

Notice of Meeting:

I hereby give notice that an ordinary meeting of Hamilton City Council will be held on:

Date: Thursday 29 October 2015
Time: 1.30pm
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Council OPEN AGENDA

Membership

Chairperson	Her Worship the Mayor J Hardaker
Deputy Chairperson	Cr G Chesterman
Members	Cr M Forsyth
	Cr M Gallagher
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr R Pascoe
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly

Jude Pani
Democracy Manager

22 October 2015
Telephone: 07 838 6883
Jude.Pani@hcc.govt.nz
www.hamilton.govt.nz

Terms of Reference:

- To carry out leadership functions including advocacy and facilitation on behalf of the community.
- To exercise all non-delegatable and non-delegated functions and powers of the Council.
- To make those decisions which are required by legislation to be made by resolution of the local authority.
- To consider any matters referred to it from any of the Standing or Special Committees.
- To authorise all expenditure not delegated to staff or other Committees.
- To receive the Council Risk Register and legal issues reports.
- To receive reports from the Audit & Risk Committee.
- To develop and approve the draft Long Term Plan (LTP) (including any amendments or variations) and Annual Plans (including the Budget and Funding and Financial policies); ensure their effective communication to the community; hear submissions and approve the final plan.
- To approve the Hamilton Plan and to retain overview of it through setting direction on key strategic projects and receiving regular reports on its overall achievement
- Make decisions in respect of District Plan matters.
- The authority to agree to settle and submit draft consent orders to the Environment Court relating to an appeal on a Proposed District Plan, Plan Change, Plan Variation or Notice of Requirement to designate land or for a heritage order, or a resource consent application.
- The authority to reject a private plan change request.

Financial:

- To determine all financial matters not delegated.
- To receive reports of the exercise of financial delegated authority pursuant to the Public Bodies Contracts Act 1959.
- To approve Council's borrowing programme and treasury management strategy.
- To undertake the statutory audit processes and to consider and approve the external audit arrangements, to receive the Auditor's reports and to approve the audited annual report.

Procedural Matters:

- Delegation of all Committee powers.
- Adoption of Standing Orders.
- Confirmation of all Standing and Special Committee minutes.
- Approval of Special Orders.
- Employment of Chief Executive, setting of the Chief Executive's performance targets and review of the Chief Executive's Performance and Remuneration (in accordance with the Employment Agreement).
- Other Delegations.

The Opening Prayer will be led by Anjum Rahman from the Waikato Muslim Association

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1 Apologies

2 Confirmation of Agenda

The Council to confirm the agenda.

3 Declaration of Interest

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

4 Public Forum

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for three minutes or longer at the discretion of Her Worship 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 Council Democracy Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Democracy by telephoning 07 838 6825.

Committee: Council

Date: 29 October 2015

Report Name: Council Minutes - Open - 24
September 2015

Author: Jude Pani

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

That Council confirms and adopts as a true and correct record the Open Minutes of the Council Meetings held on 24 September 2015.

2. Attachments

3. Attachment 1 - Council Minutes - Open - 24 September 2015

Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 24 September 2015 at 1.30pm.

PRESENT

Chairperson	Her Worship the Mayor J Hardaker
Deputy Chairperson	Cr G Chesterman
Members	Cr M Forsyth
	Cr K Green
	Cr A King
	Cr D Macpherson
	Cr G Mallett
	Cr A O'Leary
	Cr L Tooman
	Cr E Wilson
	Cr P Yeung

In Attendance	Richard Briggs – Chief Executive
	Debra Stan-Barton – Acting General Manager City Environments
	Chris Allen – General Manager City Infrastructure
	Lance Vervoort – General Manager Community
	Sean Murray – Executive Director H3 and Events
	Blair Bowcott – Executive Director Special Projects
	Paul Condor – Chief Financial Officer
	Cherie Meecham – Museum Director
	Nicolas Wells – Strategic Property Unit Manager
	Luke O'Dwyer – City Planning Manager
	Nick Johnston – Strategic Advisor
	Communications Advisors

Also In Attendance	Paul Connell, Chair Audit and Risk Committee – Item 7 2014/15 Annual Report
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Committee Advisors	Mrs Jude Pani and Mrs Mary Birch
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Opening Prayers

The Opening Prayers were led by Bishop Steve Lowe from the Catholic Diocese of Hamilton.

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

That apologies from Councillors Gallagher and Pascoe, and Councillor Macpherson for lateness, be accepted.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Yeung)

That the Council confirm the agenda

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

Councillor Macpherson joined the meeting at 1.35pm at the conclusion of Item 3.

4. Public Forum

There were no speakers in the public forum.

5. Council Minutes - Open - 27 August 2015

Resolved: (Her Worship the Mayor Hardaker/Cr Wilson)

That Council confirms and adopts as a true and correct record the Open Minutes of the Council Meetings held on 27 August 2015.

Councillors King and Macpherson dissenting.

6. Recommendations to Council - Strategy and Policy Committee Meeting

The recommendations of the Strategy and Policy Committee meeting held on 22 September 2015 were presented by the Chair of the Strategy and Policy Committee, Councillor O'Leary.

Resolved: (Crs O'Leary/King)

1. Review of the Hamilton City Public Places Bylaw - Determination Report

- a) That Council determine that a bylaw continues to be the most appropriate mechanism to manage commercial activities in public places whilst ensuring pedestrian access and public safety is not compromised (Option 3, as detailed in paragraph 45 of the Committee report); and
- b) Should Council determine that a bylaw is the most appropriate way forward and should be put in place prior to revocation (25 February 2016), that:
 - i. Council note that a draft bylaw, in conjunction with a draft policy, be presented to the Strategy and Policy Committee on 3 November 2015 to be adopted for public engagement; and
 - ii. an Extraordinary Meeting of Council be convened on 3 November 2015 to adopt the bylaw for public engagement.

