



## Notice of Meeting:

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

**Date:** Tuesday 11 February 2025  
**Time:** 9:30 am  
**Meeting Room:** Council Chamber and Audio-Visual Link  
**Venue:** Municipal Building, Garden Place, Hamilton

Lance Vervoort  
Chief Executive

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## Council *Kaunihera* OPEN AGENDA

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### Membership

**Chairperson** Mayor Paula Southgate  
*Heamana*

**Deputy Chairperson** Deputy Mayor Angela O'Leary  
*Heamana Tuarua*

<b>Members</b>	Cr Maxine van Oosten	Cr Geoff Taylor
	Cr Moko Tauariki	Cr Sarah Thomson
	Cr Ewan Wilson	Cr Emma Pike
	Cr Mark Donovan	Cr Maria Huata
	Cr Louise Hutt	Cr Anna Casey-Cox
	Cr Andrew Bydder	Cr Kesh Naidoo-Rauf
	Cr Tim Macindoe	

**Quorum:** A majority of members (including vacancies)

**Meeting Frequency:** Monthly – or as required

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Amy Viggers  
*Mana Whakahaere*  
Governance Lead

**31 January 2025**

Telephone: 07 838 6699  
Amy.Viggers@hcc.govt.nz  
www.hamilton.govt.nz

## 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<sup>1</sup>:
  - 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.
  - 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 does 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 1991.
  - d) Adoption of governance level strategies plans and policies which advance Council's vision and strategic goals.

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<sup>1</sup> [Clause 32, Schedule 7, Local Government Act 2002](#)

- 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.
- i) Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO or CO.
- j) Approval of city boundary changes, including in respect of Strategic Boundary Land Use Agreements.
- k) Approval of Activity Management Plans.
- l) Sister City relationships.

**Oversight of Strategies, Plans and Reports:**

- Long Term Plan
- Annual Plan
- Annual Report
- Shaping Hamilton Kirikiriroa Together
- Our Climate Future
- He Pou Manawa Ora

**Oversight of Policies and Bylaws:**

- *Corporate Hospitality and Entertainment Policy*
- *Delegations to officers specific to the Resource Management Act 1991*
- *Delegations to Positions Policy*
- *Elected Members Support Policy*
- *Significance and Engagement Policy*
- *Climate Change Policy*
- *Any Community Engagement Policies*

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**1 Apologies – *Tono aroha***

**2 Confirmation of Agenda – *Whakatau raarangi take***

The Council to confirm the agenda.

**3 Declaration of Interest – *Tauaakii whaipaaanga***

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 – *Aatea koorero***

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 five 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 6699.

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## Council Report

**Committee:** Council

**Date:** 11 February 2025

**Author:** Amy Viggers

**Authoriser:** Michelle Hawthorne

**Position:** Governance Lead

**Position:** Governance and Assurance  
Manager

**Report Name:** Confirmation of the Council Open Minutes 12 December 2024

<b>Report Status</b>	<i>Open</i>
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### **Staff Recommendation - *Tuutohu-aa-kaimahi***

That the Council confirm the Open Minutes of the Council Meeting held on 12 December 2024 as a true and correct record.

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Council Open Unconfirmed Minutes of 12 December 2024

Council 12 DECEMBER 2024 - OPEN



Item 5

## Council Kaunihera OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 12 December 2024 at 9:32am.

### PRESENT

<b>Chairperson</b>	Mayor Paula Southgate
<b>Heamana</b>	
<b>Deputy Chairperson</b>	Deputy Mayor Angela O’Leary
<b>Heamana Tuarua</b>	
<b>Members</b>	Cr Maxine van Oosten Cr Moko Tauariki (via Audio Visual) Cr Ewan Wilson Cr Mark Donovan Cr Louise Hutt Cr Andrew Bydder Cr Tim Macindoe Cr Geoff Taylor Cr Sarah Thomson Cr Emma Pike Cr Maria Huata Cr Anna Casey-Cox Cr Kesh Naidoo-Rauf

**External Presenters** Peter Winder, consultant

*Kaumatua Tame Pokaia opened the meeting with a karakia.*

- Apologies – Tono aroha**  
There were no apologies.
- Confirmation of Agenda – Whakatau raarangi take**  
**Resolved:** (Mayor Southgate/Cr van Oosten)  
That the Council confirms the agenda noting the debate time for Item 13 (Local Water Done Well – Flushing out the options) will be increased to 3 minutes.
- Declarations of Interest – Tauaakii whaipanga**  
No members of the Council declared a Conflict of Interest.
- Public Forum – AAtea koorero**  
Not Applicable.

