2,946	2,061	573	5,580	321	6.1%
COMMERCIAL SECTOR													
Commercial	1	570,000	570,000	12,869	974	121	13,963	11,569	1,502	118	13,189	-774	-5.5%
Commercial	1	122,000	275,000	2,754	470	64	3,288	2,476	724	63	3,264	-25	-0.7%
Commercial	1	240,000	500,000	5,418	854	107	6,380	4,871	1,317	105	6,294	-86	-1.4%
Commercial	1	630,000	1,400,000	14,223	2,392	280	16,895	12,787	3,688	274	16,749	-146	-0.9%
CBD Commercial	1	250,000	250,000	5,362	406	59	5,827	4,821	626	58	5,505	-323	-5.5%
CBD Commercial	1	111,000	510,000	2,381	828	357	3,565	2,140	1,276	466	3,883	317	8.9%
CBD Commercial	1	270,000	1,070,000	5,791	1,737	483	8,011	5,206	2,678	590	8,473	463	5.8%
CBD Commercial	3	720,000	2,070,000	15,442	3,360	1,192	19,994	13,883	5,180	1,517	20,580	586	2.9%

Rounding may apply to the figures shown above.

WHOLE OF COUNCIL FUNDING IMPACT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

	2016/17 10 Year Plan	2017/18 10 Year Plan	2017/18 Annual Plan
	\$000	\$000	\$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	27,689	43,456	41,781
Targeted rates	125,085	116,150	118,984
Subsidies and grants for operating purposes	5,127	5,301	5,692
Fees and charges	40,986	42,015	38,031
Interest and dividends from investments	2,144	2,145	2,100
Local authorities fuel tax, fines, infringement fees, and other receipts	3,612	3,700	2,925
Total operating funding	204,643	212,767	209,513
Applications of operating funding			
Payments to staff & suppliers	136,352	142,371	141,667
Finance costs	23,543	24,650	21,819
Other operating funding applications	-	-	-
Total applications of operating funding	159,895	167,021	163,486
Surplus/(deficit) of operating funding	44,748	45,746	46,027
Sources of capital funding			
Subsidies and grants for capital expenditure	4,771	4,964	4,905
Development and financial contributions	9,027	9,141	11,141
Increase/(decrease) in debt	12,015	17,377	15,782
Gross proceeds from the sale of assets	137	145	-
Lump sum contributions	-	-	-
Other dedicated capital funding	1,757	1,805	1,797
Total sources of capital funding	27,707	33,432	33,625
Application of capital funding			
Capital expenditure			
- to meet additional demand	30,068	36,452	36,918
- to improve the level of service	8,084	5,491	10,622
- to replace existing assets	34,420	37,393	42,344
Increase/(decrease) in reserves	(117)	(158)	(232)
Increase/(decrease) of investments	-	-	(10,000)
Total application of capital funding	72,455	79,178	79,652
Surplus/(deficit) of capital funding	(44,748)	(45,746)	(46,027)
Funding balance	-	-	-

ANNUAL PLAN DISCLOSURE STATEMENT

FOR YEAR ENDING 30 JUNE 2018

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its Annual Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Benchmark		Planned	Met
Rates affordability benchmark			
Income	Rates will not exceed 0.627% of the city's rateable capital value	0.468%	Yes
Increases	Rates increases to existing ratepayers will not exceed 3.8% except for targeted rates (Hamilton Gardens)	3.8%	Yes
Debt affordability benchmark	Debt to revenue ratio will be reduced to 200% or below by 2020 and thereafter will remain below 200%	205%	Yes
Balanced budget benchmark	100%	95%	No
Essential services benchmark	100%	154%	Yes
Debt servicing benchmark	15%	10%	Yes

NOTES

1 RATES AFFORDABILITY BENCHMARK

(1) For this benchmark,—

(a) the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's 10-Year Plan; and

(b) the Council's planned rates increases for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's 10-Year Plan.

(2) The Council meets the rates affordability benchmark if—

(a) its planned rates income for the year equals or is less than each quantified limit on rates; and

(b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2 DEBT AFFORDABILITY BENCHMARK

(1) For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's 10-Year Plan.

(2) The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3 BALANCED BUDGET BENCHMARK

(1) For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

(2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4 ESSENTIAL SERVICES BENCHMARK

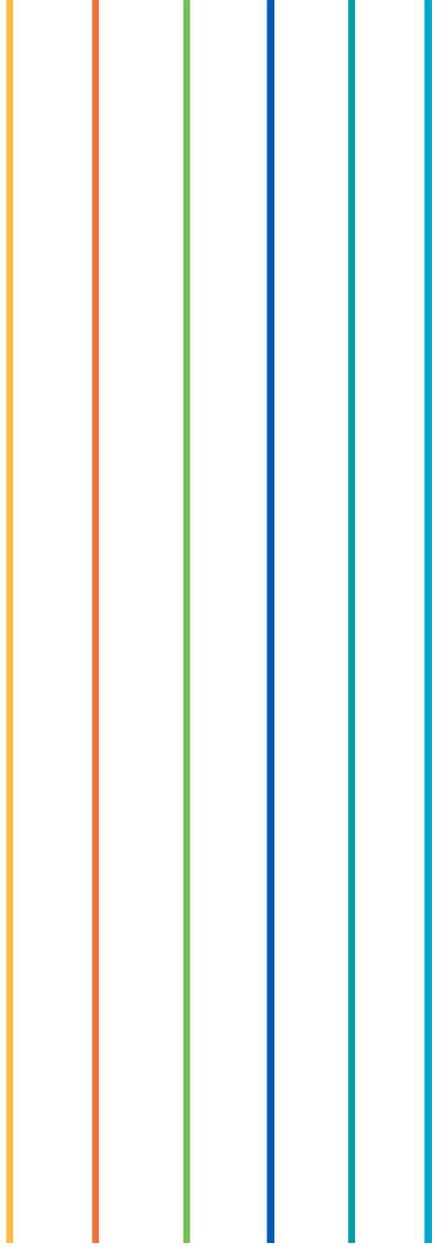
(1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

(2) The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5 DEBT SERVICING BENCHMARK

(1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

(2) Because Statistics New Zealand projects that the Council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.



Committee: Council

Date: 29 June 2017

Report Name: Rates Resolution to Set and Assess Rates for 2017/18

Author: Matthew Bell

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>2017/18 Annual Plan</i>
Financial status	<i>This sets the 2017/18 rates revenue</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

2. To set and assess the rates for the 2017/18 financial year.

3. Executive Summary

4. Council has adopted the 2017/18 Annual Plan. Council must set and assess the rates as described in its Funding Impact Statement in the 2017/18 Annual Plan.
5. Should Council not adopt the 2017/18 Annual Plan these resolutions cannot be made.
6. The Council has historically collected its rates in four instalments. Cash flow from the intervals of the four instalments meets the timing of expenditure needs for Council.

7. Recommendations from Management

8. That Council:
 - a) receives the report; and
 - b) sets and assesses the rates for the 2017/18 financial year (1 July 2017 to 30 June 2018) in accordance with the **Rates Resolution for the 2017/18 Financial Year** (as required by the Local Government (Rating) Act 2002) as set out in paragraphs 9 – 64 below.
9. All figures in the following sections 10 to 64 of this resolution are GST inclusive.

10. GENERAL RATE

11. A general rate is set and assessed on the capital value of all rateable properties in the city.
12. General rates are set under Section 13 of the Local Government (Rating) Act 2002 on a differential

basis on the categories of land identified below. The rating categories are defined in the Rating Policy. The differential basis is the use to which the land is put and/or the area of the land, and in the case of the BID Commercial differential, the location of the land. The different categories of rateable land are outlined in the table below.

13. This funding mechanism covers all services of Council.

14. The total revenue sought is \$51,243,415.

15. A general rate set and assessed on a differential basis as follows:

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL GENERAL RATES	GENERAL RATE IN THE DOLLAR OF CAPITAL VALUE (GST INCL)	RATES REVENUE (GST INCL)
General Rate	Residential	1.0000	65.00%	0.00143455	\$33,308,240
	Commercial	1.8363	27.20%	0.00263423	\$13,937,039
	BID Commercial	1.7445	6.80%	0.00250251	\$3,485,700
	Rural	0.4806	1.00%	0.00068944	\$512,436

16. Land described in Part 2 of Schedule 1 of the Local Government (Rating) Act 2002 (broadly land owned or used by societies for arts or sports) will be assessed 50% of the residential rate that applies to the land.

17. The revenue sought is \$250,489.

18. TARGETED RATES

19. Transitional Rate

20. The rate is set and assessed on the land value of all rateable properties in the City.

21. The transitional rates are set on a differential basis on the categories identified in the table below. The rating categories are defined in the Rating Policy. The differential basis is the use to which the land is put and/or the area of the land, and in the case of the BID Commercial differential, the location of the land.

22. The different categories of rateable land are outlined in the table below. The total revenue sought is \$119,776,125.

Item 8

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL TRANSITIONAL RATES	TRANSITIONAL RATE IN THE DOLLAR OF LAND VALUE (GST INCL)	RATES REVENUE (GST INCL)
Transitional Rate	Residential	1.0000	63.16%	0.00681327	\$75,655,758
	Commercial	2.9791	26.93%	0.02029708	\$32,253,288
	BID Commercial	2.8301	7.07%	0.01928222	\$8,470,621
	Multi Unit Residential	1.4957	1.79%	0.01019085	\$2,144,287
	Rural Residential	0.5685	0.05%	0.00387303	\$54,408
	Rural Small	0.4190	0.75%	0.00285459	\$897,817
	Rural Large	0.1730	0.25%	0.00117857	\$299,946

23. Metered Water Rate

24. The rate is set and assessed for metered and restricted flow water supply on a differential basis to all metered rating units (as defined by Hamilton City Council's Water Supply Bylaw 2013).

25. The rate is:

i. a fixed amount based on the nature of the connection as follows:

- \$440 for all metered rating units (except rural receiving a restricted flow supply);
- \$320 for rural rating units receiving a restricted flow supply.

ii. a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:

- All metered rating units (except rural receiving a restricted supply) - \$1.82 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
- rural rating units receiving a restricted flow supply - \$1.34 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

26. The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities.

27. The total revenue sought is \$9,060,864.

28. Commercial and Rural Non-metered Water Rate

29. The rate is set and assessed on non-metered Commercial and Rural properties which are connected to or have a water supply available. The rate is \$440 per separately used or inhabited part of the rating unit.

30. The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities.

31. The total revenue sought is \$266,717.
32. Access Hamilton Rate
33. The rate is set and assessed at a uniform rate per dollar of capital value on all rating units in the City (excluding 100% non-rateable and 50% non-rateable properties).
34. The Access Hamilton rate funds the work programmes and/or financing costs relating to this project as part of the Transport Network activity.
35. The rate is \$0.00018763 per dollar of capital value. The total revenue sought is \$5,750,000.
36. Business Improvement District Rates (BID)
37. The rate is set and assessed on all commercial rating units in the BID area as mapped in the Rating Policy. The rate is:
 - i. BID Fixed Rate: a fixed amount of \$239 per separately used or inhabited part of a commercial rating unit within the defined area; and
 - ii. BID CV Rate: a rate per dollar of capital value required to meet the total revenue, after allowing for the total revenue raised by the BID Fixed Rate. The rate is \$0.00003309 per dollar of capital value.
38. The rate provides funding to the Economic Development activity.
39. The total revenue sought is \$334,650.
40. Central City Rate
41. The rate is set and assessed on all commercial rating units within the BID area as mapped in the Rating Policy. The rate is a fixed amount of \$102.85 per separately used or inhabited part of a rating unit within the defined area.
42. The rate provides funding to the Transport Network activity.
43. The total revenue sought is \$125,066.
44. Hamilton Gardens Rate
45. The rate is set and assessed as a fixed amount on all rating units within the City (excluding 100% non-rateable and 50% non-rateable properties). The rate is set at \$11.50 per separately used or inhabited part of a rating unit.

Item 8

46. The rate contributes funding to develop themed gardens and infrastructure as part of the Hamilton Gardens activity.
47. The total revenue sought is \$713,000.
48. Services Category Use - Water Rate
49. The rate is set and assessed on properties as defined as service category (see Rating Policy) and which are connected to the water supply.
 - i. a fixed amount of \$440 per separately used or inhabited part of a rating unit; and
 - ii. a rate per dollar of land value of the rating unit, set at \$0.00199025
50. The rate provides funding towards the water distribution and water treatment and storage activities.
51. The total revenue sought is \$114,790.
52. Services Category Use- Refuse Rate
53. The rate is set and assessed on properties defined as service category (see Rating Policy) and which are provided with refuse collection service. The rate is:
 - i. a fixed amount of \$151 per separately used or inhabited part of a rating unit; and
 - ii. a rate per dollar of land value per rating unit set at \$0.00075944
54. The rate provides funding towards the refuse collection activity.
55. The total revenue sought is \$47,365.
56. Service Category Use -Sewerage Rate

The rate is set and assessed on properties defined as service category (see Rating Policy) and which are connected to the sewerage network. The rate is:

 - i. a fixed amount of \$436 per separately used or inhabited part of a rating unit; and
 - ii. The rate per dollar of land value set at \$0.00238760.
57. The rate provides funding towards the sewage distribution and sewage treatment and storage activities.
58. The total revenue sought is \$1,010,897.

59. DUE DATES FOR PAYMENT OF RATES

60. The due dates for rates for the period 1 July 2017 to 30 June 2018 are as follows:

Area	Instalment 1	Instalment 2	Instalment 3	Instalment 4
North East	24 August 2017	16 November 2017	22 February 2018	17 May 2018
South East	24 August 2017	16 November 2017	22 February 2018	17 May 2018
North West	07 September 2017	30 November 2017	08 March 2018	31 May 2018
South West	07 September 2017	30 November 2017	08 March 2018	31 May 2018

61. DUE DATES FOR PAYMENT OF METERED WATER RATES

62. The due dates for metered water rates for the period 1 July 2017 to 30 June 2018 are as follows:

Month of Invoice	Invoice Due Date	Month of Invoice	Invoice Due Date
July 2017	20 August 2017	January 2018	20 February 2018
August 2017	20 September 2017	February 2018	20 March 2018
September 2017	20 October 2017	March 2018	20 April 2018
October 2017	20 November 2017	April 2018	20 May 2018
November 2017	20 December 2017	May 2018	20 June 2018
December 2017	20 January 2018	June 2018	20 July 2018

63. Penalties

64. Pursuant to Section 57 and 58 of the Local Government (Rating) Act 2002 Council authorises the following penalties that may be applied:

- a) A penalty of 10% of the amount due and unpaid on the due date to be added on the day after the due date.
- b) A penalty of 10% of the amount of any rates assessed in any previous year which remain unpaid on 6 July 2017 to be added on the day after 6 July 2017.
- c) A penalty of 10% of the amount of any rates assessed in any previous year which remain unpaid on 6 January 2018 to be added on the day after 6 January 2018.
- d) A penalty of 10% of the amount unpaid for water-by-meter rates charged to be added on the day after the due date.