2. Trade waste and Wastewater Bylaw - Determination Report

That:

- a) Council determine that a combined trade waste and wastewater bylaw is the most appropriate mechanism to manage use of, and protect, the wastewater system; and
- b) Council note that staff will work with key stakeholders and draft a proposed trade waste and wastewater bylaw, to be presented to the Strategy and Policy Committee on 23 February 2016 to be adopted for public consultation.

7. 2014/15 Annual Report

Paul Connell, Chair of Audit and Risk Committee, presented this Item for the Council to approve the 2014/15 Annual Report.

Mr Connell commented that the process undertaken by the Audit and Risk Committee included a workshop session and concluded with the Committee on 16 September 2015 recommending that the Council adopt the 2014/15 Annual Report.

It was noted that the snapshot of Performance Measures, included at page 10 of the Annual Report needed to be cross referenced to later pages in the Report.

Mr Connell talked about the work currently being undertaken by the Audit and Risk Committee, with the following noted:

- There is a comprehensive bottom up approach to identify risks, responsibility lay with the Chief Executive. Risk identification was being reviewed currently.
- Councillors could contact Mr Connell, as the Chair of Audit and Risk Committee. Mr Connell would like to have more effective engagement with Elected Members.
- A Council briefing to discuss legislative compliance and risks was to be scheduled. This was looking at both operational and strategic risks.

Resolved: (Crs Wilson/Chesterman)

- a) That the report be received.
- b) That the 2014/15 Annual Report be approved by Council for the Mayor and Chief Executive to sign and present to Audit NZ.
- c) That the Mayor and Chief Executive be authorised to sign the Audit NZ Letter of Representation on behalf of Council.
- d) That the audit opinion be received.
- e) That the audited 2014/15 Annual Report and audited Summary Annual Report be adopted.

Those for the Motion:

Her Worship the Mayor Hardaker,
Councillors Forsyth, Chesterman, Yeung,
Mallett, Tooman and O'Leary

Those against the Motion:

Councillors King, Green, Wilson and
Macpherson

8. Resolution to Exclude the Public

Resolved: (Her Worship the Mayor Hardaker/Cr Chesterman)

Section 48, Local Government Official Information and Meetings Act 1987

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 - 27 August 2015) Good reason to withhold information exists under	Section 48(1)(a)
C2. Arts Forum Advisory Panel membership) Section 7 Local Government Official Information and Meetings Act 1987	
C3. Waikato Museum Art Collection)	
C4. Sale - Beggs Wiseman Building		

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 protect the privacy of natural persons	Section 7 (2) (a)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C3.	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C4.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)

That Bev Gatenby (Chief Executive), Dennis Turton (Operations Manager,) and Lynnette Flowers (Trustee) – Trust Waikato – remain in the Public Excluded session for part of Item C3 to provide information to the Council.

The Meeting moved into a Public Excluded session (2.10 to 2.57pm).

The Meeting was declared closed at 2.57pm.

Committee: Council

Date: 29 October 2015

Report Name: Notification of Ruakura
Variation to Proposed District
Plan

Author: Luke O'Dwyer

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Proposed District Plan</i>
Financial status	<i>There is budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils 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 brief elected members on the Ruakura Variation and the key issues associated with the project.
3. To obtain Council's resolution to notify the Ruakura Variation in accordance with the provisions of the First Schedule of the Resource Management Act 1991.
4. To confirm the approach for hearing and issuing decisions on the variation.

5. Executive Summary

6. Council resolved on 11 December 2014 to undertake a variation to the Proposed District Plan (PDP) for the Ruakura Structure Plan area.
7. Council staff has consulted with landowners and key stakeholders throughout the preparation of the Variation to explain the process and to identify issues of importance.
8. The Ruakura Board of Inquiry (BoI) decision recognized that components of the overall development envisaged within the Ruakura structure plan area are of national significance and the BoI's decision has had a strong influence on the drafting of the Variation.
9. A number of key issues have arisen through the drafting of the Variation which are also influencing the project.
10. These key issues include; managing the transition of existing rural residential areas to employment land over the long term; future development of land adjacent to the inland port; ensuring adequate protections are in place to protect the amenity of existing residents from future development; including planning mechanisms to ensure land can be developed without creating adverse impacts on the City's infrastructure; and providing for additional medium density residential land.
11. It is recommended that the Variation be approved for notification by Council.

12. It is also recommended that Council authorize the formation of a hearings panel comprising two independent commissioners to hear and make decisions in respect of the Variation. The recommended composition of the hearings panel is set out in this report.

13. Recommendations from Management

- a) That the report be received.
- b) That Council approves the Ruakura Variation (Attachment 1) for notification on 11 November 2015, pursuant to Section 73 of the Resource Management Act and Clause 5 of Part 1 of the First Schedule of the Resource Management Act 1991.
- c) That Council resolves to convene a hearings panel to hear, determine and make decisions on all matters relating to the Ruakura Variation once notified. It is further recommended that the hearing panel comprise two independent commissioners with qualifications and skills in strategic land use planning and/or infrastructure engineering (with one appointed as a chair).
- d) That the Chief Executive reports back to Council to appoint two suitably qualified independent commissioners as per recommendation (c).