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**5. Confirmation of the Extraordinary Council Open minutes 23 October 2024**

**Resolved:** (Cr Wilson /Cr Macindoe)

That the Council confirm the Open Minutes of the Extraordinary Council Meeting held on 23 October 2024 as a true and correct record.

**6. Confirmation of the Council Open Minutes 31 October 2024**

**Resolved:** (Cr Wilson/Cr Pike)

That the Council confirm the Open Minutes of the Council Meeting held on 31 October 2024 as a true and correct record.

**7. Confirmation of the Extraordinary Council Open minutes 3 December 2024**

**Resolved:** (Cr van Oosten/Cr Naidoo-Rauf)

That the Council confirm the Open Minutes of the Extraordinary Council Meeting held on 3 December 2024 as a true and correct record.

**8. Confirmation of the Elected Member Open Briefing Notes 30 October 2024**

**Resolved:** (Cr Macindoe/Cr Huata)

That the Council confirm the Open Notes of the Elected Member Briefing held on 30 October 2024 as a true and correct record.

**9. Confirmation of the Elected Member Open Briefing Notes 6 November 2024**

**Resolved:** (Cr Donovan/Cr Naidoo-Rauf)

That the Council confirm the Open Notes of the Elected Member Briefing held on 6 November 2024 as a true and correct record.

**10. Confirmation of the Elected Member Open Briefing Notes 13 November 2024**

**Resolved:** (Deputy Mayor O'Leary/Cr Hutt)

That the Council confirms the notes of the Elected Member Open Briefing held on 13 November 2024 as a true and correct record.

**11. Confirmation of the Elected Member Open Briefing Notes 20 November 2024**

**Resolved:** (Cr van Oosten/Cr Naidoo-Rauf)

That the Council confirms the notes of the Elected Member Open Briefing held on 20 November 2024 as a true and correct record.

**12. Chair's report**

Mayor Southgate spoke to the report highlighting the extraordinary year in terms of achievements and thanked staff and Elected Members for their work.

**Resolved:** (Mayor Southgate/Deputy Mayor O'Leary)

That the Council receives the report.

**13. Local Water Done Well - Flushing out the options**

The Chief Executive, General Manager Infrastructure and Assets and the consultant spoke to the report highlighting partnership opportunities and central government reform. Staff responded to questions from Elected Members concerning resilience to climate change, water meters, staff

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roles, Council Controlled Organisation structure, and potential benefits.

**Resolved:** (Mayor Southgate/Deputy Mayor O'Leary)

That the Council:

- a) receives the report and Local Water Done Well Business Case (**Attachment 1**) comparing options for the future of water services delivery for Hamilton;
- b) notes that the options presented in the business case incorporate:
  - i. the requirement for Councils to achieve financial sustainability for three waters by 30 June 2028, by demonstrating sufficient revenue, sufficient investment, and sufficient financing;
  - ii. a revised capital works programme reflecting the staff view of what is needed to meet the requirement for sufficient investment and responding to urban growth and development;
  - iii. the best available information at the time, suitable for comparing the options, noting that the Local Government Water Services Bill (Bill 3) and other policy, will mean further adjustments are required;
  - iv. the Council continuing to be responsible for stormwater (though in the options for a Council Controlled Organisation stormwater services are provided to the Council by the Council Controlled Organisation);
  - v. the introduction of target rates for water, wastewater and stormwater from 2025/26; and
  - vi. updated financial assumptions for interest and inflation.
- c) notes the clear long-term advantages of a regional or sub-regional Council Controlled Organisation to support the health of the area, boundaryless growth, and provide long term solutions to waters infrastructure and water services delivery;
- d) approves, as a first step towards a regional entity, the preferred option for public consultation as a Joint Hamilton City Council and Waikato District Council waters Council Controlled Organisation (Option C), for the delivery of water services (pending Waikato District Council approval on 13 December); noting the Council Controlled Organisation will own water and wastewater assets and provide stormwater services; and will have the ability to partner or join with other water service providers;
- e) requests staff, subject to the above decisions, continue to work closely with Waikato Waters Done Well, and other partners, to progress the positive regional conversations already underway to maintain alignment for a regional waters solution;
- f) notes that, should Waipā District Council resolve to partner, both Councils will work with them to enable them to do so;
- g) approves the Record of Agreement in **Attachment 2** as the agreement between Hamilton City Council and Waikato District Council setting out the intentions and commitments of both Councils, the design of the joint Council Controlled Organisation, and the nature of shareholder decisions;
- h) notes Hamilton City Council must consult with the public on options for Local Water Done Well, including its preferred option and the status quo (referred to in this report as an Internal Business Unit), as outlined in the Local Government (Water Services Preliminary Arrangements) Act 2024;
- i) approves the revised capital works programme in **Attachment 3** for the purposes of consultation; noting all options include the introduction of universal water meters to support more efficient use of water and align with a five-year transition period for moving from capital value-based rates to volumetric water charges;