Item 8

65. Attachments

66. There are no attachments for this report.

67. Risk

68. If the information in this resolution is not accurate, the rates could be invalid. The wording and calculations have been prepared by one staff member and checked by another staff member to ensure the figures are accurate. The rating model has been used for a number of years, and the output from the rates resolution has been run through the rating system to ensure that the revenue generated is correct.

Signatory

Authoriser	David Bryant, General Manager Corporate
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Committee: Council

Date: 29 June 2017

Report Name: Local Government New Zealand Annual General Meeting 2017 - Remits for Consideration.

Author: Becca Brooke

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>LGNZ Remit Policy</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/is not considered to have a high degree of significance.</i>

1. Purpose of the Report

- To approve the remits that Council wishes to support at the 2017 Local Government NZ (LGNZ) Annual General Meeting (AGM) to be held in Auckland on Tuesday, 25 July.

3. Background

- The Council's delegate to the AGM is Mayor King. In the event that Mayor King is unable to attend, either Deputy Mayor Gallagher or the Chief Executive are authorised to vote on Council's behalf.
- Councillors Southgate, O'Leary, Pascoe and Henry are attending the LGNZ Conference and have been registered as observers for the AGM.
- Amongst other items, the member authorities at the AGM have been asked to consider a number of matters ('remits') submitted from zones, sector groups or member authorities. If supported at the AGM, remits will be actioned by LGNZ. The LGNZ Remit Policy can be found [here](#).
- The following list of 2017 remits from LGNZ were received by the Chief Executive on 15 June 2017 and are detailed in attachment 1 of this report:
 - Litter Act 1979**
That LGNZ advocates to Central Government to amend the Litter Act 1979 to enable local authorities to legally issue infringement notices where there is evidence of an offence.
 - 15% Goods and Services Tax**
That LGNZ request that the Government use the appropriate mechanisms to enable a proportion of the 15% Goods and Services Tax (GST) to be returned to regions it was generated in so that Councils can use this money to pay for the services of visitor infrastructure.

Item 9

- **National Legislation to Manage Cats**
That LGNZ lobby the Government to take legislative action as a matter of urgency to develop national legislation to manage cats with the proviso that legislation includes for cost recovery for cat management.

- **Development of a Sugar Sweetened Beverages Policy**
All councils should consider the development of a Sugar Sweetened Beverages Policy for their respective workplaces and facilities.

Recommendations from Management

That Council:

- a) receives the report; and

- b) approves the following remits to be supported/not supported by Council’s Delegate at the 2017 LGNZ AGM;
 - i. Litter Act 1979
 - ii. 15% Goods and Services Tax
 - iii. National Legislation to Manage Cats
 - iv. Development of a Sugar Sweetened Beverages Policy

8. Attachments

- 9. Attachment 1 - LGNZ Annual General Meeting 2017 - Remits for Consideration

Signatory

Authoriser	Lee-Ann Jordan, Governance Manager
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Who's
putting local
issues on
the national
agenda?

**We are.
LGNZ.**

2017 Annual General Meeting

Remits

1

Litter Act 1979

Remit:	That LGNZ advocates to central government to amend the Litter Act 1979 to enable local authorities to legally issue infringement notices where there is evidence of an offence.
Proposed by:	Palmerston North City Council
Supported by:	Metro Sector

Background information and research

1. The indiscriminate disposal of rubbish is an ongoing and increasing problem for local authorities. The primary statutory instrument for the abatement and control of litter is the Litter Act 1979 ("the Act").
2. Section 14 of the Act creates authority for the issue of infringement notices, which has been used by local authorities in respect to indiscriminately dumped refuse. The practice of many local authorities is to issue an infringement notice, with an infringement fee of up to \$400, where a search of the material reveals the likely owner of the material.
3. An examination of section 14 reveals that this approach is beyond the authority of the Act. Section 14(1) limits the issue of an infringement notice to situations where the Litter Control Officer observes a person committing an infringement offence, or has reasonable cause to believe such an offence is being or has just been committed by that person.
4. Infringement notices cannot, therefore, be issued in respect to refuse or litter deposited beyond the present or immediate past. This means that local government does not have an effective statutory tool to address the indiscriminate disposal of rubbish. The only measures available are the issue of a warning letter, or prosecution for an offence against section 15 of the Act. The former is seen as an ineffective deterrent in the absence of the ability to issue an infringement, and the latter extremely costly on councils.

5. This limitation could be simply address through amendment of the Act to remove the word “just” from section 14(1). It would then read “Where a Litter Control Officer observes a person committing an infringement offence or has reasonable cause to believe such an offence is being or has just been committed by that person, an infringement notice in respect of that offence may be issued to that person by that Officer.”
6. The current dispute and review mechanisms in respect to infringements would ensure protection from unjust fines.
7. This remit proposal meets the requirements for remits to be both relevant to local government overall, and to be of a significant policy nature. While the proposed remedy is a relatively simple one, managing the illegal dumping of rubbish is a significant issue for local authorities. The recommended action is an amendment to legislation, and therefore beyond the scope of ‘administrative action’ (as specified in the remit criteria).The lack of authority for councils to issue infringement notices for dumped refuse unless the offence is observed applies to all local authorities.

2

15 % Goods and Services Tax

Remit:	That Local Government New Zealand (LGNZ) request that the Government use the appropriate mechanisms to enable a proportion of the 15% Goods and Services Tax (GST) be returned to the regions it was generated in so that Councils can use this money to pay for the servicing of visitor infrastructure.
Proposed by:	Gisborne District Council
Supported by:	Nelson City Council Napier City Council Tasman District Council Wairoa District Council Far North District Council

Background information and research**1. Nature of the issue**

Many of the public amenities provided by local government, like public toilets, roads, walkways and cycleways, free wi-fi at the library and parks and reserves have been mostly paid for by ratepayers.

The free provision of these amenities contribute to the wellbeing of our residents, but they also help to make the visitor experience to New Zealand Regions a positive one.

2. Background to its being raised

Meng Foon, District Mayor of Gisborne - Tairāwhiti raised the matter as a proposal to Gisborne District Councils (GDC) Future Tairāwhiti Committee on 20 April 2017.

After gaining Committee support, the recommendation to proceed with this application to LGNZ AGM was adopted by the full Council at their meeting on 18 May 2017.

The proposal has a timely connection with the February 2017 launch of the Tairāwhiti Economic Action Plan (EAP). The EAP recognises that taking a strategic and coordinated approach to grow our Regions share in the tourism market has the potential to generate an annual GDP return of \$6.5m (within 5 years) to our Region. It is also projected to bring >40 additional jobs per annum.

This proposal is one step towards adopting a strategic and coordinated approach to investment in Regional tourism growth. It is relevant to local government as a whole and has the potential to benefit the New Zealand economy.

3. New or confirming existing policy

The proposal of a GST remit to be used to maintain and enhance public and visitor infrastructure is new but it is consistent with Councils strategic priorities. These priorities are reflected in the Long Term Plan (LTP) projects and activities and align with our vision and community outcomes.

The strategic priorities that specifically relate to the proposal are:

- Prosperous Tairāwhiti – fostering economic growth and community well-being; &
- Mana Tairāwhiti – enhancing and enjoying our unique region.

The proposal is also consistent with the Tairāwhiti Economic Action Plan and the Tairāwhiti Māori Economic Development Report (28 February 2017). Both documents represent more than 18 months of collaboration between regional groups, industry groups, local businesses and iwi, with support from central government through the Regional Growth Programme.

Both documents recognise that investment in some core tourism infrastructure has a big role to play in hosting people and making them feel comfortable about the region.

4. How the issue relates to objectives in the current Work Programme

Council's current work programme, described in the 2015-2025 LTP, prioritises investment in community infrastructure that strengthens 'Our Place'. This includes our parks, pool, public spaces, sports grounds, our library and theatres. It also includes investing in our rural towns; cycle and walkways that improve connections and heritage trails, such as Council's major project Tairāwhiti Navigations .

All of these public infrastructure assets contribute to a positive visitor experience. All of these assets are currently paid for by ratepayers.

5. What work or action on the issue has been done on it, and the outcome

The Regions have all been working closely with the Ministry of Business, Innovation & Employment (MBIE) and the Ministry for Primary Industries (MPI) to explore opportunities to increase jobs, income and investment. This work to-date is reflected in the Tairāwhiti Economic Action Plan. As described at (2) in this application, the EAP lists tourism growth and activities as a key Sector Action that will contribute to major economic benefits for the region by 2022.

**We are.
LGNZ.**

The proposal for a percentage return of GST generated in the Region for the purposes of being reinvested in public infrastructure that supports the positive visitor experience is consistent with the GDC Financial Strategy (2015-2025 LTP) which describes an overarching aim to be 'financially sustainable' and a key direction to 'balance user pays emphasis with public good'.

The proposal is also consistent with the purpose of the Local Government Act (2002) whereby local authorities are provided the ability "...to play a broad role in meeting the current and future needs of their communities for good quality local infrastructure (and) local public services..."

6. Outcome of any prior discussion at a Zone or Sector meeting

No.

7. Evidence of support from Zone/Sector meeting or five councils

The Mayor of Gisborne- Tairāwhiti, Meng Foon has canvassed other councils and has the all-inclusive support of at least five other local authorities. The written evidence showing the support of the Gisborne District Council, Nelson City Council, Napier City Council, Tasman District Council, Wairoa District Council to support Mayor Meng Foon's proposal are attached to this letter as appendix 1.

8. Suggested course of action envisaged.

That Local Government New Zealand (LGNZ) request that the Government use the appropriate mechanisms to enable a proportion of the 15% Goods and Service Tax (GST) be returned to the regions it was generated in so that Councils can use this money to pay for the servicing of visitor infrastructure.

Yours sincerely

Meng Foon
District Mayor
Gisborne- Tairāwhiti

3

National legislation to manage cats

Remit:	That Local Government New Zealand lobby the Government to take legislative action as a matter of urgency to develop national legislation to manage cats with the proviso that legislation includes provision for cost recovery for cat management.
Proposed by:	Dunedin City Council
Supported by:	Auckland Council Palmerston North City Council Rangitikei District Council Masterton District Council Otago District Council Invercargill City Council Hastings District Council

Background information and research

Nature of the issue

Throughout New Zealand many local authorities are individually trying to promote responsible cat ownership, good cat management and reduce the environmental impact cats have on our wildlife. The introduction of national legislation would help address these concerns and enable a consistent approach throughout New Zealand.

Concerns regarding nuisance caused by companion, stray and feral cats have been raised by the community via multiple channels, including unprompted comments in response to the Dunedin Residents' Opinion Survey 2014 and Dog Control Survey. Cat control is an issue that has also been raised in submissions received on the review of bylaws that regulate dogs as well as the use of parks and reserves. Submitters have requested the district council take additional measures to control cats so that urban and rural wildlife is protected.

Background to it being raised

Throughout New Zealand, companion cat and feral cat numbers are believed to be increasing. While the exact number of cats in New Zealand is unknown, the cat population is estimated at 1.4 million.

Councils are tasked with trying to promote responsible cat ownership and reduce their environmental impact on wildlife, including native birds and geckos. Yet, district council powers for cats are for the purpose of minimising the impact on people's health and wellbeing. The regional council's powers are restricted to destruction of feral cats as pests. There are no statutory powers available for the district council to implement an alternative solution such as requiring companion cat owners to control their cats to avoid or minimise the harm of companion cats on urban or rural wildlife.

This is confirmed by the Local Government Act 2002 which specifies that Council's powers to make bylaws are restricted to matters of public welfare such as:

- “(a) protecting the public from nuisance;
- (b) protecting, promoting, and maintaining public health and safety;
- (c) minimising the potential for offensive behaviour in public places.”¹ (emphasis added)

While the Local Government Act 2002 provides in section 146(a)(v) that the Council may make a bylaw for the keeping of animals, these powers are restricted to ensuring cats kept on a property to avoid a nuisance or cause a health problem for people.

A district council may not pass a bylaw to control cats for the purpose of generally protecting wildlife beyond the boundary of a reserve administered under the Reserves Act 1977, as the purposes for passing a bylaw specified in the Local Government Act 2002 are directed at ensuring that companion cat ownership does not adversely affect people.

This remit seeks the protection of our wildlife and native species by seeking regulatory powers for the Council to prescribe cat control measures for the protection of wildlife in urban and rural areas. Regulatory powers for companion cat control measures could include:

- Cat identification (e.g. collars and/or microchipping) of cats is a method of identifying the person that is the owner of the cat.
- Cat de-sexing
- Responsible cat ownership (such as locking in cats overnight and wearing collars with bells).

A secondary issue is the power to enforce those measures by way of issuing an infringement notice for a breach of a bylaw. Currently, a Council is not permitted to introduce infringement offences as Parliament has not yet enacted the regulations under the Local Government Act 2002 required to permit Councils to create an infringement fine for a breach of bylaws.

¹ Section 145, Local Government Act 2002

On 16 May 2017 the Dunedin City Council made a resolution that Local Government New Zealand lobby the Government to take legislative action as a matter of urgency to give Councils statutory power to control companion cats.

How the issue relates to objectives in the current Work Programme

This issue relates to maintaining and enhancing the quality of New Zealand's environment which is policy priority three in the LGNZ policy statement. Therefore this remit supports the work programme of LGNZ.

Outcome of any prior discussion at a Zone/Sector meeting or 5 Councils

Seven councils have indicated support for the remit.

Suggested course of action envisaged

That Local Government New Zealand lobby the Government to develop legislation at a national level akin to the Dog Control Act 1996 which would cover (but not necessarily limited to): Functions, duties, and powers of territorial authorities

- Cat control officers and cat rangers
- Cat registration (including chipping)
- Obligations of owner
- Infringement offences
- Custody of cats

A Cat Control Act would give Councils the necessary statutory power to control cats.

4

Development of a Sugar Sweetened Beverages Policy

- Remit:** All councils should consider the development of a Sugar Sweetened Beverages Policy for their respective workplaces and facilities.
- Proposed by:** Hastings District Council
- Supported by:** South Taranaki District Council
Central Hawke's Bay District Council
Nelson City Council
Wairoa District Council
Palmerston North City Council
Hawke's Bay Regional Council

Background information and research

Nature of the issue

There is a growing awareness of the association between too much sugar and a number of health related conditions including obesity, poor dental health, and serious medical conditions such as type-2 diabetes. Sugar sweetened beverages are recognised as being one of the leading contributors of sugar to the diets of New Zealanders.

Councils are well positioned to positively influence the health behaviours of its staff, elected representatives, and visitors, and to model good health behaviours for the wider community through the development of sugar sweetened beverage policies.

Councils lack guidance on the format and content of a policy on this issue. The provision of such guidance assists in enabling positive action on reducing the harm from the consumption of sugar sweetened beverages.