14. Attachments

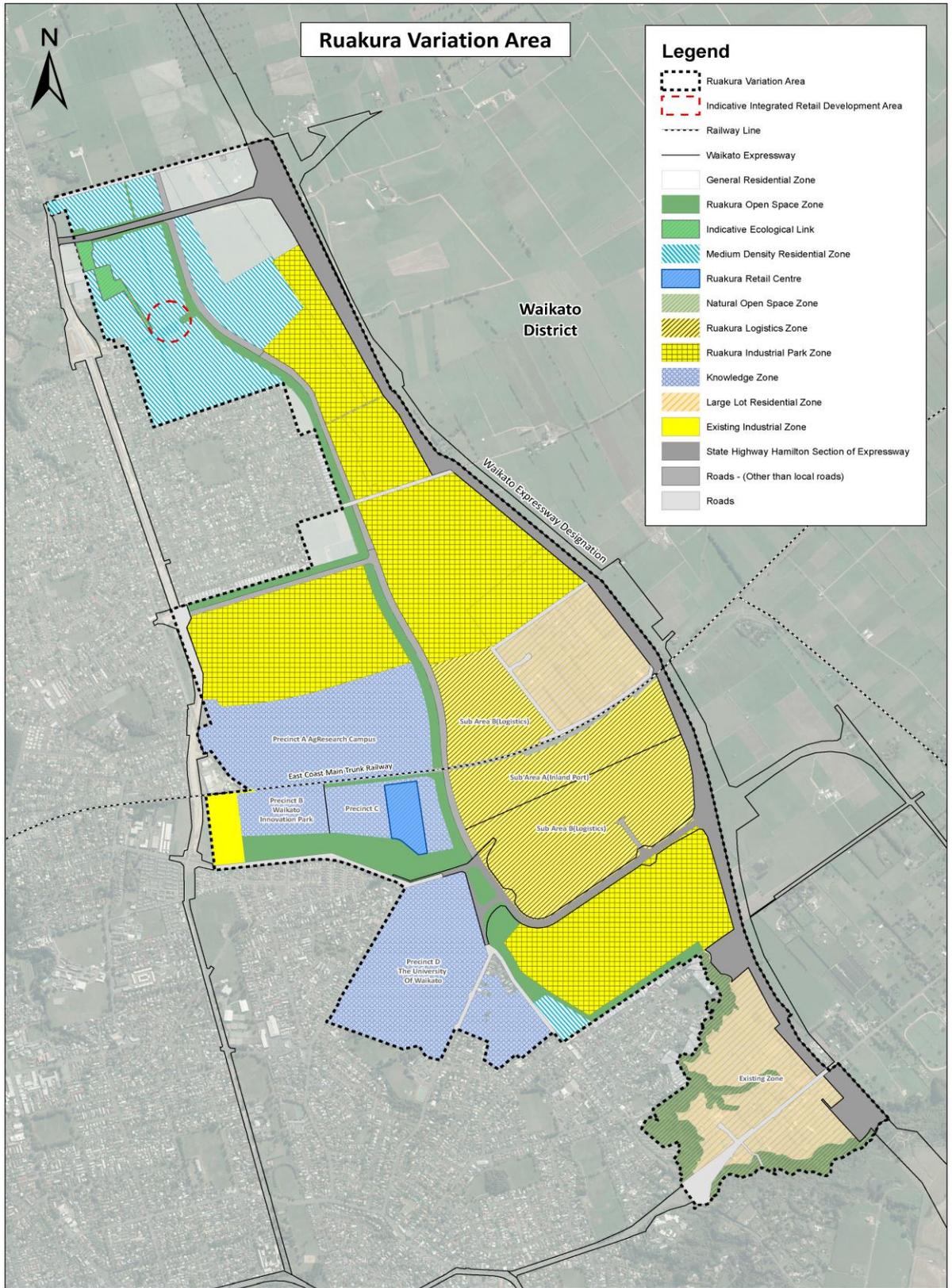
15. Attachment 1 - Variation Document (*Electronically available*)
16. Attachment 2 - Section 32 Report (*Electronically available*)
17. Attachment 3 - Landscape and Visual Analysis (*Electronically available*)
18. Attachment 4 - Property Analysis (*Electronically available*)
19. Attachment 5 - Transport Report (*Electronically available*)
20. Attachment 6 - Assessment against the Waikato-Tainui Environment Management Plan (*Electronically available*)

21. Background

22. The PDP was notified on 10 December 2012 and contained detailed planning provisions for the Ruakura Structure Plan area.
23. On 13 June 2013 Tainui Group Holdings (TGH) and Chedworth Properties Limited (CPL) submitted a private plan change request to the Operative District Plan (ODP) to the Environmental Protection Authority (EPA). The plan change request only applied to half of the Ruakura Structure Plan area.
24. The plan change was declared to be part of a project of national significance by the Minister for the Environment who directed the matter to be determined by a Board of Inquiry (BoI).
25. The plan change request was submitted to the EPA immediately prior to the commencement of hearings on the PDP relating to Ruakura in 2013.
26. To avoid unnecessary duplication and costs associated with running parallel planning processes, the previous Council resolved to suspend all PDP hearings relating to Ruakura until such time as the BoI made a final decision on the plan change.
27. The Ruakura BoI was held throughout May and June 2014.

28. In September 2014 the Bol issued its final decision on the plan change, which confirmed the land could be rezoned for the purposes of an inland port with supporting industrial, retail and residential development.
29. The Bol decision contains planning provisions that not only enable development at Ruakura, but also provide effective safeguards to protect the City's infrastructure and to maintain the amenity of nearby residents.
30. Council resolved on 30 October 2014 to formally approve the plan change as legally required.
31. Council resolved on 11 December 2014 to undertake a variation to the PDP to address the Bol decision and the deferred matters in the PDP.
32. A variation is required as the notified version of the PDP contained provisions for Ruakura which were very different to the Bol decision, and Council did not have scope to amend these provisions to fully align with the Bol's decision.
33. The geographic scope of the Variation is included in figure 1 below.