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- j) notes that, should the Council confirm the preferred option of a Council Controlled Organisation following public consultation, the expected establishment costs are estimated at around \$6 million, with costs to be debt funded by Hamilton City Council and transferred to the Council Controlled Organisation on establishment;
- k) delegates authority to the Mayor and the Chief Executive to approve a submission to the Select Committee for further legislation to establish the enduring settings for the new water services system, including the Local Government Water Services Bill, expected to be introduced in December 2024, and any other changes that arise, if the due date for submissions is on or before the 11 February 2025 Council meeting;
- l) requests staff to provide the following to the Council meeting on 11 February 2025:
  - i. key elements of Bill 3, and any other related matters, and Hamilton City Council's submission (if relevant);
  - ii. any impacts on financial modelling as a result of Bill 3 and any other adjustments required;
  - iii. proposed changes to the Revenue and Finance policy for consultation;
  - iv. an update on work with Waikato District Council and, if relevant, Waipā District Council; and
  - v. an update on consultation and engagement;
  - vi. draft consultation material.

**The meeting was adjourned from 10.58am to 11.24am.**

#### **14. 2024-34 Long-Term Plan Amendment and 2025/26 Annual Plan**

The Corporate Planning Lead and Corporate Planning & Advocacy Manager spoke to the report noting the waters decision leading to an amendment to the Long-Term Plan, targeted water rates, financial contributions and Annual Plan proposals. Staff responded to questions from Elected Members concerning targeted water rates, local body elections, financial modelling and cost of waters.

**Resolved:** (Mayor Southgate/Deputy Mayor O'Leary)

That the Council:

- a) receives the report;
- b) approves the updated assumptions on inflation (as shown in Graphs 1 and 2) and interest costs (Graph 3);
- c) requests staff prepare the draft Annual Plan budget for consideration by the Council at its 11 February 2025 meeting that reflects the waters delivery position and changes noted or agreed in this meeting, and further information be included concerning the following proposals:
  - i. 2025 Local Body Election: 'Be the vote that make Kirikiriroa count';
  - ii. Local Alcohol Policy
  - iii. DC grant for small-scale community development
  - iv. Addressing illegal dumping; and
  - v. smart bin trial;
- d) approves for the purposes of preparing a draft Annual Plan budget, the separation of revenue for each of the water services into new targeted rates as below from 1 July 2025, set on a capital value basis and in such a way as to ensure as close as possible alignment to the current distribution of rates between properties:
  - i. a water supply targeted rate;
  - ii. a wastewater targeted rate; and
  - iii. a stormwater targeted rate;