Background to it being raised

Choose Water Hawke's Bay presented to the Hastings District Council's Planning and Regulatory Committee in March 2017. *Choose Water Hawke's Bay* is a group of oral health promoters formed to look at local health measures to raise awareness of the detrimental effects of sugar sweetened beverages in the Hawke's Bay community and to promote healthy beverage alternatives. *Choose Water Hawke's Bay* sought support from Council to understand the problem and promote solutions; and to develop a Policy that provides a sugar free drink haven within Council facilities and Council run events. In response to *Choose Water Hawke's Bay* presentation, the Planning and Regulatory Committee agreed inter alia 'that a remit on Sugar Free Drinks and/or choose water be formulated and submitted to Local Government New Zealand for consideration'.

New or confirming existing policy

In 2013, the Nelson Marlborough District Health Board became the first Health Board in the country to implement a policy limiting access to sugar sweetened beverages. Nelson City Council supported this initiative through their own sugar sweetened beverages policy.

How the issue relates to objectives in the current Work Programme

The issue is not currently in the LGNZ current work programme.

What work or action on the issue has been done on it, and the outcome

Hastings District Council has been asked to: develop a Policy on sugar sweetened beverages and to develop a policy on a Sugar Free Drink Haven within Council Facilities and Council run events. Development of these policies has been initiated.

As mentioned above Nelson Marlborough District Health Board and Nelson City Council have developed policies limiting access to sugar sweetened beverages.

While some individual Councils have considered the development of sugar sweetened beverages for their respective Councils here is no overall Local Government policy or position on this matter.

Any existing relevant legislation, policy or practice

No relevant legislation identified.

The World Health Organisation (WHO) recommends that free sugars should contribute to no more than 10% of total energy intake, equivalent to approximately 12 teaspoons of sugar per day for an average adult.

Outcome of any prior discussion at a Zone/Sector meeting or five Councils

In gaining support from other Councils Palmerston North City Council requested that consideration also be given to the banning of artificial sweeteners. The approval of the supporting Councils was sought and at the time of writing, this amendment has been supported by Hastings District Council, Nelson City Council and Hawke's Bay Regional Council.

Suggested course of action envisaged

That all Councils should consider the development of a Sugar Sweetened Beverages Policy for their respective workplaces and facilities.

That LGNZ provide template policy and guidelines to assist Councils with the development of such policies.

That LGNZ collect data on the development of Sugar Sweetened Beverage Policies by Councils and report back at the 2018 LGNZ Annual General Meeting.

Committee: Council

Date: 29 June 2017

Report Name: HCC's Draft Submission to the Remuneration Authority - Local Government Review Consultation (Part 2)

Author: Brendan Stringer

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Local Government Act 2002 Elected Members Support Policy</i>
Financial status	<i>Administrative matter falling within existing operational 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 not considered to have a high degree of significance</i>

1. Purpose of the Report

- To seek Council's retrospective approval of HCC's draft submission to Part 2 of the Remuneration Authority's consultation document – Local Government Review.

3. Executive Summary

- Staff sent a draft submission to the Remuneration Authority ('the Authority') on Part 2 of its consultation document – *Local Government Review* – on 13 June 2017 following feedback from Elected Members. It was noted to the Authority that the draft submission was subject to any changes requested by the Council at its 29 June 2017 meeting.
- A summary of the Council's position on the Authority's proposals is set out on the first page of the draft submission (Attachment 1).
- After further consideration staff recommend the following changes to our 13 June draft submission:
 - remove the request to defer proposals that may have a financial or policy impact to the 2018/19 year; and
 - ask the Authority, instead, to consider the timing of its annual determination process to ensure councils can take account of any budgetary or policy impacts.

These proposed changes are highlighted in Attachment 1.

- The Council's *Elected Members Support Policy* aligns with the Authority's guidance and its recent determinations except for mileage claim provisions, where the Council opted to be more restrictive. Staff propose to work with Elected Members to review the Council's Policy once the Authority's 2017/18 determination has been gazetted.

8. Recommendations from Management

That the Council:

- a) retrospectively approves HCC's draft submission dated 13 June 2017 to Part 2 of the Remuneration Authority's consultation document – *Local Government Review*, subject to the changes highlighted in Attachment 1 to this staff report.
- b) requests that:
 - i. the Chief Executive advise the Remuneration Authority of any other changes made to HCC's submission at the 29 June 2017 Council meeting;
 - ii. the approved submission be uploaded to the Council's website;
 - iii. the Chief Executive review the Elected Members Support Policy, assess if any changes are required to align this Policy with the Authority's 2017/18 determination and report back to the Council in September 2017.

9. Attachments

10. Attachment 1 - HCC's 13 June 2017 Submission to the Remuneration Authority's Consultation Document (Part 2) (Tracked change version)
11. Attachment 2 - Remuneration Authority's Consultation Document - Local Government Review

12. Discussion

13. The Authority's consultation paper – *Local Government Review* – was circulated to councils on 10 May 2017. The paper has two substantive sections:
 - Part 2 – Proposed Immediate Changes to take effect in the 2017/18 determination; feedback for which was required by 15 June 2017; and
 - Part 3 – Longer Term Proposals; feedback for which is required by 20 October 2017.
14. Elected Members present at an informal meeting with the Governance team on Monday, 22 May, received a brief summary of Part 2 of the consultation paper. As requested at this meeting, a draft submission was then circulated to Elected Members and the Chief Executive on 7 June 2017 for feedback.
15. Section 3.7 (requesting the Authority to extend its guidance in relation to member remuneration following a triennial election) was added to reflect feedback from one Councillor. Queries from other Councillors were responded to by email and no changes were required to the draft submission as a result.
16. Staff sent a 'placeholder' submission to the Authority on 13 June 2017. This stated that Council will be considering the submission at its 29 June meeting and that, if approved, any changes to the submission as requested by Elected Members would be notified to the Authority.
17. **Proposed Changes to the Submission**
18. Staff propose the following change to the 13 June 2017 submission sent to the Authority:
 - Delete sections 2.2 and 3.4.13;
 - Replace section 4.1 with the following:

- “4.1 HCC recommends that the Authority consider the timing of its annual determinations that set out the remuneration for members for the coming year, with which councils must comply. HCC understands the intention is that, subject to feedback received, the proposals covered in Part Two are to take effect in the 2017/18 determination and that this determination is expected to be gazetted in July or August 2017. This will be after councils have approved their budgets for the 2017/18 year. HCC suggest that the Authority’s determinations should be notified in time to enable councils to take account of any financial or policy adjustments that may be required for the relevant financial year.”
19. These proposed changes (highlighted in Attachment 1) reflect that the Authority’s proposals, if implemented in its 2017/18 determination, are expected to have minimal impact to the Council’s budget for that year. However, as a principle, the Authority’s annual determinations should be concluded in time for councils to assess budgetary impacts.
20. **Implications for Council**
21. Council’s *Elected Members Support Policy* is more restrictive than what is permitted by the Authority in relation to reimbursing members for travel. Under the Policy, members cannot claim for travel:
- a. within the city boundary; or
 - b. to and within the city boundary (if a member lives outside the city boundary).
22. Staff propose that this Council Policy is reviewed to align it with the Authority’s 2017/18 determination, once it is released.

Signatory

Authoriser	David Bryant, General Manager Corporate
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Submission by

Hamilton City Council

REMUNERATION AUTHORITY CONSULTATION DOCUMENT – LOCAL GOVERNMENT REVIEW

13 JUNE 2017

1 INTRODUCTION

- 1.1 Hamilton City Council ('HCC') appreciates the opportunity to comment on the Remuneration Authority's ('the Authority') Consultation Document – Local Government Review.
- 1.2 This submission responds to Part Two of the Consultation Document in relation to immediate changes for the Authority's 2017 determination. We may also provide feedback on Part Three of the Consultation Document within the timeframe set by the Authority.

2 SUMMARY

- 2.1 In general, HCC supports the proposals set out in Part 2 of the Consultation Document. We have indicated where additional factors or alternative proposals should be considered. In particular:
- [Extended leave without pay](#) – a more staged approach is recommended, and the proposal of payments for members fulfilling 'acting roles' be extended to other positions of responsibility.
 - [External review of expenses policy](#) – councils' expenses policies should be reviewed by a single, national body to ensure consistency and maintain cost-effectiveness.
 - [Internet and mobile phone costs](#) – broadband and mobile phone plans are as necessary to the elected member's role as the laptop and mobile phone hardware, and a reasonable monthly reimbursement limit should apply (subject to receipt of supporting invoices).
 - [30 kilometre rule](#) – further guidance from the Authority on this rule should mitigate ongoing confusion or misunderstandings from councils as to its practical application.

~~2.2 HCC also suggests that the Authority should consider deferring some of the proposals, even if there is general support for them, where they may have a financial or policy impact on councils which may not be able to be addressed in the 2017/18 year.~~

3 SPECIFIC QUESTIONS IN PART TWO – PROPOSED IMMEDIATE CHANGES

3.1 RMA Plan hearing fees.

3.1.1 *Do you agree that elected members who are sitting on plan hearings under the RMA should be remunerated in the same way as elected members who are sitting on resource consent hearings?*

3.1.2 In recent years, HCC has appointed external commissioners to RMA plan hearings. However, we agree that accredited elected members sitting on RMA plan hearings should receive the same remuneration as members who sit on resource consent hearings.

3.1.3 *Do you agree that elected members who chair such hearings should be remunerated for time spent writing up decisions?*

3.1.4 Yes, elected members who chair such hearings should be appropriately remunerated.

3.2 Leave of absence

3.2.1 *Do you agree that there should be provision for elected members to be granted up to six months leave of absence without pay? If not, what should be the maximum length of time?*

3.2.2 HCC supports, in principle, a council granting leave to elected members in extraordinary circumstances. However, six months is a significant period in a triennium during which:

- members of the public would be without one of their representatives; and
- the remaining members may need to share the additional workload in their colleague's absence.

Additional council resource (including staff time) would also be required to ensure a member returning from extended leave is made aware of key developments during their absence.

3.2.3 We suggest that:

- by formal resolution, a council can approve up to three months' leave without pay for a member in extraordinary circumstances;
- at the end of that initial period and at the request of the member on leave, a council may assess whether a further period of up to three months' leave without pay should be approved.
- from a representative perspective, a maximum leave of absence for six months per triennium for an elected member is appropriate.

This would balance the requirements of ensuring there is sufficient representation for the public, while acknowledging special circumstances where extended leave for a member is appropriate.

3.2.4 *Do you agree that additional remuneration can be made to the deputy mayor or chair to act in the role under the circumstances outlined?*

3.2.5 Refer to paragraph 3.2.7 below.

3.2.6 *If you disagree with any of the conditions, please state why.*

3.2.7 HCC supports this proposal and recommends that it is extended to include other deputy positions that may apply within a council – for example, a deputy chair of a council committee or a deputy portfolio lead – for which additional remuneration is payable. The same rationale applies to these positions, with the relevant members stepping up to fulfil

additional responsibilities for which they should be remunerated during their colleague's absence.

- 3.2.8 Depending on the period of leave granted, a council may also need to appoint an acting deputy to fulfil the responsibilities of that member who is now acting as the mayor or chair. This would be a procedural matter for each council to determine on a case-by-case basis; remuneration for the acting deputy coming from the pool of funds allocated by the Authority for additional responsibilities. The Authority's approval would not be required as the same number of members would be carrying out the additional responsibilities as set out in the applicable remuneration determination.

3.2.9 Are there any other conditions that should apply?

- 3.2.10 Extended leave should only be considered in exceptional circumstances where something has occurred outside the control of the member seeking leave. For example, we do not consider it appropriate for such leave to be granted where a member has chosen to run for another public office.

- 3.2.11 Thought is also required as to the number of members for whom extended leave could be approved at any one time. While we would expect this to be a low risk, there are potentially adverse effects to the representation of constituents and the ability for the governing body to make decisions should a number of elected members be on extended leave at any one time. This should be a mandatory consideration for any council making a decision on approving extended leave.

- 3.2.12 A council decision approving extended leave for a member should be publicly notified. This notice should include, as a minimum:

- a. The period of approved leave;
- b. Contact details of the remaining elected members; and
- c. Any change required to a council's governance structure to reflect the member's absence.

The reason for a member's extended leave should only be included in the public notice if it is appropriate to do so, taking into account the privacy of that member.

3.3 Approach to expense policies

- 3.3.1 Do you agree that the Remuneration Authority should supply a prototype expenses policy that will cover all councils and that councils should be able to adopt any or all of it to the upper limit of the metrics within the policy?*

- 3.3.2 HCC supports the development of a prototype expenses policy and the flexibility for a council to use that prototype in part or full for its own policy. This would be similar to the approach used in developing template Standing Orders and Code of Conduct documents recently undertaken by Local Government New Zealand. To clarify, a council should still be able to develop its own policy provided it meets the legislative requirements in relation to elected members' expenses.

- 3.3.3 *Do you agree that each council's auditor should review their policy and also the application of the policy?*
- 3.3.4 HCC do not agree that a council's auditor should assume responsibility for reviewing a council's policy, to confirm its compliance with the Authority's determination, for the following reasons:
- a. **Consistency:** A single body undertaking the review of councils' policies ensures there is a consistent approach, particularly in relation to any equivocal points that are potentially subject to interpretation. This would be more difficult to achieve if there are different auditor organisations undertaking this role, potentially resulting in variable interpretations across the country.
 - b. **Cost:** A council would need to pay for the professional services of the auditor to undertake this review. While it is acknowledged that this cost is, we assume, currently incorporated in the levy payable by councils to the Authority, we expect that cost would be significantly less than a review undertaken by a council's auditor.
- 3.3.5 As an alternative to this proposal, the Authority could consider 'outsourcing' the review and authorisation of expenses policies to another organisation – a public agency or commercial entity - provided it is cost-effective to do so. HCC acknowledges that such an arrangement would require further discussion with local government and other stakeholders before assessing its feasibility.
- 3.4 **Provision of and allowances for information and communication technology and services**
- 3.4.1 *Do you agree that it should be common policy for councils to provide the ICT hardware proposed above for all elected members?*
- 3.4.2 HCC generally supports this approach for the reasons outlined in the Consultation Document.
- 3.4.3 However, in balancing the requirements of being cost-effective and ensuring elected members have the tools to fulfil their responsibilities, HCC recommends that the availability of some equipment (for example, printers) at council sites for elected member use is sufficient. Consumables, such as paper or printer cartridges, can also be supplied to members for council business undertaken at their home, subject to agreed budgetary limits.
- 3.4.4 *Do you agree that exemptions to this policy would be limited to exceptional circumstances?*
- 3.4.5 Yes, subject to our comments in paragraph 3.4.3 above.
- 3.4.6 *Do you agree that a proportion of the ongoing cost of the use of home internet and personal mobile phones should be reimbursed as outlined above?*
- 3.4.7 Refer to our comments in paragraphs 3.4.9 to [1.1.13.4.13](#) below.
- 3.4.8 *If you disagree with either of these proposals, please give reasons and outline your alternatives.*
- 3.4.9 HCC recommends elected members have an appropriate level of support to enable them to undertake their responsibilities regardless of where they are located. The means and methods by which members communicate with council staff and members of the public are advancing at a significant pace. It is therefore appropriate that the reasonable costs for internet and phone usage are considered to be part of the remuneration package for elected members. While we appreciate the difficulty in ascertaining a single calculation to determine what is 'reasonable' given the variety of plans in the market, the underlying principle must be that the availability of broadband and mobile phone plans are necessary

tools for elected members. This aligns with the Authority's reasoning for councils to provide certain ICT hardware (noted in paragraph 38 of the Consultation Document) and the Authority's publication – *Remuneration Setting for Local Authorities* (May 2016). The latter distinguished between a council providing an allowance to elected members and reimbursement on production of invoice costs, which HCC supports¹.