Figure 1 – Variation Area



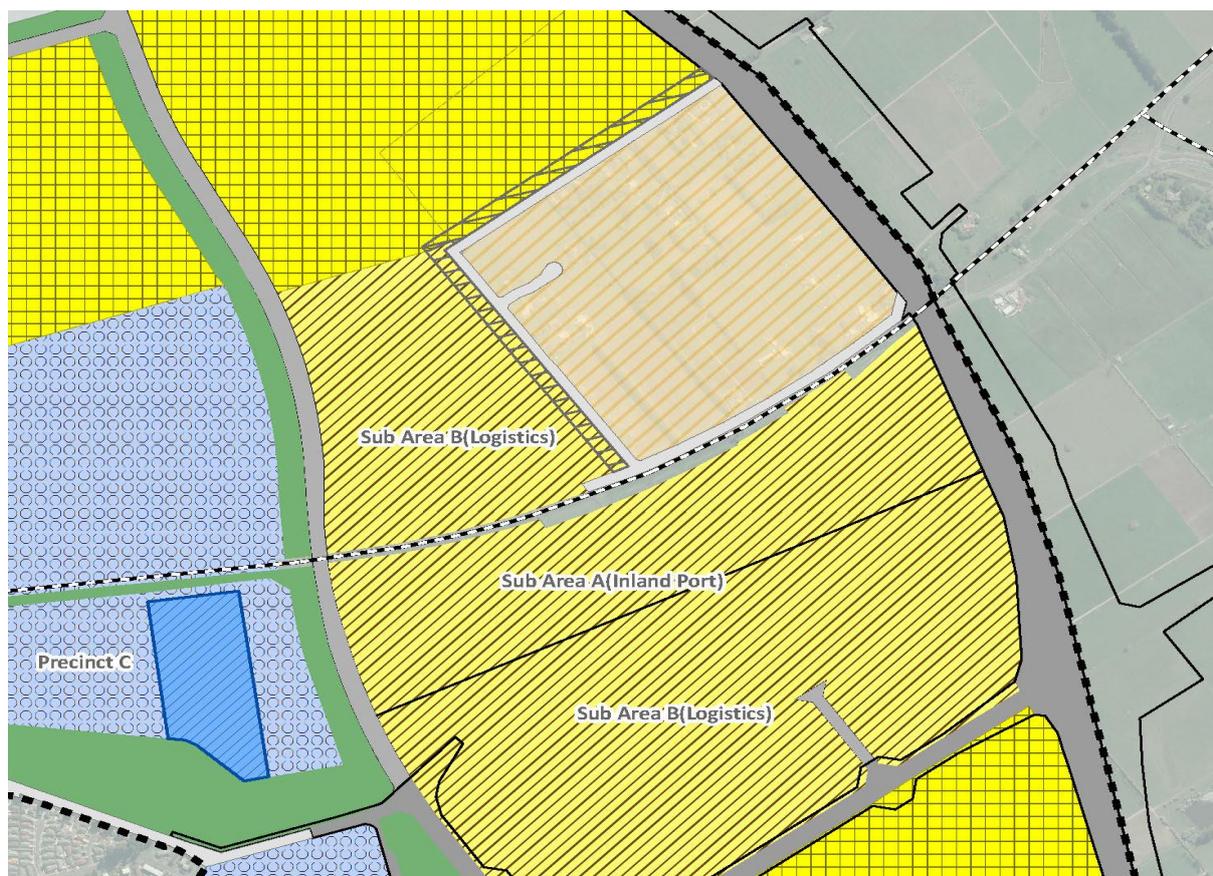
34. Stakeholder holder engagement during the preparation of the variation

35. Council staff has been working on the Ruakura variation since the commencement of 2015, with drafts of the Variation being produced and circulated with key stakeholders in mid 2015.
36. Council staff has met with a number of landowners and interested parties including; Waikato-Tainui, Ruakura Residents Group, Tainui Group Holdings, Chedworth Park Limited, Fairview Downs Residents Association, Waikato Regional Council, New Zealand Transport Agency, Waikato District Council, FutureProof, Waikato Innovation Park, AgResearch and the University of Waikato.
37. Meetings to date have indicated that most parties are generally supportive of and understand the need for a Variation.
38. Where possible, the views of these key stakeholders have been incorporated in to the draft Variation.
39. Stakeholder engagement will continue throughout the Variation process should Council resolve to notify the Variation.

40. Key issues

41. Five key issues have arisen through the drafting of the Ruakura variation, as outlined below.
42. Transitional arrangements for the rural residential area adjacent to the Inland Port
43. The rural residential area located to the north of the Inland Port was zoned Large Lot Residential when the last Council resolved to notify the PDP in December 2012, as outlined in the figure below.

Figure 2 – Large Lot Residential Area



44. At the time of notification the PDP also identified this area as transitioning to a logistics zone for employment purposes which would support the proposed inland port.
45. This long term transitional approach was adopted in the PDP to 'give effect' to the Proposed Waikato Regional Policy Statement (PWRPS).
46. The benefit of this two tier approach was that it provided certainty and continuity for existing rural residential land owners while simultaneously indicating the long term future of the area as it transitions to logistics land to support the development of the inland port.
47. A review of this approach by staff during the preparation of the Ruakura variation has confirmed that this approach is still appropriate.
48. The BoI process heard substantive evidence on the benefits of the inland port and the long term benefits of co-locating supporting logistics and industrial land uses adjacent to the inland port.
49. The co-location of these supporting land uses has the potential to enhance the benefits of the investments being made in the inland port infrastructure. The inland port was recognized as being nationally significant in terms of the economic, productivity and employment benefits arising from the project.
50. The BoI also heard evidence of the strategic locational benefits of the inland port being sited adjacent to the existing East-Coast Main Trunk railway line and the planned, consented and funded Hamilton Section of the Waikato Expressway, so as to leverage off the investments made by central government in these important pieces of transportation infrastructure.