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- e) approves for the purposes of preparing a draft Annual Plan budget, the removal of the following from 1 July 2025:
  - i. the Government compliance rate;
  - ii. the service use water rate;
  - iii. the service use wastewater rate; and
  - iv. the 'other' category of general rate;
- f) requests staff, in light of d) and e) above, to make amendments to the following, in order to give effect to the separation of rates for water services, for consideration by the Council on 11 February 2025:
  - i. Funding Needs Analysis;
  - ii. Revenue and Financing Policy; and
  - iii. Rating Policy;
- g) requests staff to consider the feasibility and implications of using the update of the Revenue and Financing Policy referred to in f) ii. above to enable expanded use of Financial Contributions under the District Plan as provided for in Plan Change 12;
- h) approves the 'residual Council' finances should be the primary lens for considering Council's finances, including the 'balancing the books' metric, if an asset-owning Council Controlled Organisation is established;
- i) approves to consult on only water delivery options (as referred to in the Local Water Done Well report being considered at this meeting) and as well as changes to the Revenue and Financing Policy referred to in f) ii. above, and will adopt an 'inform' approach to communication of the Annual Plan;
- j) notes the following:
  - i. the Long-Term Plan Amendment and financial strategy assumptions that were approved by the Council on 31 October 2024;
  - ii. changes in the policy and legislative settings for Local Water Done Well including economic regulation may require changes to the draft 2025/26 Annual Plan;
  - iii. the legal advice received regarding the interaction between the relevant sections of the Local Government Act 2002 and Local Government (Water Services Preliminary Arrangements) Act 2024 with regard to giving effect to Council's decisions on Local Water Done Well;
  - iv. the final decision on the water services model, following community consultation, will be incorporated in a 'consequential amendment' to the Long-Term Plan as required;
  - v. the possibility that an audit of the consequential amendment may be required, notwithstanding the Department of Internal Affairs' policy intent for this not to be required;
  - vi. other changes Council makes to what was set out for Year 2 of the 2024-34 Long-Term Plan will be delivered through the 2025/26 Annual Plan;
  - vii. the removal of NZTA subsidy from transport budgets for Year 2 (essentially moving to local share only) and the Council's intention to make similar changes in Years 3-10, as set out in the resolutions from the 31 October 2024 Council meeting, which have been included in the financials but will formally be matters for the 2026/27 Annual Plan and the 2027-37 Long-Term Plan;
  - viii. the 2024/2025 Development Contributions Policy will roll over into the second year of its intended three-year operative period and will not undergo a review alongside the 2025/26 Annual Plan process noting the Local Water Done Well legislative changes will be incorporated into a reviewed 2026/27 Development Contributions Policy;
  - ix. the average rates increase to existing ratepayers for 2025/26 is currently projected to be 15.5%, in keeping with the plan set for Year 2 in the 2024-34 Long-Term Plan, with the proposed new targeted rates being funded from within the total amount, rather than being additional to it; and
  - x. staff project the following indicative positions against our financial strategy measures in 2025/26:
    - A. debt-to-revenue ratio of 271%;

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- B. net debt of \$1,318 million; and
- C. balancing the book deficit for ‘residual Council’ of (\$22 million) along with a (\$7 million) deterioration due to operational impacts from water services changes, resulting in a consolidated balancing the book deficit of (\$29 million);
- xi. Elected Members have expressed a determination for ‘residual Council’ to balance the books in Year 3 (2026/27) as set out in the Long-Term Plan (assuming Council opts to deliver water services via an asset owning Council Controlled Organisation as recommended in the Local Water Done Well Report). This will be challenging given existing pressures in the budget, but the Executive Leadership Team are committed to delivering this and are confident it will be achieved based on currently known assumptions.

15. Plan Change 12 - Independent Hearings Panel Recommendations

The Urban and Spatial Planning Team Lead took the report as read.

**Resolved:** (Cr Thompson/Cr Taylor)  
That the Council:

- a) receives the report;
- b) approves **Option 2** of the staff report, accepting all recommendations in **Attachment 1** – the recommendations of the Independent Hearings Panel on Plan Change 12 – Enabling Housing in accordance with clause 104, Schedule 1 of the Resource Management Act and adopts the reasons in the report, **except** the Independent Hearings Panel recommendation set out in **Table 1**, which includes the reasons for rejecting Residential Amenity component of the Financial Contributions recommendation, and any alternative recommendation in accordance with clause 101(1)(b), Schedule 1 of the RMA:

*Table 1: Independent Hearing Panel recommendation to be rejected by Council*

<p><b>ISSUE 2: Financial Contributions</b></p> <p><b><u>Commissioner Recommendation (rejected)</u></b></p> <p><u>Chapter 24 &amp; Appendix 18 – Financial Contributions</u> Delete the Residential Amenity component of the Financial Contribution (<i>IHP Recommendation Para: 551 Pg: 120</i>)</p> <p><b><u>Alternative recommendation (if any)</u></b></p> <p>Retain the Residential Amenity provision within the Financial Contribution Chapter</p> <p><b><u>Reasons</u></b></p> <p>With the enablement of increased density and infill, requiring a financial contribution that includes a component of residential amenity will enable Council to address the impacts increased densities will have on the amenity values of the residential neighbourhoods.</p>
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- c) delegates authority to the General Manager Strategy, Growth & Planning to sign and send a letter to the Minister Responsible for Resource Management Act Reform informing him of Council’s acceptance of all of the Independent Hearing Panel’s recommendations except for the recommendation to remove the Financial Contributions for residential amenity (detailed in Table 1). The letter will outline the reasons why Council wishes to retain the ability to recoup financial contributions related to residential amenity;
- d) notes that:
  - i. Council’s decision on the recommendations of the Independent Hearings Panel, including the rejected recommendation together with the reasons for rejecting this recommendation and any alternative recommendation, will be publicly notified in accordance with clause 102, Schedule 1 of the Resource Management Act on 20 December 2024;

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- ii. on public notification, all the recommendations of the Independent Hearings Panel that are accepted by Council are incorporated into the Operative District Plan and are deemed approved under clause 17(1), Schedule 1 and become operative in accordance with clause 20, Schedule 1 of the Resource Management Act.
- iii. The Independent Hearings Panel have agreed to financial contributions related to three waters, transport network connections and, giving effect to Te Ture Whaimana objectives;
- iv. a separate report on this agenda, regarding Annual Plan and Long-Term Plan matters, covers updates to the Revenue and Financing Policy, which will include making provision for the collection of Financial Contributions.

16. Recommendations from Open Committee Meetings

**Resolved:** (Cr van Oosten/Cr Tauariki)

That the Council:

- a) approves the capital movement as identified in the 31 October Capital Portfolio Monitoring Report dated 5 December 2024;
- b) approves the forecast adjustments as set out in paragraph 49 of the staff report; and
- c) notes the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 50 to 52 of this staff report.

**Resolved:** (Cr Hutt/Cr Pike)

That the Council receives the Health & Safety Report – 1 August to 31 October 2024.

**Resolved:** (Cr Hutt/Cr Pike)

That the Council receives the Risk Management Report.

17. Resolution to Exclude the Public

**Resolved:** (Mayor Southgate/Cr Wilson)

**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. Confirmation of the Extraordinary Council Public Excluded Minutes 23 October 2024	) Good reason to withhold ) information exists under ) Section 7 Local Government ) Official Information and ) Meetings Act 1987	Section 48(1)(a)
C2. Confirmation of the Council Public Excluded Minutes 31 October 2024		
C3. Confirmation of the Extraordinary Council		

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	Public Excluded Minutes 3 December 2024
C4.	Confirmation of the Elected Member Closed Briefing Notes 6 November 2024
C5.	Confirmation of the Elected Member Closed Briefing Notes 12 November 2024
C6.	Confirmation of the Elected Member Closed Briefing Notes 20 November 2024
C7.	Confirmation of the Elected Member Closed Briefing Notes 4 December 2024

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

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C4.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C5.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C6.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C7.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)

**The meeting moved into Public Excluded at 12.17pm.**

**The meeting was declared closed at 12.19pm**

# Council Report

Item 6

**Committee:** Council **Date:** 11 February 2025  
**Author:** Stephanie Goss **Authoriser:** Michelle Hawthorne  
**Position:** Governance Advisor **Position:** Governance and Assurance Manager  
**Report Name:** Confirmation of the Elected Member Open Briefing Notes 11 December 2024

<b>Report Status</b>	<i>Open</i>
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## Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Council confirm the Open Notes of the Elected Member Briefing held on 11 December 2024 as a true and correct record.