- 3.4.10 In addition, many broadband packages include internet, landline rental and 'package calls'. For some providers, these items are not separately invoiced, other than individual phone calls that fall outside the package deal. It is therefore difficult for councils to separately assess these costs for reimbursement purposes.
- 3.4.11 For these reasons, HCC does not support the principle of reimbursing an arbitrary percentage of a member's internet or mobile phone usage, which is based on an assumption of council-related use. The starting point should be that access to internet and mobile plans are required for elected members to contribute effectively to the council and the public they represent.
- 3.4.12 Under HCC's *Elected Members Support Policy*, as approved by the Authority in July 2016, our elected members are reimbursed (on provision of supporting invoices):
- the lesser of \$100/month or 100% for the costs of a mid-level broadband package and telephone line rental (excluding phone calls); and
 - 100% of all Council-related phone calls (whether mobile or landline).

HCC advocates that this reimbursement policy reflects the level of support members require to undertake their role, as referred to in the Consultation Document. We also believe it is appropriate for this policy to continue for the remainder of the triennium.

~~3.4.13 If there is general support from other councils for the proposals contemplated in this section of the Consultation Document (including provision of ICT hardware), HCC requests that they are not given effect until the 2018/19 financial year at the earliest. This would enable sufficient time to make required changes to respective expenses policies and assess financial impacts (if any). These proposals will particularly affect those councils that currently do not provide to their members all or most of the equipment contemplated in paragraph 38 of the Consultation Document.²~~

~~3.4.14 3.4.13 Do you agree with the "unusual circumstance" provision in para 49 above?~~

~~3.4.15 3.4.14 In principle, yes, subject to our overriding comments in paragraph 3.4.9 above.~~

3.5 Travel time allowance

3.5.1 *Do you agree that the current policy on travel time allowance should be continued?*

3.5.2 HCC supports the continuation of this policy.

3.6 Mileage claims

3.6.1 *Do you agree with the proposed change to the current 5000km rule?*

3.6.2 HCC supports the proposed change to the current 5,000km rule, and that this applies to all elected members.

¹ The Consultation Document does not appear to retain the distinction between an allowance versus 'at cost' reimbursement.

~~² It is not clear from the Consultation Document whether councils would be required to provide elected members with such equipment for the 2017/18 year, if not already doing so. We have assumed this is the intention.~~

3.6.3 Do you agree with the proposal to retain the 30km rule in its current form?

3.6.4 If not, what should this rule be?

3.6.5 HCC supports the retention of the 30km rule. However, it would be useful for the Authority to provide further guidance on this rule as HCC is aware of some confusion amongst councils as to its practical application. In particular, our understanding is that the rule reflects that travel between home and 'the work place' is not to be reimbursed (up to the 30km threshold for a return trip), though other work-related travel would be (subject to being the most direct route reasonable in the circumstances). For example, we believe elected members could claim the full mileage for travelling between two different locations on Council business (where neither location is their place of residence), even if the distance was less than 30km. This appears to be supported in the Consultation Document (subject to a common sense test applying). Clarification on this rule would therefore be beneficial to councils.

3.7 Changes following an election

3.7.1 HCC welcomed the updated guidance provided by the Authority, circulated prior to the 2016 triennial elections, in relation to remuneration payable to members after an election. It would be useful for this guidance to be expanded to clearly set out the remuneration process for various scenarios – for example, the remuneration position for councillors re-elected (including those who received remuneration for additional responsibilities in the previous triennium); new councillors elected and existing members not re-standing or not re-elected. This approach would remove any confusion and ensure a consistent, compliant approach by all councils.

4 ADDITIONAL COMMENTS

4.1 HCC recommends that the Authority consider the timing of its annual determinations that set out the remuneration for members for the coming year, with which councils must comply. HCC understands the intention is that, subject to feedback received, the proposals covered in Part Two are to take effect in the 2017/18 determination and that this determination is expected to be gazetted in July or August 2017. This will be after councils have approved their budgets for the 2017/18 year. HCC suggest that the Authority's determinations should be notified in time to enable councils to take account of any financial or policy adjustments that may be required for the relevant financial year.~~HCC understands the intention is that, subject to feedback received, the proposals covered in Part Two are to take effect in the 2017/18 determination. HCC is concerned this may impact councils' budgets for the coming year, which will already be approved by the time the determination is released. As noted in our earlier comments, the Authority may wish to consider deferring the implementation of some proposals – especially around communication equipment and allowances – until the next financial year. This will allow councils sufficient time to make such financial and policy adjustments as may be required.~~

4.2 HCC welcomes the opportunity to provide comments on Part Three of the Consultation Document (*Longer Term Proposals*), which touches on the underlying framework for setting member remuneration. We will send our submission on this part prior to the closing date of October 20, 2017.

5 FURTHER INFORMATION

- 5.1 Should the Authority require clarification of the points raised in this submission, or further information, please contact Lee-Ann Jordan (Governance Manager) on 07 838 6772, email Lee-Ann.Jordan@hcc.govt.nz in the first instance.

Yours faithfully

Richard Briggs
CHIEF EXECUTIVE

Although this submission has been circulated to HCC's Elected Members for consideration and feedback, it has not been approved at a formal Council meeting. HCC's submission is to be considered and adopted retrospectively at the 29 June 2017 Council meeting. We will advise you after this meeting if HCC makes any changes to its submission.



CONSULTATION DOCUMENT

LOCAL GOVERNMENT REVIEW

Part One - General Introduction

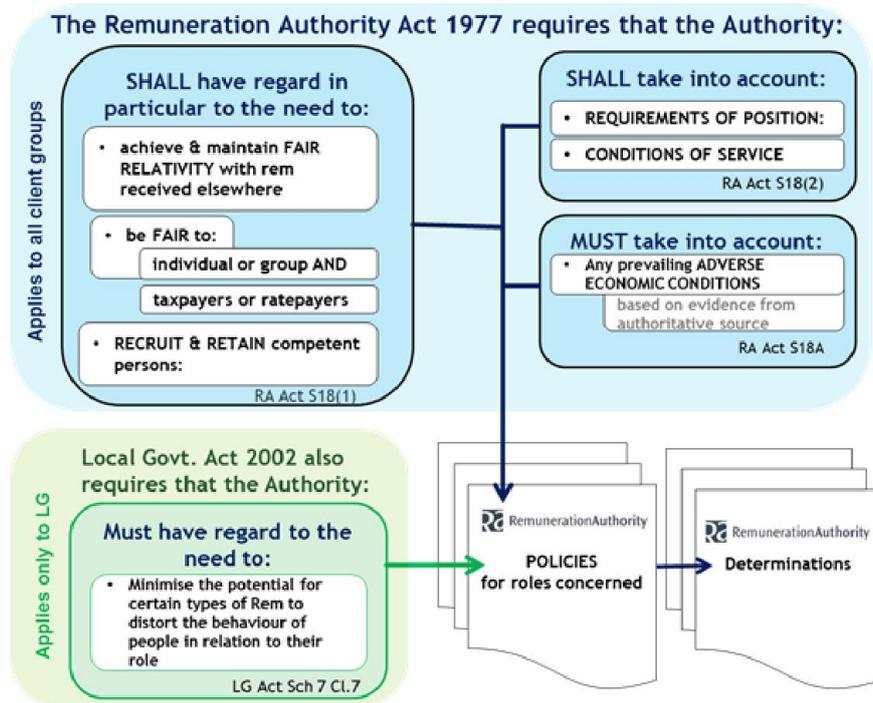
Introduction

1. The Remuneration Authority (the Authority) is required to issue a new determination, taking effect from 1st July 2017, covering local government elected members. In considering how we should approach this in future, we have concluded that there is an opportunity for both short term improvements to the system, including some clarification of current policies, as well as some deeper changes which we propose introducing in 2019.
2. Hence this paper has two substantive sections – Part Two covering proposals for this year and Part Three covering the longer term. We are seeking views of councils on both. The timetable for responses on the shorter-term proposals is unfortunately short. This is because as we got deeper into our review we saw the need for more fundamental change which, had we waited till we had all detail finalised, would have delayed our release of this paper. However, we feel that the issues in Part Two are sufficiently familiar for councils that they will be able to provide reasonably rapid responses. In contrast, Part Three contains more fundamental change proposals and we believe that the local government sector needs time to contemplate these. We have provided a window of several months and during that time we would anticipate attending either zone or sector meetings to discuss the proposals with you.
3. Recently the issue of the potential provision of child care subsidies or services has been raised. We have not addressed it in this paper but will be consulting the sector shortly about this issue.
4. The Authority would like to thank a number of people who have assisted us with the review so far. We commissioned ErnstYoung to provide facilitation, research and analysis. The following people also provided assistance and we very much appreciated their insights and information:
 - Local Government Leadership Group:
 - David Ayers, Mayor, Waimakariri District
 - Jan Barnes, Mayor, Matamata-Piako District
 - Brendan Duffy, Independent Consultant and former Vice-President LGNZ
 - Justin Lester, Mayor, Wellington City
 - Jane Nees, Deputy Chair, Bay of Plenty Regional Council
 - Rachel Reese, Mayor, Nelson City
 - Local Government New Zealand:

- Lawrence Yule, President
- Mike Reid, Principal Policy Advisor
- Local Government Commission:
 - Suzanne Doig, Chief Executive Officer
 - Donald Riezebos, Principal Advisor
- Local Government Officials:
 - Dennis Bush-King, Tasman District Council
 - Miranda Cross, Greater Wellington Regional Council
 - John O’Shaughnessy, Hastings District Council
- Central Government Officials
 - Deborah Brunning, Statistics New Zealand
 - Sarah Lineham, Office of the Auditor-General
 - James Stratford, Department of Internal Affairs
- Alistair Gray, Statistics Research Associates Limited

Legal requirements for the Authority when setting remuneration

5. The work of the Authority is governed by the Remuneration Authority Act 1977, which has had several amendments since it was first enacted. This act and the Local Government Act 2002 contain the statutory requirements which the Authority must follow when making determinations for local government elected members. They are summarised below:



Role of local government

6. In undertaking this review the Authority has looked at past thinking on local government remuneration. One particular document¹, issued by Local Government NZ in 1997, contained a thoughtful summary of the role of local government.

7. The document said:

“The strength of representative democracy ultimately depends on two factors. One is the level of citizen participation and trust in democratic institutions. The other is the ability and commitment of elected representatives and their role in encouraging participation and promoting levels of trust.

Local government constitutes one of the underpinning structures of democratic society, providing ‘voice and choice’ to citizens and communities, and the mechanism for making decisions about local needs and preferences. It also provides a forum to debate issues of mutual interest and concern.

Good local government depends upon the goodwill and understanding of its citizens, and the quality of its staff. Most of all, however, it depends on the ability of those elected to govern. Attracting people with the capacity to lead and govern at local level involves a number of factors. These include:

- *The opportunity to contribute effectively, be professionally valued and receive a sense of satisfaction at achieving a job well done*
- *The existence of structures and processes to support and professionally advise elected members and enable them to contribute constructively on matters of community importance*
- *The presence of consultative and participative arrangements that strengthen relationships between and with their communities*
- *The existence of a remuneration system that enables people from all sectors of the community to commit time and effort necessary to fulfil their responsibilities as elected members without being unduly disadvantaged.”*

8. In our view, this characterisation of local government has not changed since it was written twenty years ago.

¹ Options for Setting Elected Members’ Remuneration – A Discussion Document for Local Government and Stakeholders, prepared by the Local Government New Zealand Elected Members’ Remuneration Working Party (1997)

Part Two – Proposed Immediate Changes (2017 Determination)

Introduction

9. The Authority is seeking the views of local government (i.e. territorial authorities, unitary councils and regional councils) on the proposals set out below in this section of the paper. These changes will affect elected mayors, chairs and councillors from each council including Auckland (councillors and local board members). Part of it will also affect community board members.
10. Please note that we are seeking the views of councils, not of individual elected members or staff.
11. We would appreciate any feedback that councils wish to give to be emailed to us by **5pm Monday 19th June 2017** or earlier if you can. Please email to info@remauthority.govt.nz

RMA Plan hearing fees

12. Current practice is that those elected representatives who are undertaking resource consent hearings can receive an hourly fee which is determined three-yearly by the Authority and which is not included in the council's pool of money to cover payment for additional positions of responsibility. This has not applied to other hearings conducted under the Resource Management Act (RMA). Nor does it apply to hearings for a plethora of other plans or policies developed by councils under different pieces of legislation.
13. The Authority has received many enquiries and suggestions from councils on this issue. In particular, there is growing concern about the treatment of often-protracted hearings of District Plans, Regional Policy Statements and other land, air, coastal and water plans under the RMA.
14. We have looked at the range of council plans that involve hearings and believe that many of them could be considered part of "business as usual" for councillors.
15. However, of particular concern is that councillors who sit on RMA plan hearings are required to be accredited commissioners. This means that they must have undertaken *the Making Good Decisions* course and they must renew their credentials every three years. The requirements for councillors are in this respect the same as for non-councillor commissioners and there is a cost in both time and money to gain and maintain the accreditation.
16. Because of the technical and legal nature of plan hearings, they tend to take months and, in some cases, can span an election period. This is especially the case if the hearing covers a review of the whole plan.

17. The Authority is aware of the increasing trend for councils to engage external commissioners as members of the panel for these plan hearings. This use of external contractors is being driven by several considerations, including time requirements, unavailability of sufficient numbers of councillors who are qualified commissioners, or a view that because councillors have developed the plans as part of their core business, the hearings should be conducted by a different set of independent commissioners. External commissioners are paid an hourly rate for the work. In some cases, a council will use a mixed panel of external commissioners and councillors, which clearly creates a disparity between panel members.
18. Because of these factors, we agree that any such hearings should be treated in the same way as resource consent hearings under the RMA insofar as councillor remuneration is concerned.
19. The Authority is proposing that an hourly rate should be paid to councillors who are members of such hearing panels.
20. The rate would be set every three years by the Authority, as with payments for consent hearings. It will apply to site visits, reading (not to exceed the hearing time) and, in the case of an elected person chairing such a committee, the hourly rate would also cover the time spent in writing the decisions. For clarity, we also propose that this last provision be included for elected members who are chairing resource consent hearings.