51. A review of these strategic considerations during the variation process has indicated they are still relevant and that the need for the rural residential area to transition to another land use over the long term is valid.
52. Replicating the PDP position of recognizing the rural residential nature of the area located to the north of the proposed inland port provides certainty for the continued use of the land for rural residential purposes, whilst also recognizing that the long term intent for the area is for it to transition to other land uses as outlined under the current PWRPS framework.
53. Future development of land adjacent to the Inland Port
54. The PDP as notified identified a 2ha minimum net site area for subdivision within the residential enclave located to the north of the proposed inland port bound by Percival and Ryburn Road.
55. The relevant objectives and policies in the notified PDP sought to limit land fragmentation from occurring within the residential enclave.
56. During the preparation of the draft Variation Council staff reviewed this approach. After additional analysis and consultation with stakeholders staff are satisfied that the retention of the existing development entitlements (that is, subdivision provided for at standard of 5,000m² lots) is not inconsistent with the broader strategic planning outcomes envisaged for the structure plan area and can be accommodated.
57. The retention of a 5,000m² subdivision standard provides for the potential of an additional 25 lots. The proposed subdivision standard would allow for these lots to be developed as un-serviced rural residential properties while also providing the opportunity for the area to transition to future employment land as envisaged under the long term development framework contained in the structure plan.
58. Development of amenity protection provisions for the structure plan area
59. The BoI decision provided mitigation measures for the rural residential enclave to protect them from adverse impacts arising from the operation of the inland port.
60. However, the employment areas north of the east coast main trunk line that was proposed in the notified PDP were not considered in the BoI plan change.
61. Consequently, no mitigation was considered within these areas during the BoI process nor contained in the Board's final decision.
62. It is proposed to adopt a similar approach and scale of buffer treatment to what has already been provided for in the BoI decision for these areas.
63. The mitigation provisions being considered include a number of landscape buffer elements, such as building setbacks, vegetation buffers, use of existing plane trees and the existing corridor of Percival Road. These mitigation options will provide visual and amenity safeguards to the residents during the future growth of the surrounding Inland port and employment land.
64. The BoI decision also included an 'interface design control area' within the Inland Port and employment land areas that adjoin a main road, open space zone or is located within 50m of the Waikato Expressway. This area applies to development which is clearly visible to the public and controls in the BoI decision require development in these areas to satisfy urban design and landscape assessment criteria.

65. Staff is of the view that the concept of an interface design control area and the accompanying suite of provisions included in the BoI are appropriate and should be applied to the wider employment lands outside of the BoI decision to ensure quality urban development is delivered for the entire variation area.
66. Infrastructure assessments
67. The BoI considered the potential infrastructure impacts likely to arise from development within the plan change area
68. The final BOI decision identified the relevant strategic infrastructure requirements including water, waste water, stormwater and transport to support the land use being considered including thresholds for the use of existing infrastructure in the existing built environment. The BOI decision also included provisions to ensure Council could assess any infrastructure impacts at the time of development.
69. Work to date on the variation has confirmed that the approach the BoI took to infrastructure matters is still relevant and that it should be replicated in the final version of the variation.
70. Extension of the medium density housing area
71. The BOI decision confirmed 43 hectares of medium density residential development as part of the Plan Change at the north end of the Ruakura area.
72. The 43 hectares is held in single ownership by Chedworth Properties Limited (CPL). CPL owns an additional 22ha of land to the east of the planned spine road that was proposed as general residential land under the notified PDP.
73. Feedback received on the draft Ruakura Variation provisions from CPL sought a zoning change of their general residential land totalling approximately 22 hectares to a medium density residential zoning.
74. Under a general residential zoning it is estimated that approximately 208 dwellings could be developed. A change to a medium density residential zone has the potential to yield approximately 364 dwellings, which is an increase of 156 dwellings.
75. After careful analysis staff determined that this expanded medium residential density option could be supported.
76. Staff is of the view that this extension efficiently provides for residential growth at a scale that is comparable to the context of the site and provides a mechanism to deliver a higher yield which best utilises land zoned for residential in the city and provides a mix of typologies in Hamilton.
77. The area has locational advantages favorable to its intensification for residential development including good access to Wairere Drive and the Waikato Expressway and its ability to be serviced. Further, the area is close to employment areas planned around the inland port that is predicted to grow over next 10-20 years.
78. Additionally the extension of the medium density zone provisions aligns with the BOI decision were in paragraph 747 of the Board's decision it confirmed the following key advantages of the area, being 'the land is predominately flat, directly adjacent to existing residential development at Fairview Downs, it is 2.7km from the CBD, has excellent access to Wairere Drive arterial and proposed Wairere Drive interchange with the WEX and it has a large landholding that can be comprehensively developed comprising approximately 1,800 households' when referring to land west of the Spine Road. These same synergies apply to the land east of the Spine Road.

79. The scale of the zoning change could theoretically result in a development density of 28 dwellings per hectare which is not considered to have an adverse impact on the infrastructure capacity or traffic generation at Ruakura.
80. Potential infrastructure impacts have been assessed by CPL and the technical analysis undertaken by them in support of the medium density extension has been validated by Council staff.

81. Hearings and delegations

82. In accordance with best practice, it is impractical for full Council to hear submissions and make decisions on the proposed variation. The hearing is likely to take some weeks to complete and with deliberations and writing of the decisions it is likely to take approximately one month of full Council time. Accordingly, it is recommended that full Council delegate its hearing and decisions making functions in respect of the variation.
83. Sections 34, 34A and 39B of the Resource Management Act 1991 outline the delegation powers and functions available to Council and state that if Council's functions are delegated, only accredited persons can hear and make decisions on a variation.
84. It is recommended that Council authorizes the formation of a hearing panel comprising two independent commissioners with qualifications and skills in strategic land use planning and / or infrastructure engineering. It is further recommended that one of the two independent commissioners be appointed chair of the hearing panel.