## Attachments - *Ngaa taapirihanga*

Attachment 1 - Open Briefing Notes 11 December 2024

**Attachment 1**

**Elected Member Briefing Notes – 11 December 2024 – Open**

**Time and date:** 11.15am, 11 December 2024

**Venue:** Committee Room 1, Hamilton City Council

**2024 – 24 Long-Term Plan Amendment and 2025 / 26 Annual Plan:**

Staff introduced the topic and explained the purpose of this session was to answer any questions Members had on the Long-Term Plan Amendment and Annual Plan matters, that was to be presented at the last Council meeting of 2024. Members asked questions in relation to the following matters:

- Financial Contributions;
- Plan Change 12 Implementation; and
- Water Services Funding.

**Item 6**

<b>Committee:</b>	Council	<b>Date:</b>	11 February 2025
<b>Author:</b>	Amy Viggers	<b>Authoriser:</b>	Amy Viggers
<b>Position:</b>	Governance Lead	<b>Position:</b>	Governance Lead
<b>Report Name:</b>	Chair's report		

**Recommendation - *Tuutohu***  
That the Council receives the report.

## Attachment 1 - Chair's Report



## Chair's Report

Happy new year and a warm welcome back to councillors and staff! Whether you were working, on call, or on leave, I hope everyone enjoyed some quality downtime over the Christmas/New Year period. 2025 brings with it a big and challenging programme of work, as well as the local government elections, and will be an important year for Council and our communities.

Many people will be aware that I announced I will not be standing for re-election later this year. After nearly 24 years in Local Government, it is a decision that has not been made lightly. Now that decision has been made, my focus is on the outcomes Council has committed to, and the work we must do, before the end of this triennium. And since my return to the office mid-January, that is exactly what I have been concentrating on.

This year will see a significant shift in the way councils operate. There are a number of major issues that require our attention and a strong and unified approach is needed to ensure the right outcomes for Hamiltonians.

My attention remains squarely on these matters:

- Local Waters Done Well which is undoubtedly one of the most substantial challenges and changes for local government and our communities in decades.
- Regional deals that ensure the best outcomes for the Waikato Region, including Future Proof priority areas in and around Hamilton metro area.
- Revitalisation of the Central City, a topic we all agree on.
- Effectively managing changes to transport spending in the LTP due to severely reduced NZTA funding.
- Finding smart ways to support the older areas of our city with a focus on redevelopment and community support for Fairfield/Enderley.

These issues are set against a backdrop of continued financial pressure on our residents and Council alike as we all know too well, just as we know that this scenario is playing out in a similar fashion for councils all around NZ.

I have made it clear that it is not time for new projects to come to the table. We must focus on looking after what we have, and the key issues mentioned here. The LTP delivered significant reductions to proposed Council budgets and spending to limit rates rises, including a 40% reduction to city wide transport upgrades in years 1-3 and \$127 million reduction in personnel and consultant costs over the 10 years of the plan.

We must retain a strong focus on prudent financial management going forward, meeting the Government's legal obligations for growth but keeping Council's financial situation and financial goals front of mind.

Finally, while it is no longer new news, I would like to acknowledge all of the Hamilton recipients of the Kings Honours List for 2025: *Ian Foster, Clare Hutchinson-de Ranitz, Paula Baker, Dr Ingrid Huygens, Frederick Irvine, Emeritus Professor Asad Mohsin, Associate Professor Linda Te Aho, Valerie Lissette, Fiona Murdoch, Rangimahora Reddy* and especially, *Sir John Gallagher*, who alongside his wife Glenice, has made an outstanding contribution to Hamilton and its residents over many decades.

Hamilton is truly blessed to have so many generous and hardworking people who strive to improve our city and the lives of all who live here, and I want to formally acknowledge their individual and collective contributions.

**Recommendation:**

That the Council receives the report.

Paula Southgate

**Mayor of Hamilton City**

## Item 8

# Council Report

**Committee:** Council **Date:** 11 February 2025  
**Author:** Martin Parkes **Authoriser:** Andrew Parsons  
**Position:** Urban Transport Manager **Position:** General Manager  
 Infrastructure and Assets  
**Report Name:** Heaphy Terrace Pedestrian Crossing Location Approval

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To seek approval from the Council for the provision of a light controlled at-grade pedestrian crossing on Heaphy Terrace at the location detailed in this report.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:
  - a) receives the report; and
  - b) approves the construction of an at-grade signalised pedestrian crossing on Heaphy Terrace at the location detailed in this report between the Hamilton Jamia Mosque and Stanley Street using funding available from the Climate Emergency Response Fund Transport Choices Programme with subsidy from the New Zealand Transport Agency Waka Kotahi and the work to be completed by 30 June 2025.