- **Do you agree that elected members who are sitting on plan hearings under the RMA should be remunerated in the same way as elected members who are sitting on resource consent hearings?**
- **Do you agree that elected members who chair such hearings should be remunerated for time spent writing up decisions?**

Leave of absence for elected members and acting mayor/chair payments

21. From time to time a councillor or mayor/chair needs extended leave of absence from council work. This could be for personal reasons such as family/ parental leave, extended holiday, illness or, in some cases, when standing for another public office. On these occasions the Authority is asked whether or not a council can grant such leave and, if it involves a mayor or chair, whether an additional payment can be made to the person (legally prescribed as the deputy) who is acting in place of the mayor/chair.

22. We have looked at the rules for governance boards in the state sector for guidance and adapted those rules for local government elected members. Rather than an ad hoc approach, we propose the following:

Councillors:

- Leave of absence without pay can be granted for a period of up to six months (maximum) by formal resolution of the council.
- The leave must involve total absence. The councillor cannot be present for any duties either formal or informal – this includes council meetings, meetings with external parties and constituent work. Nor can the councillor speak publicly on behalf of the council or represent it on any issues.
- The councillor's remuneration and allowances ceases during the period for which leave of absence is granted.

Mayors/Chairs:

- Leave of absence without pay can be granted for a period of up to six months (maximum) by formal resolution of the council.
- Notwithstanding the above, the period must be longer than a single cycle of council meetings, whether that be monthly or six weekly or whatever. This is because we consider that one of the key roles of a deputy mayor/chair is to cover for short absences by the mayor/chair, but that a longer absence would necessarily put an unexpected extended work burden on the deputy.
- If the deputy is to be paid extra remuneration for the period concerned, the leave must involve total absence. The mayor/chair cannot be present for any duties either formal or informal – this includes council meetings, meetings with external parties and constituent work. Nor can the mayor/chair speak publicly on behalf of the council or represent it on any issues.
- The remuneration to mayor/chair ceases during the whole of the period for which leave of absence is granted and the deputy is acting in the role.
- Allowances including a mayor/chair vehicle will also be unavailable to the mayor/chair during that period, but would be available to the acting mayor/chair.
- We propose that under these circumstances the council may pay that deputy a sum up to the normal remuneration of the mayor/chair in place of the normal remuneration received by the deputy.

23. Councils may make decisions within the parameters of these rules but must inform the Authority as soon as possible.

24. We have reflected on the proposed six-month period and consider that it is likely to require exceptional circumstances for an absence of that period to be granted, especially to someone in a leadership position on a council. It would mean that the constituents who elected that person would be unrepresented or, under a multiple-member ward, less represented, than would normally be the case. This would be an electoral risk that the

person concerned would need to consider carefully. However there may be circumstances where it is appropriate so we are proposing that the maximum period would be six months.

25. A further issue is the extension of an acting role beyond the anticipated length of time – for example, if the incumbent were elected to another role and there needed to be a by-election. Under those circumstances, if the incumbent is the mayor or chair, and the deputy was acting in the role, that the acting role may need to be extended for a further period, perhaps up to three months. In that case, we advise that councils make a new, separate decision regarding the remuneration and allowances.

- **Do you agree that there should be provision for elected members to be granted up to six months leave of absence without pay? If not, what should be the maximum length of time?**
- **Do you agree that additional remuneration can be made to the deputy mayor or chair to act in the role under the circumstances outlined?**
- **If you disagree with any of the conditions, please state why.**
- **Are there any other conditions that should apply?**

Approach to expense policies

26. The current approach is for each council to send in their policy to the Authority every three years for approval. In between we often receive requests for assistance in interpreting the provisions in the determination. We are aware of the need for policies to be more transparent and for greater clarity in the explanatory notes, both in determination and on our website.
27. We have looked at many council expense policies and it is clear that some are struggling to develop them, possibly because small staff size does not provide any depth of expertise in this area. On the other hand, some policies are highly developed and contain clear guidance as to what is permitted and under what circumstances.
28. We are thus proposing that instead of each council needing to develop a policy from scratch and then gain approval from us, we work with local government to develop a prototype policy that could be adopted by all councils.

29. The metrics in such a prototype would obviously be the top (maximum) of the allowed range, so any council wanting to pay/reimburse less (or even nothing at all) would be free to do so.
30. With respect to the current role of the Authority in authorising or checking such policies, this is enabled by the legislation and has been required in our previous determinations. However, the Authority proposes that such compliance audits should be part of the role of local government auditors who should check council expenses policies to ensure conformity to the Determination. Auditors should also be assessing whether councils are actually following their own agreed policies in this area.

- **Do you agree that the Remuneration Authority should supply a prototype expenses policy that will cover all councils and that councils should be able to adopt any or all of it to the upper limit of the metrics within the policy?**
- **Do you agree that each council's auditor should review their policy and also the application of the policy?**

Provision of and allowances for information and communication technology and services

31. A communications allowance has been included in the determination since 2008, and was introduced to bring some equity across the country in the reimbursement of costs and the provision of such support to elected members.
32. The continuing development of information and communication technology (ICT) has led the Authority to reconsider the allowance. Our view is that elected members should not carry the costs of communicating with councils or with residents.
33. Mobile technology is now ubiquitous and so much business is now conducted digitally that mobile phones and tablets are considered tools of trade in many businesses, in both the private and public sectors. It is no longer considered to be a personal benefit for a person to have her/his basic technology integrated with that of the business.
34. The Authority's preferred approach in the past was that councils provided the necessary equipment, consumables and servicing, as well as reimbursement (on proof of expenditure) of other costs that might occur. However, there was also provision for hardware costs incurred by elected members to be partly reimbursed.
35. Given recent changes in both the business environment and in technology, we are now of the view that all councils should provide an appropriate council-owned technology suite for their elected members. The two exceptions to this are payment for the use of broadband,

which can vary greatly depending on the nature of the household of the elected member, and payment for phone usage.

36. The complexities of ensuring that security is kept up to date mean that elected members are likely to find it increasingly difficult to manage the technical demands of being part of a larger organisation, which may have more stringent standards than they would have for their own personal technology. For the councils, there should be a major benefit in having all elected members using identical technology and systems, managed efficiently and effectively by the council's ICT officials. Councils often have complex software driving different parts of their systems (e.g. water plants) and possess large databases of residents and ratepayers. Managing these systems in a robust way and decreasing the possibility of cyber-attack is a challenge and will be assisted if there are fewer different entry points into the main system. This is also a protection for both the council and for residents/ratepayers who may have privacy concerns.

ICT hardware

37. It is the responsibility of each council to decide the communications equipment needed to carry out its business effectively and efficiently. Decisions about equipment for individual councillors should flow from that. We note that councils should be able to get good purchasing leverage on equipment and on usage plans to keep costs down.
38. We propose that councils provide all elected members with the following equipment:
- a mobile phone
 - a tablet or laptop
 - a monitor and keyboard if required, plus the hardware to connect the various pieces of equipment
 - a printer
 - a connection to the internet.
39. Consumables such as paper and ink should also be supplied by the council as required by the elected member.
40. In the past, there has been a desire by some elected members to utilise their own communication equipment to undertake council business, possibly because of unwillingness to segregate personal and council usage on the same device. Now it is commonplace for people to have more than one account on one computer, so the issue of carrying round an additional tablet should no longer apply.
41. Equipment would remain the property of the council and be replaced or updated as part of the council's asset renewal programme – presumably triennially. This would allow councils to obtain the advantages of bulk purchase and ensure maximum efficiency by providing equipment that is consistent across the organisation, fit for purpose and adequately protected to provide security and privacy for ratepayers, elected members and staff.

42. Where there is a strong reason for the council not to supply the technology, the Authority would need to make a decision allowing that council to put in place a reimbursement system. We note that there is a cost in time and money to all parties in managing such a system and it would have the inherent technology security weaknesses described above. In such cases, exceptional circumstances would need to exist before the Authority was prepared to move to a reimbursement system. In addition, in the interests of efficiency, the reimbursement system would need to apply to the whole council, not just to a few councillors.
43. Where council decided to provide an allowance for the use of personal ICT hardware, it should cover all ICT equipment used by members and the Authority would prescribe an upper limit for expenditure. This would represent three years' depreciation on the hardware (mobile phone, tablet/laptop, printer, monitor, keyboard, installation of an internet connection) plus an assumption that half the usage would be on council business. The allowance can be paid monthly or at the beginning of a triennium.

Internet usage and phone plans

44. Previously the Authority considered the extent to which the costs of data and phone use were apportioned between council and elected member. This can be complex and will reflect differing household usage as well as council usage. For example, in a household which already has personal usage close to their broadband cap, the increased traffic required to move to electronic papers may require an increase in monthly band usage, even though the data transmitted is modest compared to other internet and electronic traffic.
45. With regard to home broadband, we propose that elected members should be responsible for their own plan. The Authority previously determined that no more than 25% of the usage charges could be regarded as bona fide additional costs incurred by an elected member in carrying out council business. We accept that this is still the case but note that there is now a huge variety and combination of plans available for home broadband, so arriving at an "average" is simply not possible. We therefore propose that councils continue to reimburse up to 25% of a maximum dollar amount to each elected member to cover internet usage costs, on production of receipts. The Authority would review the percentage and the maximum amount every three years.
46. The use of mobile phones as a primary form of communication is increasing exponentially. Alongside this is a proliferation of different types of plans for mobile phones, paralleling what is happening in home broadband connections. The difference between home internet use and phone use is that for the home broadband, anyone else in the household can access the internet connection, whereas a phone is a personal device. We therefore consider that, except for mayors and chairs, elected members should receive reimbursement of up to half the cost of their personal mobile phone usage up to a maximum dollar amount, on production of receipts. If the council owns the plan, the same rule would apply as for home broadband use - the council would pay for half the annual

usage cost with a capped dollar amount and the elected member would need to reimburse the council for the rest. Elected members would be charged for all private international calls.

47. For mayors and chairs the council should cover the total cost of the plan, except that the user will be charged for private international calls.

Unusual circumstances

48. Over the years the Authority has occasionally been approached to cover the one-off costs of providing connection access or non-standard equipment where regular landline or mobile coverage is not available. We propose to continue the current policy, which is that where such circumstances exist, the council may put a costed recommendation to the Authority for approval to make a one-off payment for installation and either a reimbursement or allowance for on-going maintenance and support reflecting the costs involved. It is anticipated this allowance will normally reflect no more than 75% of the costs involved.

- **Do you agree that it should be common policy for councils to provide the ICT hardware proposed above for all elected members?**
- **Do you agree that exemptions to this policy would be limited to exceptional circumstances?**
- **Do you agree that a proportion of the ongoing cost of the use of home internet and personal mobile phones should be reimbursed as outlined above?**
- **If you disagree with either of these proposals, please give reasons and outline your alternatives.**
- **Do you agree with the “unusual circumstance” provision in para 49 above?**

Travel time allowance

49. We do not propose to make any changes to the approach on travel time allowances. This provides for all elected members who are not full time to be eligible for an hourly allowance when travelling on business for the council or community board in respect of any travel exceeding an hour and assuming the fastest form of transport. The rate is set by the Authority and is reviewed each three years.

- **Do you agree that the current policy on travel time allowance should be continued?**
- **If not, please state reasons for change.**

Mileage claims

50. About two thirds of all mayors/chairs take up their entitlement to have a dedicated vehicle provided for them by the council. Others choose to use their own vehicle for a variety of reasons but often, we understand, because of a belief that their constituents will not approve of them having the “perk” of a council vehicle. Our view is that for mayors/chairs, who normally travel great distances each year, the car is a “tool of trade” and an entitlement rather than a “perk”. In any other occupation, people who travelled the distances clocked up by most mayors/chairs would be provided with a company car rather than having to use their own.
51. We have checked the distances travelled annually by mayors/chairs. The average and the median are both around 22,000 to 23,000km a year. Unsurprisingly the distances vary greatly – from 35,000km down to a few thousand – though we wonder if the lower level reflects the fact that some who use their own vehicles claim very little. In fact at least three make no claims whatsoever.
52. Currently we utilise NZ Automobile Association metrics regarding the cost of running a vehicle and we use IRD formula for mileage rate reimbursement. We propose to continue to use these benchmarks, which will be updated as appropriate. The one exception is that in recognition of the fact that mayors/chairs using their private vehicles are likely to be in the medium/high group of users of their own cars for work purposes, we propose to alter the formula around the application of the higher and lower IRD rates.
53. At present the higher rate (currently 74 cents per km) applies to the first 5000km travelled on council business and the remaining distance on council business is reimbursed at a rate of 37 cents per km. We propose that above that first 5000km, which would act as a base, mayors/chairs using their own vehicles should be reimbursed at the higher rate for the first 25% of the remaining distance they travel on council business.
54. We have no data about councillor use of personal vehicles on council business and we assume that distances travelled would normally be less than that of a mayor - but not always, especially in the case of a “distant” ward. Regardless, we propose that the formula outlined above also applies to councillor travel reimbursement.

- **Do you agree with the proposed change to the current 5000km rule?**
- **If not, what should it be and why?**

55. The other issue which we are frequently asked to clarify is the “30km rule”. We propose to keep this approach. Basically it recognises that virtually all New Zealanders have to pay the cost of their own transport to and from their work place. However, elected members also have other work in other places. The 30 km rule is based on an assessment that most people would live within 15 km of their work place. That means that a “round trip” to and from the “work place” – i.e. the normal council meeting place – can be claimed only if it is above 30km. If the trip to and from the council’s normal meeting place is above 30km, the first 30km are always deducted. This means that if an elected member lives closer than 15km, then no claim can be made for attending a meeting at the council office. If a member must come to the office twice in one day, if she/he is not simply taking the opportunity to go home for lunch, then the whole of the distance for the second trip may be claimed. This assumes that most workers travel to and from work only once per day, but recognises that elected members may have a formal meeting, say in the morning, then another meeting much later in the afternoon. We expect common sense to prevail in councils when authorising such claims.

56. With regard to work of elected members outside of the normal council meeting place, the full mileage can be claimed. That means that the elected member may claim from her or his home to the address of the meeting or event and back again by the shortest route.

57. If an elected member has an additional place of residence (e.g. a holiday home) the primary place of residence, normally identified by being her/his address on the electoral role, will be considered the official residence.

58. If a council is holding one of its normal meetings in a different venue - for example in an outlying town - then the full mileage can be claimed. However, we expect common sense to prevail. If the exceptional meeting place is just down the road from the normal venue then the 30km rule would apply.

- **Do you agree with the proposal to retain the 30km rule in its current form?**
- **If not, what should this rule be?**

Mayor/chair car valuations

59. We do not propose to make any changes to the valuation of the mayor/chair motor vehicle at this stage. The formula is consistent with the methodologies applied to valuing motor vehicles for full private use in public sector roles. The Authority's formula goes one step further in that it recognises that a greater proportion of vehicle usage by a mayor/chair is spent on council business rather than on personal use.
60. The formula and associated variables used to value mayor/chair motor vehicles will be reviewed with the main determination triennially. Any changes will be applied in election year.

Annual changes in remuneration

61. The main local government determination will usually be applied in election year, then in the intervening two years we propose to change remuneration to reflect changes in the Labour Market Statistics (LMS) – (see Part Three for more details on the timetable).