85. Project timing

86. At this time hearings on the variation are likely to commence no earlier than late May 2016.

87. Financial and reporting implications

88. There is budget allocated for this project to the notification stage in the existing City Planning allocations for 2015/2016.
89. The project has a budget of approximately \$50,000, of which approximately \$30,000 has been spent to date.
90. The anticipated cost to get the Variation through the hearing and decision process is estimated to be approximately \$81,150 ex GST, consisting of:
 - Commissioner costs - \$60,000
 - Hearing equipment costs - \$3,975
 - Hearing administration costs - \$9,600
 - Venue hire - \$7,575
91. This estimate has been benchmarked against actual costs incurred through the PDP hearings process, and assumes two independent commissioners sitting in tandem for a three week period and also writing up decisions. The estimated costs anticipated to be incurred throughout the process can be accommodated in the City Planning 2015/16 budget.
92. Additional costs may be incurred throughout the notification process depending on the number and nature of submissions. Once substantive issues have been identified through the hearing process these costs can be estimated and reported back to Council.

93. Risk

- 94. The Bol was a robust and highly participatory process for a part of the City that was recognized as being nationally significant.
- 95. The Board was comprised of highly competent and well regarded legal and technical experts to hear and make decisions.
- 96. The Board heard extensive expert evidence on the merits of the future development in Ruakura and concluded that the area should be developed over the long term for a range of employment and residential land uses.
- 97. The Bol decision exerts a strong influence on the drafting of the Ruakura variation.
- 98. To deviate from the strategic directions of the Bol decision would present a risk to Council in that it would be departing from an established planning framework that was only recently settled through a process that is equivalent in stature to the Environment Court.
- 99. Completing the variation in accordance with the directions of the Bol will also remove the uncertainty for all land owners and stakeholders in the area while also finalising the land use planning framework for a significant part of the City.

Signatory

Authoriser	Debra Stan-Barton, Planning Guidance Manager
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Committee: Council

Date: 29 October 2015

Report Name: Waikato Sub-Regional Waters
Study - Next Steps

Author: Blair Bowcott

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>2015-25 Long Term Plan – Review of Service Delivery</i>
Financial status	<i>There is no budget allocated to fund the \$175,000 costs associated with the next stage of the Waters Study. This cost will need to be funded through the Risks and Opportunities process.</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils 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 approve further analysis on important decision making and shareholding arrangements in relation to a Waters Council Controlled Organisation for Hamilton City, Waikato and Waipa District Councils.

3. Executive Summary

- The proposal for Hamilton City Council, Waikato District Council and Waipa District Council to work cooperatively on the delivery of water services has been the subject of a detailed business case. The business case concluded there would be substantial financial and non-financial advantages if the three Councils worked more closely together through the vehicle of a Council Controlled Organisation (CCO). Hamilton City Council considered this matter on [30 July 2015](#) and resolved to support in principle the formation of a Waters CCO.
- A number of issues (identified in Attachment 1) require further investigation and agreement in order for the three Councils to develop a fully informed proposal for public consultation. It is proposed work on addressing these issues commence immediately, with the intention of achieving a consensual record of agreement between the Councils by 30 June 2016.
- To achieve this, Council approval is sought to re-establish the Waters Governance Group (WGG) based on a new Terms of Reference (see Attachment 2), and to approve a budget of \$350,000 to engage specialist advice and the production of associated documentation.

7. Recommendations from Management

- a) That the report be received;
- b) That Council support the establishment of a Hamilton City Council, Waikato District Council and Waipa District Council Waters Governance Group to address the issues in Attachment 1 of this report and any other associated issues, in accordance with the Terms of Reference outlined in Attachment 2 of this report;
- c) Council appoint [*Elected Member*], [*Elected Member*] and [*Elected Member*] to the Waters Governance Group;
- d) Council agree to a combined budget of \$350,000 being allocated to the Waters Governance Group to undertake investigations into the issues identified in Attachment 1 of this report “Issues to be resolved prior to public consultation” and such other issues as may be identified, to report back on those investigations and to work towards the completion of a record of agreement between all three Councils by 30 June 2016;
- e) Hamilton City Council fund 50% (\$175,000) of the approved budget and Waikato and Waipa District Councils fund 25% (\$87,500) each of the approved budget;
- f) Hamilton City Council’s share of the funding for this project (\$175,000) will be addressed through the Risks and Opportunities process for the 2015/16 year.
- g) Council delegate authority to the Chief Executive to engage specialist advice as required.

8. Attachments

9. Attachment 1 - Issues to be resolved prior to public consultation
10. Attachment 2 - Waikato Water Study Governance Group: Terms of Reference

11. Key Issues

12. Background

13. Hamilton City Council, Waikato District Council and Waipa District Council have each resolved to support further exploration of a CCO for water, waste water and (on a contractual basis) stormwater services.
14. Each Council has recognised further analysis is required before a fully informed proposal will be ready for a formal public consultation process. An indicative list of issues to be resolved is in Attachment 1. In particular, greater certainty is required in relation to the decision-making framework and shareholding arrangements, amongst other matters.

15. Governance Group

16. It is proposed that a Waters Governance Group (WGG) be established to assist in considering the issues identified in Attachment 1 and any other issues that require resolution. The WGG, working alongside the existing Waters Project Group (WPG), will be essential to achieving a consensus position on each issue prior to reporting back to individual Councils on a progressive basis for discussion and consideration.
17. Recommendations made by the re-constituted WGG and endorsed by individual Councils will establish the essential elements that determine how the proposed Waters CCO will function. It is therefore recommended that membership of the WGG be expanded to comprise three elected members from each Council. Unlike the previous WGG, it is not considered necessary to include a representative from Waikato Regional Council.

18. Output

19. The proposed output of this phase of the project will be a consensus agreement adopted by each of the three Councils along with clear information for the public concerning how a Waters CCO could potentially operate in the Waikato sub-region. It is intended that the information developed will be sufficient to inform a Statement of Proposal, should the three Councils choose to proceed to formal public consultation. The consensus agreement is intended to be provided by the end of June 2016.