## Executive Summary - *Whakaraapopototanga matua*

3. The provision of a pedestrian crossing on Heaphy Terrace in the vicinity of the Hamilton Jamia Mosque is well documented in reports presented to recent Committee and Council meetings.
4. The most recent report was presented at the 23 October 2024 Extraordinary Council meeting (page 7 of the [agenda](#)). At this meeting staff were delegated to work with NZ Transport Agency Waka Kotahi on an updated design for a Level Signalised Pedestrian Crossing (between the Hamilton Jamia Mosque and Stanley Street) using funding from the CERF Transport Choices Programme with the works to be completed by 30 June 2025.
5. Staff have considered locations for the proposed pedestrian crossing and have found one location that meets the requirements for people to safely cross Heaphy Terrace.
6. Staff consulted with people immediately affected by the location of the proposed crossing and have received feedback. Further consultation will be required if the proposed crossing location is approved by this meeting.
7. New Zealand Transport Agency Waka Kotahi (NZTA) has approved the design of the proposed crossing as well as funding using the Climate Emergency Response Fund Transport Choices Programme (CERF). The project must be completed by 30 June 2025 for the Council to receive this funding.

8. Staff consider the matters and decisions in this report have low significance and that the recommendations comply with the Council's legal requirements.

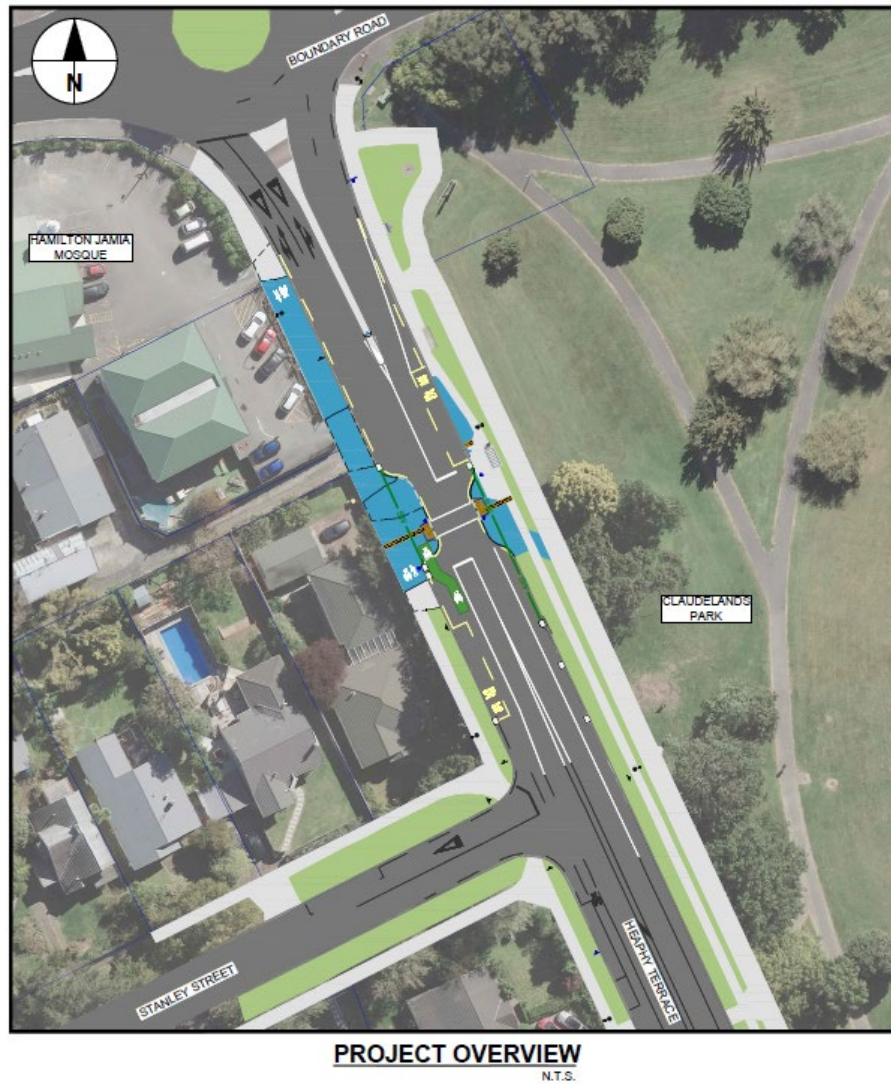
### Background - Koorero whaimaarama

9. On 26 September 2024 the Infrastructure and Transport Committee discussed the provision of improved pedestrian facilities in the vicinity of the Hamilton Jamia Mosque on Heaphy Terrace ([Infrastructure and Transport Committee](#) (item 7 page 19)).
10. At the meeting the Infrastructure and Transport Committee resolved its support to find a solution for pedestrian crossing facilities in Heaphy Terrace outside the Hamilton Jamia Mosque. The Committee referred the decision to an Extraordinary Council meeting when Elected Members could speak to representatives from the NZ Transport Agency Waka Kotahi (NZTA).
11. On 23 October 2024 at an Extraordinary Council meeting Council discussed design options and locations for a pedestrian crossing on Heaphy Terrace [Extraordinary Council Meeting 23 October 2024](#) (item 6 page 7).
12. At the meeting, the Council resolved the following:
  - a) *delegates staff to work with NZ Transport Agency Waka Kotahi on an updated design for a Level Signalised Pedestrian Crossing (between the Hamilton Jamia Mosque and Stanley Street) using funding from the CERF Transport Choices Programme with the works to be completed by 30 June 2025;*
  - b) *notes staff have raised the matter of trees location and that have been delegated authority to undertake the necessary works to enable the pedestrian cross to be completed;*