Changes following an election

62. The Authority is aware that there has been some confusion in the past regarding the exact days on which payment ceases for outgoing elected representatives and commences for those who are newly elected, and around remuneration continuing for those who are re-elected.
63. The following outlines the legal situation:
- All newly elected and re-elected local government members come into office the day after the results are publicly notified under S.86 of the Local Electoral Act 2001.
 - All sitting members vacate office on the same day.

Part Three – Longer Term Proposals

Introduction

64. The Authority is seeking the views of local government (i.e. territorial authorities, unitary councils and regional councils) on the proposals set out below in this section of the paper. These changes will affect elected mayors, chairs and councillors, as well as community board members, from every council except Auckland. Later this year we will be issuing an additional consultation paper on the Auckland Council, following the completion of its governance review. However, we are proposing that the general principles outlined in this paper around council sizing should apply to Auckland.
65. Please note that we are seeking the views of councils, not of individual elected members or staff.
66. We would appreciate feedback to info@remauthority.govt.nz by Friday October 20th 2017. Please email to info@remauthority.govt.nz

Recent history of local government remuneration setting by the Authority

67. In late 2011 the Authority issued a discussion document - *Review of Local Authority Remuneration Setting*. This was followed in November 2012 by a further document - *Remuneration Setting Proposals for Local Authorities* - which outlined the system that the Authority was proposing to institute from the 2013 election. A copy of that document is attached as *Appendix 1*. It transpired that for a variety of reasons in the years 2014 to 2016 the Authority did not completely implement the proposed process. However, significant elements are in place. Importantly, the work which the Authority commissioned from the Hay Group in 2015 remains current in our view and has provided useful data to assist with our current considerations.
68. To assist with context, the main elements of the 2013 proposal are summarised below. They were:
- a) Moving away from the traditional salary/meeting fee mix for local government remuneration.
 - b) Creating a size index for councils derived from population and council expenditure.
 - c) Basing the remuneration for councillors/mayors/chairs on:
 - the relative place of the council in the size index;
 - the job size of the positions as assessed for sample councils;
 - the proportion of full time work as demonstrated by survey results;
 - the Authority's pay scale.
 - d) Providing a pool for each council equivalent to one councillor's remuneration to be allocated for additional positions of responsibility.

- e) Reviewing local government remuneration approximately two years after each election and setting the base remuneration for councillor and mayor/chair roles at the beginning of each election year, together with provision for changes in positions of responsibility within each council.
- f) Recalculating annually each council's place on the size index and, in the following July determination, automatically applying any increase warranted, with the proviso that any reductions in the base remuneration would not be implemented during the term of that council.
- g) Providing a loading of 12.5% for unitary council remuneration to recognise their additional regional responsibilities.
- h) Retaining arrangements for resource consent hearings whereby elected members can be paid an hourly fee in addition to their base remuneration.
- i) Requiring councils to confirm their expenses policies only in election year rather than annually.
- j) Retaining valuation methodology for mayor/chair vehicles with adjustments made each year on July 1 to coincide with the determination.
- k) Various changes to community board remuneration setting.

69. The new system was in place for the 2013 Determination in which the Authority made the following comment: *"Aware of its responsibility of fairness to both elected members and ratepayers, the Authority moderated both increases and decreases to smooth the transition to the new system"*.

70. In the 2014 Determination, the same comment was made with the additional comment that *"this approach was continued, with moderation to reflect wage growth, this year"*.

71. In 2015 the same comment was again made. However, in issuing that Determination the Authority said the following: *"The relationships between council size and remuneration, as well as any necessity for moderation of large increases or decreases, will be reassessed during the 2015/16 year ready for implementation at the time of the 2016 local body elections"*.

72. During 2015 the Authority reviewed the framework again, including job-sizing the positions of a representative group of councils and assessing workloads. In issuing its 2016 Determination the Authority made the following comment: *"The Authority found clear evidence regarding the size of positions but has less confidence in the evidence relating to workload. Given that uncertainty, the Authority has not proceeded to fully or partially implement increases that would in many cases have been well in excess of 10%. It has instead applied increases to the base remuneration payable to councillors ranging from 1.5% to 3% depending on the size of the council. This reflects at the higher level the movements in the public sector remuneration more generally."* The following comment was also made: *"The Authority is also concerned that the expectations placed on local representatives continue to increase and remuneration does not in all circumstances reflect the skill and effort required from members. It will therefore begin further work this year to*

establish an ongoing basis for remuneration that treats both the ratepayer and the elected member fairly’.

Rationale behind current proposal

73. While the legal requirements are set out above in paragraph 2 of Part One (above), the Authority members have also decided that these legal requirements (including attraction and retention of competent people) should be aimed at attracting a wide variety of competent people and balanced by the need to have a local government remuneration system that is accepted in the wider community. To enable this, we require a robust process that is as transparent as possible, intuitively plausible and sustainable for the foreseeable future.
74. We recognise that whether or not the level of financial reward matches the personal contribution of any elected member is not necessarily a significant determinant of the willingness of many people to stand for election. However, remuneration may be an issue for some, depending on personal circumstances, and it may also become an issue for an incumbent deciding whether or not to continue.
75. In considering this proposal, the Authority has decided to maintain a number of existing approaches. The principal ones are:
- a) Maintaining a “total remuneration” approach rather than meeting fees.
 - b) Using a size index to determine relativity between various councils.
 - c) Adopting a “pay scale” for local government that is fair and seen to be fair.
 - d) Reviewing the components of the council size index every three years and applying appropriate factors to territorial authorities and regional authorities.
 - e) Recognising that unitary councils have dual responsibilities and sizing them accordingly.

Council Sizing

76. Overview

We define council size as the accumulated demands on any council resulting from its accountability for its unique mix of functions, obligations, assets and citizenry. The size of councils varies considerably. The most obvious difference is in the size of population with the biggest council (Auckland) having 1,614,300 citizens and the smallest (the Chatham Islands) just 610 at the last census. Even outside of these two, there still a wide population range from Christchurch (375,000) to Kaikoura (3,740).

77. However, despite their differences, there are also many similarities between different councils and the roles of elected representatives.
78. All local government representatives have a basic workload that includes decision-making around local plans, policies and regulations; civic representation; assisting constituents; and

working with other organisations (public and private sector). Importantly, councils are also tasked with employing a chief executive and monitoring performance and delivery.

79. With regard to differences, as noted above, the starkest is in population, but even then there is not an exact connection between population and work load. We have taken account of several characteristics in addition to population to compare the size of each council. We are limited by the ready availability of information. However, with the information that is available, we have been able to use statistical methods to identify several factors that are significant influences on the workload of Councils.
80. We can identify councils that are most likely to be comparable in size, despite differences in what brings this about. Such comparisons can never be exact, because amongst all the councils there are influences on their size that are either unique or unable to be quantified using existing evidence. The analytical approach taken this year by the Authority will be further developed whenever the information base is able to reflect such situations.
81. We considered a variety of factors that could be used for sizing councils and, after consultation and further analysis, we are proposing several factors, with some differences between territorial authorities and regional/unitary councils. The indicators for each factor came from official statistics and departmental reports, and they were analysed by standard statistical methods which enabled the variety of demands on councils from different sources to be compared and accumulated. The initial list of factors and the modelling was identified with a representative group of elected local authority leaders, and then developed further by the Authority.
82. The strong direct effects on size from population, assets and operational expenditure were modified by differences in guest night stays, social deprivation levels and physical size.

Factors proposed to be used in sizing

83. Territorial authorities:
- a) **Population.** This factor not only determines the scale of services that a council will provide, but also the rating base by which activities are funded. Population is most likely to be the indicator that most New Zealanders would use when asked to distinguish between various councils. The statistics we are using are the most recent population estimates by Statistics New Zealand.
 - b) **Operational expenditure.** In many cases, operational expenditure correlates with population, but there are also some differences - in particular when a council may be in the midst of a specific expansion programme in a particular area of activity. Our data is taken from the annual accounts of councils.
 - c) **Asset size.** This represents the capital base of the council that the council is required to manage, providing essential service such as water, wastewater, roads and flood protection, and also social infrastructure. One of the challenges in asset management is to ensure that assets do not lose value. In recent years there has been greater focus on asset management in the sector, requiring (if it is undertaken rigorously) a higher degree

of attention to detail on the part of elected members, not just the asset managers in the organisation. The data on asset size is also extracted from the consolidated annual accounts of councils and includes the value of their council controlled organisations (CCOs).

We acknowledge that there are different degrees of assets held by local government. Some have highly commercial assets with commercial boards comprising directors selected for their relevant competencies and business experience. Others have land holdings that are long-term and more “passive” investments. Others again are assets such as ports which although highly commercial and competitive are often also strategic assets for their local government owners.

There are also different degrees of oversight. Some councils are extremely “hands on” with their assets and others are more arms-length in their relationships, particularly with CCOs. We recognise that whatever measure of asset size is used, its relevance will differ somewhat among councils to a greater extent than is likely with other factors.

- d) **Social deprivation.** This measures the differences between councils in their need to take account of economic disadvantage among citizens. We recognise that in many council districts the high level of social deprivation in some areas is counterbalanced by a higher economic status in others. However, we believe there are some councils that do not have this balance and that, given the reliance of many councils on rates income, for those councils a high level of social deprivation will have a significant impact. Data is drawn from the third quartile of the NZDEP index prepared from the last population census.
- e) **Number of guest nights.** This represents the demands on councils (e.g. infrastructure development and service provision) resulting from visitors. We recognise that this is a current issue which may in future years be resolved and that it is but one sector in New Zealand’s economy which is of concern to local government. However, it has been raised with us on many occasions and we believe it is relevant to allow for such demands being faced by council at present. It may be that it is replaced by another factor in future years. For this factor we use the Monthly Accommodation Survey of Statistics New Zealand. We were unable to find any data on visitors who may pass through a district and use facilities but not stay overnight, or on the current vexed issue of freedom campers.

84. Regional councils:

Although all councils (territorial, regional and unitary) have a power of general competence, the legal responsibilities of regional councils and unitary councils differ from those of territorial authorities. The breadth of their mandate in national legal instruments (such as the Resource Management Act) requires regional and unitary councils to operate at a different scale from that of territorial authorities, especially in their focus on regulating and managing land and water. For example, regional and unitary councils must develop and administer Regional Plans and Unitary Plans, and territorial authorities must give effect to these plans, which drives behaviour around issues such as water quality (i.e. storm water

and waste water). In contrast, regional councils do not have the significant focus on social issues that is required from either unitary or territorial councils. Hence **land size** is inherently important to the work of a regional or unitary council. In measuring size, we are proposing to eliminate the deprivation index factor for regional councils and add a land area factor.

85. Unitary councils:

For some years, the Authority has added a loading of 12.5% to account for the additional regional council responsibilities of the four smaller unitary councils – Gisborne, Marlborough, Nelson and Tasman. This did not include Auckland, even though it is also a unitary council, because the remuneration for Auckland was considered separately when it was set up.

We are uncertain as to the basis for the 12.5%, and are thus proposing that this loading now be removed and that instead the size of these four unitary councils be measured by both the regional and the territorial authority factors. Thus the factors by which we measure the size of unitary councils would include both land area and social deprivation.

The Authority believes that with the additional regional council factor of land area included, this is a fairer way of sizing unitary councils.

With regard to the proposed factors to be used for sizing councils

- **Are there significant influences on council size that are not recognised by the factors identified?**
- **Are there any factors that we have identified that you believe should not be used and why?**
- **When measuring council assets, do you support the inclusion of all council assets, including those commercial companies that are operated by boards?**
- **If not, how should the Authority distinguish between different classes of assets?**

Weighting

86. The weight given to each factor was assessed intuitively by the Local Government Leadership Group, drawing on their knowledge and experience. These weights were then further refined by formal statistical analysis. The Authority has not yet completed this part of the exercise and, before we do, we would like to hear views on the proposed factors. Nevertheless, in our work to date, the following “order of magnitude” listing indicates what

we consider to be the relative importance of the various factors in determining size. They are listed here in terms of our current view of the highest to lowest influence on size.

87. Territorial authorities:

- Population; operational expenditure
- Assets
- Deprivation index; visitor nights

88. Regional councils:

- Operational expenditure; geographic size
- Assets; population
- Visitor nights

89. Unitary authorities:

- Population; operational expenditure; geographic size
- Assets
- Deprivation index; visitor nights

90. When the weighting exercise is completed, the size of each council estimated in this way will become the size index.

- **Are you aware of evidence that would support or challenge the relativity of the factors for each type of council?**
- **If you believe other factors should be taken into account, where would they sit relative to others?**

Mayor/chair remuneration

91. The work that the Authority commissioned from the HayGroup in 2015 included a review and evaluation of the roles of mayor, regional council chair, committee chair and councillor across 20 councils.

92. The evidence reported by Hay was that mayor and regional council chair roles generally require a full-time commitment, though this is not true in absolutely all cases. Even in smaller authorities where the mayor's role may not be full time, the nature of the job means that it is usually difficult to get another job to supplement what might not be a fulltime income. From the knowledge of members of the Authority and advice from a range of participants in local government, including the Advisory Panel, the Authority accepts that mayors/chairs are full time and we propose that mayor/chair remuneration be determined on this basis.

93. We are also proposing that there should be a “base pay” for all mayors/chairs. Additional remuneration would then be on top of this, depending on the size of the council.

- **Should mayor/chair roles should be treated as full time?**
- **If not, how should they be treated?**
- **Should there be a “base” remuneration level for all mayors/chairs, with additional remuneration added according to the size of the council?**
- **If so, what should determine this “base remuneration”?**

Councillor remuneration

94. The relativity between mayor/chair and councillors is somewhat more difficult to determine and we note that in 2015 the Authority suggested that although there was evidence about the size of positions, there was less evidence about workload.

95. We are aware that there are clear differences in both the job size and the workload of councillors on different councils for a several reasons. There can also be significant differences in workloads of councillors within a single council. The influences on a councillor workload obviously include measurable factors such as population and the other indicators we have outlined above in paragraph 5, as well as the number of councillors, which varies from council to council.

96. However, other influences include current issues within a council area and individual councillor interest in or affiliation to different interest groups. The latter also applies to workload differences amongst councillors on a single council, as does the appetite for work amongst different councillors. The Authority is not able to take account of such differences in our determinations. Nor are we able to provide for “performance pay”. This means that on any single council the remuneration of the hardest working councillor will be the same as that of the lowest contributor.

97. Having looked carefully at the sizing factors, and discussed mayor/chair and councillor relativity with a variety of people, we have formed a view that we are unable to accommodate the differences between councillors on different councils with sufficient granularity to have a single national approach. The large metropolitan councils, for example, seem to have a higher councillor workload than of smaller rural and provincial councils, though this is not a universal rule. Additionally, there are differences between

similar sized councils which are addressed at council level by the allocation of committee and portfolio responsibilities.