20. Financial and Resourcing Implications**21. 2015/16**

22. To complete the work required in the 2015/16 financial year, a budget of \$350,000 is required. This includes a contingency provision of \$50,000. The budget reflects the complexity of the issues and the need for specialist guidance. It covers specialist advice, legal guidance and opinions, financial analysis, project management and the production of associated documentation. This cost forms part of the overall implementation costs of the CCO, estimated by Cranleigh to be in the order of \$10.3 million.
23. A number of WGG workshops will be required plus considerable engagement with staff across all three councils to methodically work through the issues ahead, prior to bringing matters back to Council.
24. There is a need to engage specialist advisors to support staff and the WGG. Due to the nature of the work and the timeframes available, it is proposed three selected consultants are approached to obtain proposals for the next stage, and that the three Council Chief Executives be delegated authority from their Councils to engage the most appropriate advisor. This will provide transparency and cost competitiveness but also minimise delays. The procurement processes of all three Councils allow negotiated direct engagement, subject to meeting delegation requirements.
25. As per the cost split followed to date on this project, it is proposed the \$350,000 be spread as follows:

Hamilton City Council	\$175,000	50%
Waikato District Council	\$87,500	25%
Waipa District Council	\$87,500	25%

26. Council's share of the project is currently unfunded and would be addressed through Risks and opportunities in the 2015/16 year. This can be funded from the expected \$0.5m interest savings due to the lower than expected opening debt position and improved year-to-date financial results.
27. The estimate for this phase of work excludes staff costs for each Council. It is acknowledged that staff time involved in the project, and thus the staff costs, will be significant but this is very difficult to estimate. Given the importance placed on this project, significant input will be required from the Executive Director Special Projects, General Manager Infrastructure, City Waters Manager, CFO/General Manager Corporate and senior Finance staff. No additional staff costs are anticipated to be incurred by Hamilton City council.
28. No allowance has been made for any work that may be commissioned by an individual Council for its own benefit.

29. 2016/17

30. The costs of public consultation will fall into the 2016/17 and later financial years, and will be budgeted separately. Formal public consultation is not proposed within the current financial year.

31. Risk

32. None of the Councils have the necessary range of specialist skills available in-house, notwithstanding that the WPG and other staff (e.g. finance staff) will be required to contribute time to this project. Not securing the appropriately skilled external assistance to support staff and Elected Members through the phase could result in delays in meeting project deadlines, significant rework and associated cost increases.
33. The target deadline of 30 June 2016 is only considered achievable on the basis that WGG members are reasonably available, that individual Council decisions on key issues are reached promptly and that consensus on all matters can be reached. Failure to meet any of these criteria will put the target date of 30 June 2016 at risk.
34. Project risks will be managed by the WPG and regularly reported to the WGG.

Signatory

Authoriser	Blair Bowcott, Executive Director Special Projects
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Issues to be resolved prior to public consultation

Issue

- Agreed asset valuation methodology.
- Agreed treatment of existing council debt, development contributions and reserves.
- Agreed approach to 'consideration' – the balance of cash, shares and shareholder loans.
- The debt/equity position of the CCO.
- The proposed capital expenditure programmes of each Council in their LTP and any capex necessary to address deferred growth or compliance issues and how this is reflected in shareholding levels.
- The decision-making framework, including the respective roles of the CCO Board and shareholders with respect to:
 - Voting thresholds for different types of decisions.
 - Alignment to shareholder's strategic plans and objectives.
 - Debt levels, security and source of borrowing.
 - Approval of the capital works programme.
 - Changes in tariff structures and/or tariff levels.
 - Any extra-ordinary revenue requirements for major/material transactions.
 - Complaints and feedback process between CCO and shareholders (and especially elected members).
 - Appointment of directors.
 - Constitution, statement of intent and letter of expectation.
- How the shareholders make decisions, including a possible shareholders committee and the nature and extent of delegations to that committee and including the appointment of Directors.
- The treatment of future assets vested by either developers or shareholders, including any consideration to shareholders.
- The basis and future significance of shareholding.
- Shareholder entry and exit provisions – including trigger points, treatment of assets and liabilities, vesting of assets on dissolution etc.
- The option to allow new shareholders and how this would be addressed.
- The role of the CCO in providing infrastructure to support council economic development objectives – including the sequencing and timing of capital works and supply of water and wastewater, how integrated planning takes place and how competing shareholder aspirations are resolved.

- Approach to tariff structures and water conservation, including:
 - Consistency of philosophy and principles.
 - Tariff harmonisation parameters and transition.
 - Hardship, debt recovery and disconnection policies.
 - Shareholder consultation/approvals.
- Alignment of council development contributions and CCO connection charges.

Note: The above is not an exhaustive list.

Waikato Water Study Governance Group: Terms of Reference

Purpose

Hamilton City Council, Waikato District Council and Waipa District Council have each agreed to further investigate the formation of a ratepayer owned, Council controlled organisation for the delivery of water, waste water and (on a contractual basis) stormwater. The purpose of the Waters Governance Group (WGG) is to maintain political oversight of the project and to provide political direction.

Membership

The Group will consist of three elected members from each council. Decisions will be made by consensus.

Meetings

The Group will meet as required for the duration of the project.

Specific Roles and Delegations

The WGG is not a Joint Committee. Specific roles of the WGG include:

- Discussion and direction-setting on behalf of the three Councils to develop a record of agreement for consideration and adoption by each Council concerning establishment considerations for a Waters CCO.
- Ensuring that issues of public interest (which can be reasonably expected to arise in the course of public consultation in relation to the establishment of a Waters CCO) are identified and a mutually agreed position is adopted by each of the three Councils.
- Presenting the proposed record of agreement for adoption by each Council no later than 30 June 2016.
- Approving, for consideration by each Council, any public documentation produced to communicate the record of agreement.
- Ensuring Iwi are kept informed and involved in the project.
- Providing direction on issues as they arise throughout the project.
- Managing the allocated budget and overseeing the project's performance against budget.
- Reporting progress to each council.