98. We are also conscious of the discrepancies amongst councils in the current relationships between councillor remuneration and that of the mayor/chair. The range is from 54% down to 21%, and in some cases the proportion appears to be arbitrary. Discrepancies are also evident where councils of similar size (population) show variances of up to 10% in the ratio between councillors and mayors/chairs remuneration. Some of this may be historical - the legacy of previous approaches - or the result of councils having decreased or increased the number of councillors over time.
99. The Authority is looking at a new approach that, while providing a fiscal framework, would put the decisions round the details of councillor remuneration into the hands of the local council, which we believe is better able to understand and reflect community needs than we are on a national basis.
100. We are looking at setting a total "governance/representation pool" that each council would distribute. The pool would be linked to the size of the council and thus be irrespective of the number of elected members. Because we are now proposing formally that all mayor/chair roles be considered full time, the Authority would be in a position to set the salary for that position. Thus the mayor/chair remuneration would be separately allocated by the Authority, but included in the governance/representation pool allocated to each council. However, remuneration for all other positions – councillors, deputy mayor/chair, chairs of committees, portfolio holders etc and community board members – would be allocated from its own pool by each council. The council's proposed allocations would be forwarded to the Authority for inclusion in the Determination.
101. The pool proposal was included as one alternative in the 1997 LGNZ consultation paper, albeit the remuneration framework then was very different from how it has evolved today.
102. The advantages of this approach are that it focusses on the total governance and representation cost for each council (minus the mayor/chair) and that it allows each council to decide its own councillor and community board remuneration levels, including for positions of responsibility, reflecting its priorities for the current triennium. The total pool would be relative to the size of the council rather than to the number of elected members. Consequentially, if a council wished to increase its numbers via a representation review, and thus spread the workload, the allocated pool would need to be spread amongst more people. The reverse would also apply. It should be noted that if the workload for the whole council increased because of a change in the metrics of any factor(s) by which the council is sized, then the council would move to a higher ranking on the scale which would provide overall higher total remuneration pool.
103. The disadvantage is that no council is necessarily the master of its own destiny in terms of numbers of councillors. It must convince the Local Government Commission of the need to increase or decrease numbers. However, we do note that where representation changes

reflect changes in what we call the “size” of the council (as described above in para 77-91), any changes should also be reflected in the remuneration pool available to the council so there would then be a direct connection.

104. The pool approach provides councils with the flexibility to provide differences in positions of responsibility in a nuanced way. Because each council varies in terms of its committee/portfolio structure, this is an area where councils need discretion to decide. Current practice is for the Authority to set the councillor remuneration for each council, then to provide each council a “pool” equivalent to twice the base remuneration of one of its councillors to allocate to those undertaking specific positions of responsibility. These may include deputy mayor, committee chair, portfolio holder or other specifically designated roles. We have had no significant advice that the size of this extra pool is inadequate. However, we are aware that the provisions are applied in slightly different ways by different councils and that there are some councils that find the current provisions restrictive.
105. For example, there has been some confusion in the past as to whether every single councillor on a council can receive part of this additional pool by being allocated a position of responsibility. Generally, the Authority has not agreed to this when the council has proposed sharing the additional pool equally because this has simply amounted to a pay-rise for all councillors to move them above the level applied in the Determination. However, we have had enquiries about this and also observed current practice.
106. We propose that under the new regime (i.e. a total governance/representation pool for each council) the following rules should apply:
- a) All roles and remuneration levels will need to be agreed by formal resolution of the council, with a 75% majority.
 - b) A remuneration rate must be set for the base councillor role
 - c) The council needs to have a formal written role description for each additional position of responsibility above that of the base councillor role.
 - d) The Authority will expect that any such roles within a council will have different levels of additional remuneration, depending on the nature and workload involved. In particular this needs to apply where every single councillor is allocated an additional position (as distinct from a more usual practice of having a deputy mayor/chair and a handful of committee chairs).

- **Should councillor remuneration be decided by each council within the parameters of a governance/representation pool allocated to each council by the Remuneration Authority?**
- **If so, should each additional position of responsibility, above a base**

councillor role, require a formal role description?

- **Should each council be required to gain a 75% majority vote to determine the allocation of remuneration across all its positions?**

107. We also note that elected members are increasingly being appointed to represent their council on various outside committees and bodies. We propose that if any council wishes to do so, such appointments can also be captured under the process outlined above.

- **Should external representation roles be able to be remunerated in a similar way to council positions of responsibility?**

108. The issue of director's fees for elected members who are appointed to CCOs is a difficult one. On the one hand it could be said that a councillor sitting on a CCO is doing work that is similar to that of another councillor who may have a specified position of responsibility – or even less if the second councillor is, for example, a committee chair. However, the legal liabilities of CCO directors have become more onerous in recent years and may be more than those of elected members.

109. Those appointed as directors of CCOs need to be aware of the specific legislative duties and regulatory obligations that are imposed on them, in their capacity as directors, by the various acts, including the Local Government Act 2002, the Companies Act 1993, the Health and Safety at Work Act 2015, the Charities Act 2005 and the Public Audit Act 2001.

110. It is not for the Authority to determine whether or not elected members should be directors of a CCO, but we do recognise the additional responsibility that is taken on in those cases and that it may require developing capabilities to meet obligations that are different from those required of other elected members. We also observe the increasing trend towards the appointment of external professional directors to such roles.

- **Do the additional demands placed on CCO board members make it fair for elected members appointed to such boards to receive the same director fees as are paid to other CCO board members?**

Community Board remuneration

111. We note that 40 councils (more than half the territorial authorities) have community boards. We also note that there is a huge variety in the nature of the work undertaken by community boards and in the powers delegated to them. Some undertake substantial and substantive governance work on behalf of the council, whereas others are more in the nature of community representatives and advocates.
112. We are also aware that in some places community board members are doing work that elsewhere might be undertaken by council officers. However, assuming that community boards are part of the governance/representation structure of a council, then this means that, all else being equal, the current cost of governance and representation for these councils could be relatively higher than that of councils which do not have them. Some councils fund the boards out of a targeted rate applied to the area that the board represents, whereas others use a general rate – i.e. the same as for funding the remuneration of councillors.
113. We suggest that if a council wishes to not cover remuneration for its community board members from the proposed governance/representation pool, then a targeted rate should apply to the area represented by the particular community board. However, councillors appointed to represent the council on the community board would be paid from the governance/representation pool.
114. We also consider that it is important that the functions undertaken by any community board are clearly and transparently defined by the council concerned and consider that all community board delegations should be by way of a formal council resolution.

- **Should community board remuneration always come out of the council governance/representation pool?**
- **If not, should it be funded by way of targeted rate on the community concerned?**
- **If not, what other transparent and fair mechanisms are there for funding the remuneration of community board members?**

A local government pay scale

115. Local government has no exact equivalent. The nearest that we have in New Zealand is central government, yet even that is not an exact match.

116. Section 2 of this paper sets out the legal requirements that the Authority is required to consider in making determinations. The first of those requires that the Authority “shall have regard in particular to the need to achieve and maintain fair relativity with remuneration received elsewhere”. This is particularly difficult in determining the remuneration for local government elected members because there is no obviously relevant comparator group. The Authority considered and rejected as inappropriate the following:

a) Local government senior managers’ salaries.

Information on local government management remuneration is readily available in market salary surveys and through councils’ annual reports. However employees of councils are selected for the knowledge, skills and experience they hold relative to the needs of the employment role. Elected members do not fit that profile at all. They are democratically chosen by the electors to represent the interests of the people of a particular area and provide governance over the council’s operations. There is no logical alignment that would connect the remuneration of the two groups.

b) Central government sector senior managers’ remuneration.

Information on public sector management remuneration is readily available in market salary surveys and the State Services Commission’s annual reports but this option suffers from exactly the same difficulties as option (a) above.

c) Remuneration of directors on boards, including public sector boards, commercial boards and large not-for-profit boards.

A significant part of the work of elected members consists of representational activities of one sort or another. Most boards of directors do not have this role. Those that do are often in the not-for-profit or NGO sector and, even there, the nature and time requirements of the representational work, including managing constituency issues, is different. Further, most boards are governing an enterprise that is essentially focused on a single group of goods or services within one industry, whereas councils have a significant array of services that are not necessarily similar in any manner – for example, providing building consents compared to social services.

117. Other aspects of local government elected roles which differ from the above are:

- The sheer “visibility” of the people involved, resulting in a lack of privacy. In some cases where the elected person is very high profile or important in a community, or

when the community is very small, this is extreme and often their close family members are also impacted by this.

- This visibility is associated with the need for publicly elected representatives to “front” on difficult issues. This is less common amongst other boards members and managers. When something goes wrong on a council the councillors and mayor/chair are held to account by the public, whereas on a board it would normally (though we recognise not always) be the CEO.
- The meeting requirements on local government are more onerous than they are in other sectors. The Local Government Official Information and Meetings Act 1987 and public expectation is that meetings will be held in public and that information behind decisions and actions will be readily available.
- Finally, and perhaps related to all the above, local government entities hold far more frequent meetings/workshops than do other governance boards and the distinction between governance and management is less clear than it is in most other models.

118. In the light of this, the Authority looked at a possible alignment with parliamentary remuneration for comparative purposes. Even though (as we note above) local government is not an exact match to central government, parliamentarians are also democratically elected to represent sections of the populace, and those who are members of the Government of the day also exercise governance over the public service. Within the parliamentary group there are different levels of remuneration between backbenchers, ministers and some other identifiable roles.

119. Given the obvious difference between central and local government elected members, any remuneration alignment could not be a direct one-on-one relationship. However, the nature of the roles is such that there are also similarities and this is the closest the Authority can find to “fair relativity with remuneration received elsewhere”. As in other areas of our work, this decision involved a degree of judgement – there is no exact science here and we would observe that the utility and value of any elected person is in the eye of the beholder.

120. We therefore propose that mayor/chair remuneration be related to that of MPs, but capped so that the highest remuneration for any individual mayor or chair cannot be more than that of a cabinet minister. All other mayor/chair roles would be provided with a relative alignment below that upper limit.

- **Is it appropriate for local government remuneration to be related to parliamentary remuneration, but taking account of differences in job sizes?**
- **If so, should that the relativity be capped so the incumbent in the biggest role in local government cannot receive more than a cabinet minister?**

- **If not, how should a local government pay scale be determined?**

Timetable

121. The current practice of the Authority – major three-yearly reviews with annual updating in non-review years – has been a sensible approach. We propose to continue it in the interests of efficiency and also to reflect the fact that the data we are using for sizing is not necessarily available annually.
122. In the intervening years, we propose that any change in local government remuneration reflect the change in the salary and wage rates for the public sector as shown in Statistics NZ's Labour Market Statistics (LMS) which are produced quarterly. In 2014 the LMS replaced the Quarterly Employment Survey (QES), which was the mechanism chosen as the reference index when Parliament passed the Remuneration Authority (Members of Parliament Remuneration) Amendment Act 2015. Therefore, changes in MP remuneration are also tied to the change in salary and wage rates as published in the LMS. In addition to salary and wage rates, the LMS contain information on New Zealand's official employment and unemployment statistics, number of filled jobs by industry group, total hours worked, levels of income, total gross earnings and paid hours, and average hourly rates by sector.
123. The cycle adopted by the Authority for setting local government remuneration will be as follows:
- The first year of the cycle will be the local government election year. In that year the Authority will undertake a full review of council sizes, utilising the indicators described above. Prior to applying the result of the review, the Authority will apply the LMS changes to all local government remuneration, and the council sizing results will then be applied.
 - This determination will be issued on or about July 1 for implementation from the date the council formally takes office following the local government election later that year. At that time the Mayor/chair remuneration will be applied but the remuneration for all other positions to be decided out of the "governance/representation pool" will be applied on the day following the day on which the council formally resolves its remuneration policy for that triennium. Until then, from the day of assuming office, all councillors will be paid the base councillor remuneration that applied in the preceding triennium. The new determination will apply till the council ceases to formally hold office at the next local government election.
 - Meeting fees for RMA plan or consent hearings, as well as the parameters for expense reimbursement, will also be assessed at that time and any changes will apply to all councils at the same time as the remuneration changes.
 - In the subsequent two years, the determination will again be issued on or about July 1 but on these occasions for immediate implementation. For all councils, it will

contain adjustments reflecting the change in the LMS. There will be no changes in plan or consent hearing fees or expenses policies at this time.

This consultation process from now on

124. This proposal is being circulated to all councils to obtain feedback on the approach. The Authority would need to receive any written feedback that councils wish to make by **30 October 2017**. We look forward to hearing from you.
125. For this year (2017) the Authority proposes to change remuneration according to the LMS change and we also propose to introduce the new provisions outlined in Section Two of this paper. All other changes would be introduced for the year 2019. This timetable allows time for councils to fully discuss the proposals and give us their responses. It allows us to then refine and test our final model for the “governance/representation pool” prior to implementation.
126. **We are conscious that 2019 is three years after the local government sector would have been expecting changes. However, with our proposal to change the model for sizing councils and to radically change the way councillor remuneration is decided, we believe that such a time period is justified.**

Committee: Council

Date: 29 June 2017

Report Name: Finance Committee -
Amending Terms of Reference

Author: Lee-Ann Jordan

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Governance Structure</i>
Financial status	<i>Administrative only</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 seek approval to amend the Terms of Reference for the Finance, Growth and Infrastructure, and Community and Services Committees to reflect the transfer of responsibility for the monitoring of Council's 10 Year Plan non-financial key performance indicators.

Recommendations from Management

That Council:

- a) receives the report; and
- b) approves changes to the terms of reference for the Finance Committee, Growth and Infrastructure Committee, and Community and Services Committee to delegate to the Finance Committee responsibility to monitor financial and non-financial reporting against Council's 10 Year Plan.

3. Background

4. The approved Governance Structure for the 2016-19 triennium sets out the terms of reference and delegations to Council and Council Committees.
5. The Governance Structure delegates responsibility for the monitoring of Council's 10 Year Plan non-financial KPIs to the Growth and Infrastructure Committee and the Community and Services Committee, aligned to their respective terms of reference.
6. Responsibility for monitoring financial KPIs rests with the Finance Committee.
7. Staff currently report on financial and non-financial performance through the 10 Year Plan Monitoring Report (Finance Committee) and the 10 Year Plan Service Performance Exceptions Report (Growth and Infrastructure and Community and Services Committees).
8. Last triennium the Finance Committee held the responsibility for both financial and non-financial performance reporting. Staff and the Chairs of Council, and the Finance, Growth and Infrastructure, and Community and Services Committees, agree that returning to this practice will provide Elected Members with more comprehensive view of Council's 10 Year Plan performance.

- 9. Staff recommend returning responsibility for non-financial KPI monitoring to the Finance Committee and request approval to make the corresponding change to the terms of reference for the Finance, Growth and Infrastructure, and Community and Services Committees.
- 10. The proposed changes to the terms of reference for these committees are marked as tracked changes in attachment one.

11. Attachments

- 12. Attachment 1 - Governance Structure Terms of Reference and Delegations 2016-2017 - Tracked Changes

Signatory

Authoriser	David Bryant, General Manager Corporate
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Finance Committee

Reports to:	The Council
Chairperson:	Cr Garry Mallett
Deputy Chairperson:	Cr Rob Pascoe
Membership:	The Mayor and all Councillors
Meeting frequency:	Six weekly
Quorum:	A majority of members (including vacancies)

Purpose:

The Finance Committee is responsible for:

1. Monitoring Council's financial strategy, and financial performance against the Long Term Plan and Annual Plan.
2. Determining financial matters within its delegations and Terms of Reference and making recommendations to Council on financial matters outside its authority.
3. Guiding and monitoring Council's interests in its Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.

In addition to the common delegations on page 9, the Finance Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

1. To monitor Council's financial strategy, and performance against that strategy.
- ~~1-2.~~ To monitor Council's financial and non-financial performance against the Council's 10 Year Plan.
- ~~2-3.~~ To approve deferred capital expenditure.
- ~~3-4.~~ To develop and monitor policy related to the following matters:
 - a) financial management;
 - b) revenue generation;
 - c) procurement and tendering; and
 - d) the appointment and remuneration of directors of CCOs and COs.
- ~~4-5.~~ To monitor the probity of processes relating to policies developed by the Finance Committee.
- ~~5-6.~~ To provide clear direction to Council's CCOs and COs on Council's expectations, including feedback on draft statements of intent.
- ~~6-7.~~ To receive six-monthly reports of Council's CCOs and COs, including on board performance.

11

Growth and Infrastructure Committee

Reports to:	The Council
Chairperson:	Cr Dave Macpherson
Deputy Chairperson:	Cr Geoff Taylor
Membership:	The Mayor and all Councillors
Meeting frequency:	Six weekly
Quorum:	A majority of members (including vacancies)

Purpose

The Growth and Infrastructure Committee is responsible for:

1. Guiding sustainable physical development and growth of Hamilton to meet current and future needs, through oversight of land-use planning, and aligned provision of fit-for-purpose network infrastructure.
2. Governance of efficient, safe and sustainable roading and transport, three waters, and waste management that enables Hamilton's economy and adds to the liveability of the city.
3. Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city.

In addition to the common delegations on page 9, the Growth and Infrastructure Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

1. To monitor and provide advice on the development and implementation of urban growth and development strategies, land use, and spatial plans in line with national policy requirements.
2. To provide direction on strategic priorities for core city infrastructure aligned to city development, and oversight of strategic projects associated with those activities.
3. To provide direction and monitor Council's approach to development contributions.
4. To assess proposals for Private Developer Agreements and, if appropriate, to recommend such agreements to the Finance Committee for approval.
5. To provide advice on the development and implementation of the 30 Year Infrastructure Plan.
6. To provide direction regarding Council's involvement in regional alliances, plans, initiatives and forums for spatial planning, joint infrastructure and shared services (for example, Future Proof, Regional Transport Committee).
7. To consider the impacts of land use and urban development on the environment.

8. To enhance Hamilton's economic position by promoting Hamilton as a business-friendly and business-enabled city and providing advice on strategic initiatives, plans, projects and potential major developments relating to economic and business development.

9. To provide clear direction on Council's strategic priorities to organisations and groups, for which Council facilitates funding, aligned with these Terms of Reference, and to oversee those funding arrangements and receive their strategic and business plans and annual performance reports.

10. To monitor and oversee the delivery of Council's non-financial performance and non-financial key projects, against the Long Term Plan, excluding key performance indicator reporting which is the responsibility of the Finance Committee.

The Committee is delegated the following powers to act:

- Approval of purchase or disposal of land for network infrastructure, or parks and reserves for works and other purposes within this Committee's area of responsibility that exceeds the Chief Executive's delegation.
- Approval of Private Developer Agreements within the budget approved under the Long Term Plan.
- Approval of any proposal to stop any road, including hearing and considering any written objections on such matters.
- Approval of funding for Business Improvement District(s) and Hamilton and Waikato Tourism.

The Committee is delegated the following recommendatory powers:

- Adoption of the 30 Year Infrastructure Plan to Council.
- Approval of additional borrowing to Finance Committee.
- Approval of Private Developer Agreements for unfunded growth projects to Finance Committee.
- Approval of city boundary changes to Council.
- The Committee may make recommendations to Council and other Committees

Oversight of Policies

- *Business Improvement District (BID) Policy*
- *Connections and Charging Policy for Three Waters Policy*
- *Development Contributions Policy*
- *Earthquake-Prone, Dangerous & Insanitary Buildings Policy*
- *Growth Funding Policy*
- *Hamilton Gateways Policy*

Community and Services Committee

Reports to:	The Council
Chairperson:	Cr Paula Southgate
Deputy Chairperson:	Cr Philip Yeung
Membership:	The Mayor and all Councillors
Meeting frequency:	Six weekly
Quorum:	A majority of members (including vacancies)

Purpose

The Community and Services Committee is responsible for:

1. Guiding and monitoring the provision of strategic community infrastructure and services to meet the current and future needs of the city and its communities.
2. Governance of recreational, event, and community facilities and amenities.
3. Facilitating community and stakeholder involvement and discussion on community infrastructure, community safety and community wellbeing matters.
4. Ensuring Hamilton is performing to the highest standard in the area of civil defence and emergency management.
5. Funding to benefit the social, cultural, arts and environmental wellbeing of communities in Hamilton.

In addition to the common delegations on page 9, the Community and Services Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

1. To provide direction on strategic priorities and resourcing for community infrastructure aligned to city development and oversight of strategic projects associated with those activities.
2. To develop policy, approve community-related strategies and plans, and monitor their implementation.
3. To receive and consider presentations and reports from stakeholders, government departments, organisations and interest groups on community development and wellbeing issues and opportunities.
4. To monitor Hamilton's social demographics and social climate to assess current and future impacts on the Council and Hamilton communities.

5. To monitor the performance of Hamilton's civil defence and emergency management response against Council's requirements under the Civil Defence Emergency Management Act including:
- a. implementation of Government requirements;
 - b. contractual service delivery arrangements with the Waikato Regional Group Emergency Management Office

~~9,10.~~ To determine the funding priorities for the Community Grants Allocation Committees, in line with the Community Assistance Policy, Long Term Plan and Annual Plan.

~~10,11.~~ To determine the priority of Council projects suitable for contestable and philanthropic funding, excluding NZTA funding.

~~11,12.~~ To make decisions on event sponsorship applications in accordance with the Event Sponsorship Policy and within the approved budget, and monitor any grants made to external organisations under that policy.

~~12,13.~~ To coordinate and make decisions on proposals, applications for external funding, and the distribution of Council funding and funding provided to Council for public art, recreational and community facilities and amenity.

~~13,14.~~ To monitor and oversee the delivery of Council's non-financial performance and non-financial key projects, against the Long Term Plan, excluding key performance indicator reporting which is the responsibility of the Finance Committee.

The Committee is delegated the following powers to act:

- Approval of Reserve Management Plans.
- Performing the Council's functions, powers and duties (excluding those matters reserved to the Council by law, by resolution of the Council or as otherwise delegated by Council) under the Burial and Cremation Act and the Reserves Act.
- Approval of purchase or disposal of land for parks and reserves required for designated works or other purposes within the Committee's area of responsibility which exceeds the Chief Executive's delegations and is in accordance with the Annual Plan or Long Term Plan.
- Approval of applications for Council projects suitable for contestable and philanthropic funding.
- Approval or otherwise of event sponsorship applications in compliance with the Event Sponsorship Policy and approved budget.
- Approval of funding for recreational and community facilities and amenities in accordance with the Long Term Plan.
- Approval of public art proposals put forward by the community and/or Council in accordance with the Public Art Development Process and approved budget.

Committee: Council

Date: 29 June 2017

Report Name: Approval of Amended
Hamilton Public Transport
Joint Committee Terms of
Reference and Project
Agreement.

Author: Becca Brooke

Status	<i>Open</i>
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1. Purpose

2. To approve a change to the membership of the Hamilton Public Transport Joint Committee.

3. Background

4. At the 2 June 2017 Hamilton Public Transport Joint Committee (HPTJC) meeting, a recommendation was made to change the Hamilton Public Transport Joint Committee Terms of Reference to add Waikato and Waipa Members to the Committee as outlined in attachment 1 of this report. Approval by Council is required to effect this change.

Recommendation

That Council approve the following recommendation from the Hamilton Public Transport Joint Committee:

That:

- a) the membership of the HPTJC be amended to include a member from Waipa and Waikato District Councils on matters relating to satellite services; and
- b) the HPTJC project agreement be varied and the Terms of Reference amended to accommodate the change in membership.

5. Attachments

6. Attachment 1 - Amended Hamilton Public Transport Joint Committee Terms of Reference and Project Agreement

Signatory

Authoriser	Lee-Ann Jordan, Governance Manager
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Hamilton Public Transport Joint Committee Agreement

1. Purpose

This Agreement is made pursuant to Clause 30, Schedule 7 of the Local Government Act 2002. The purpose is to provide for a Joint Committee of Waikato Regional Council and Hamilton City Council. The Joint Committee has additional public body representation from the New Zealand Transport Agency, and a member to represent Access and Mobility.

The Hamilton Public Transport Joint Committee has been established to oversee the implementation and monitoring of the Regional Public Transport Plan in Hamilton in accordance with the functions as set out in the Terms of Reference attached to this Agreement as **Appendix 1**.

The Committee is a formal joint committee pursuant to the Local Government Act 2002 (Clause 30, Schedule 7).

2. Membership

The Hamilton Public Transport Joint Committee is to comprise of two (2) members appointed by Waikato Regional Council; two (2) members appointed by Hamilton City Council; one (1) member appointed by New Zealand Transport Agency; and one (1) member appointed by the Joint Committee to represent Access and Mobility.

The Committee will include a Chair and a Deputy Chair. Hamilton City Council will appoint a Chair or a Deputy Chair. Waikato Regional Council will appoint a Chair or a Deputy Chair.

Waikato District Council may appoint one (1) member with speaking rights, and voting rights only on Satellite Service matters.

Waipa District Council may appoint one (1) member with speaking rights, and voting rights only on Satellite Service matters.

The New Zealand Transport Agency may appoint one (1) member with speaking and voting rights. The Joint Committee may appoint one (1) member to represent Access and Mobility as an observer with speaking rights but in a non-voting capacity.

In accordance with Clause 30A(6) of Schedule 7 to the Local Government Act 2002, the quorum at a meeting of the Committee shall be 3 members being one member from each council and either member from New Zealand Transport Agency or CCS Disability Action.

3. Meeting Frequency

The Joint Committee will meet quarterly or as required. Notification of meetings and the publication of agendas and reports shall be conducted in accordance with the requirements of Part 7 of the Local Government Official Information and Meetings Act 1987, and will be undertaken by Waikato Regional Council.

4. Delegations

The Joint Committee has delegation to recommend in respect of matters relating to the implementation and monitoring of the Regional Public Transport Plan as they affect Hamilton City.

The Joint Committee reports to Waikato Regional Council and Hamilton City Council [via its Strategy and Policy Committee].

5. Variation of this Agreement

This agreement may be varied from time to time, but only with the endorsement of the Joint Committee.

Execution

Waikato Regional Council

Meeting dated ___ resolution # ____

Hamilton City Council

Meeting dated ___ resolution # ____

Appendix 1: Terms of Reference

Hamilton Public Transport Joint Committee	
Reporting to	Waikato Regional Council Hamilton City Council [Strategy and Policy Committee]
Constitution	Waikato Regional Council (two members) Hamilton City Council (two members) New Zealand Transport Agency (one representative) Waikato District Council (one member with voting rights only on satellite service matters) Waipa District Council (one member with voting rights only on satellite service matters) Access and Mobility (one representative) [<i>non-voting</i>]
Meeting Frequency	Quarterly <i>or as required</i>
Quorum	Three members – being one member from each council and either the NZTA or the Access and Mobility representative.
Chairmanship	To rotate between a Waikato Regional Council member and Hamilton City Council member annually with WRC representative taking the Chair from January 2017
Administration	The administration of the Hamilton Public Transport Joint Committee will be provided by the Waikato Regional Council for the triennium.
Objective	To oversee the implementation and monitoring of the Regional Public Transport Plan in Hamilton.

SCOPE OF ACTIVITY

1. To consider and recommend on matters relevant to the implementation and monitoring of the Regional Public Transport Plan as it affects Hamilton City

POWER TO ACT

1. To recommend in respect of matters relating to the implementation and monitoring of the Regional Public Transport Plan as they affect Hamilton City.

Committee: Council **Date:** 29 June 2017

Report Name: Recommendations to Council from Audit and Risk Committee Meeting -13 June 2017 **Author:** Becca Brooke

Status	<i>Open</i>
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Purpose of the report

To seek Council approval in respect of the following recommendations from the Audit and Risk Committee meeting held on 13 June 2017:

The 13 June 2017 Audit and Risk Committee Agenda and Minutes can be found via the following link:

http://www.hamilton.govt.nz/our-council/Council_meetings_and_public_information/meetings-and-minutes/Pages/default.aspx

Recommendations to Council from the Audit and Risk Committee

Audit NZ Proposal to Conduct Audits for the 2017, 2018 and 2019 Financial Years.

That Council:

- a) approves the proposal letter;
- b) authorises the Mayor to sign the proposal letter on Council's behalf.

Audit NZ Engagement and Arrangements Letter

That Council:

- a) approves the Audit Engagement letter and Audit Arrangement letter; and
- b) authorises the Mayor to sign the proposal letter on Council's behalf.

1. Attachments

2. There are no attachments for this report.

Signatory

Authoriser	Lee-Ann Jordan, Governance Manager
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Committee: Council

Date: 29 June 2017

Report Name: Recommendation to Council
from the Growth and
Infrastructure Committee
Meeting - 20 June 2017

Author: Becca Brooke

Status	<i>Open</i>
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Purpose of the report

To seek Council's approval for a recommendation from the Growth and Infrastructure Committee at its meeting on 20 June 2017, in respect of the Hamilton Tradewaste and Wastewater Bylaw 2016 amendment and adoption.

The 20 June 2017 Growth and Infrastructure Committee agenda and minutes are available via the following link:

[http://www.hamilton.govt.nz/our-council/Council meetings and public information/meetings-and-minutes/Pages/default.aspx](http://www.hamilton.govt.nz/our-council/Council%20meetings%20and%20public%20information/meetings-and-minutes/Pages/default.aspx)

Recommendation to Council from Growth and Infrastructure Committee

That Council:

- a) approves the amendment to clause 6.1 of the Hamilton Tradewaste and Wastewater Bylaw 2016 so that it refers to section 177 of the Local Government Act 2002; and
- b) approves the amended Hamilton Tradewaste and Wastewater Bylaw 2016.

1. Attachments

2. There are no attachments for this report.

Signatory

Authoriser	Lee-Ann Jordan, Governance Manager
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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. Recommendation to Council from Audit and Risk Committee Meeting - Public Excluded - 13 June 2017) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Appointment of External Member for Audit & Risk Committee)	

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 maintain legal professional privilege	Section 7 (2) (g)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)