Relationship With Waters Project Group

The WGG will receive reports from the Chair of the Waters Project Group on a regular basis.

Committee: Council **Date:** 29 October 2015

Report Name: Consideration and Approval of HCC's Draft Submission to LGNZ's Final Position Paper 'Improving New Zealand's Water and Wastewater and Stormwater Sector' **Author:** Mark Brougham

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>HCC's process for developing submissions to external organisations.</i>
Financial status	<i>There is no budget allocated or financial implications with this report</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils 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

- For Council to consider and approve HCC's submission to Local Government New Zealand's final position paper 'Improving New Zealand's Water and Wastewater and Stormwater Sector'.

3. Executive Summary

- On 1 October 2015 Local Government New Zealand (LGNZ) released its final position paper 'Improving New Zealand's Water and Wastewater and Stormwater Sector' to the sector for review and feedback.
- LGNZ has consulted extensively in the preparation of the position paper with its members, Government and other stakeholders.
- There has been general agreement during the process that maintaining the status quo is not an option and that change is needed. The final position paper therefore provides views on deliverables of a fit for purpose water sector and three potential models for sector oversight.
- LGNZ has briefed key Government stakeholders and has released the position paper to its members for feedback, with the closing date for submissions being 30 October 2015.
- LGNZ's National Council will consider submissions at its final meeting of the year.
- A brief article on LGNZ's final position paper was included in the 6 October 2015 Executive Update.
- An initial draft submission has been circulated to Elected Members for comment. Any feedback received has been incorporated into the draft submission included with this report.

11. Recommendations from Management

- a) That the report be received.
- b) That HCC's draft submission to LGNZ's final position paper 'Improving New Zealand's Water and Wastewater and Stormwater Sector' be considered and approved.
- c) That following approval, HCC's final submission be sent to LGNZ to meet the 30 October 2015 submission closing date.
- d) That subsequent to Council's submission is sent to LGNZ, the final submission be uploaded to HCC's website.
- e) That local Members of Parliament be advised of and encouraged to support HCC's submission to LGNZ adopted at the 29 October 2015 Council meeting.

12. Attachments

13. Attachment 1 - HCC Draft Submission to LGNZ's Final Position Paper "Improving new Zealand's Water and Wastewater and Stormwater Sector

Signatory

Authoriser	Blair Bowcott, Executive Director Special Projects
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Draft



Te kaunihera o Kirikiriroa

Private Bag 3010
Hamilton
New Zealand

Phone 07 838 6699
Fax 07 838 6599

info@hcc.govt.nz
www.hcc.govt.nz

Submission by

Hamilton City Council

Final Position Paper 'Improving New Zealand's Water and Wastewater and Stormwater Sector'

29 October 2015

1.0 INTRODUCTION

- 1.1 The October 2015 final position paper by Local Government New Zealand (LGNZ) proposes a 'strong sector-led approach' to put in place an improved regulatory framework to address key identified issues. Three options for local government consideration and feedback include (1) A multi-lateral contract or deed (2) A co-regulatory model, and (3) Utilisation of a 'possible' Local Government Risk Agency.

2.0 GENERAL COMMENT

- 2.1 Hamilton City Council (HCC) is in general agreement with LGNZ's final position paper, the issues described and key outcomes sought.
- 2.2 In recognition of the current and future issues facing the Waikato sub-region, HCC, with sub-regional partners Waipa and Waikato District Councils, commissioned an independent study in 2014 to determine if the 3 waters could be managed and governed in a different way that would generate demonstrable qualitative and financial benefits for everyone across the sub-region. Retaining the status quo, enhanced shared services and forming a council owned CCO have been considered. At the time of this submission, further investigations into the formation of a council owned CCO are continuing.
- 2.3 HCC supports a sector-led approach and supports, in principal, all three options presented in the final position paper to improve the water sector industry. HCC also supports the development of further institutional design detail on options presented and remains an interested party in further collaboration.
- 2.4 HCC also recommends that 'structural' change in delivery of water services be advanced as another option. The independent study showed that there was a strategic case for change with significant opportunity to improve reliability, quality and resilience while reducing costs in the water sector. Reform in this area has merit as a

fourth option and should be considered for further analysis. Reports supporting structural change can be accessed at <http://www.waterstudywaikato.org.nz/>

- 2.5 HCC agrees that the other approaches of 'enhanced status quo' and 'economic regulation' will not meet all key outcomes and considers that economic regulation is not a step required at this time due to the key identified issues not being monopoly type issues. Economic regulation may also potentially limit the benefits that could be realised through a Waikato sub-regional CCO i.e. limit the ability of a CCO to direct resources to meet sub-regional objectives.
- 2.6 While the final position paper highlights the potential challenges of obtaining local authority agreement to provisions of a multi-lateral contract (Option 1), HCC would like it noted that it would agree to participation in this type of contract, but that any institutional design needs to accommodate a range of water alliance structures.

3.0 FURTHER INFORMATION

- 3.1 Should LGNZ require clarification of the points raised by HCC, or additional information, please contact Blair Bowcott (Executive Director Special Projects) on 07 958 5987, email blair.bowcott@hcc.govt.nz in the first instance.

Yours faithfully

Richard Briggs
CHIEF EXECUTIVE

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Council Minutes - Public Excluded - 24 September 2015) Good reason to withhold information exists under) Section 7 Local Government	Section 48(1)(a)
C2. City Honours) Official Information and) Meetings Act 1987)	

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.	As noted in the 24 September Agenda	Section 7 (2) (a)
Item C2.	to protect the privacy of natural persons	Section 7 (2) (a)