  - c) *approves, if a) above is not achieved, the reallocation of remaining CERF Transport Choices Programme funding to the installation of bus shelters and bike parking, with 90% subsidy from the NZ Transport Agency being \$360,000 and 10% local share funding being \$40,000 with the work to be completed by 30 June 2025;*
  - d) *requests, if a) above is not achieved, staff report back early in 2025 with an updated macroscopic for approval that includes updated options for level crossing points on Heaphy Terrace south of the Hamilton Jamia Mosque and a wider plan to consider treatments for the Heaphy Terrace and Boundary Road Intersection with funding from Council's local share transport fund and NZTA co-funding; and*
  - e) *notes that a safe pedestrian facility near the Hamilton Jamia Mosque has the strong support of Council.*

### Discussion - Matapaki

13. Following the Extraordinary Council meeting on 23 October 2024, staff undertook a site assessment to determine potential locations for an at-grade signalised pedestrian crossing on Heaphy Terrace.
14. With site constraints (protected tree and private driveways), only one suitable site was identified – approximately 50 metres from the Boundary Road/Heaphy Terrace Roundabout. The exact location is shown on the project overview plan (Figure 1).

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**Figure 1.** Project Overview Plan of proposed at-grade signalised pedestrian crossing on Heaphy Terrace

15. On 18 November 2024, NZ Transport Agency Waka Kotahi (NZTA) approved the *Scope Change Request* to accommodate the design and location change of the pedestrian crossing under the Climate Emergency Response Fund Transport Choices Package Programme (CERF).
16. The change request included:
  - i. A new at-grade signalised pedestrian crossing design located 30m to 50m south of the Heaphy Terrace roundabout with Boundary Road, to be consulted on publicly.
  - ii. Should this new crossing design not be approved post-consultation by Hamilton City Councillors on 11 February 2025, HCC has the option to utilise the remaining project NZTA implementation funds to install additional bus shelters and bike parking in alignment with the existing HCC Transport Choices packages.
  - iii. The new Heaphy Terrace at-grade signalised crossing requires detailed design approval from the NZTA Transport Choices Design Lead by 16 December 2024 – **the detail design has been reviewed and approved by NZTA Waka Kotahi, with some minor recommended changes.**

- iv. *Should the new crossing design be approved for construction by Hamilton City Councillors on 11 February, HCC confirms that it has the capacity to construct the crossing by 30 June 2025.*
- v. *HCC is very aware of the tight time frame for construction and that they will not be able to claim for any related Transport Choices implementation funding post 30 June 2025.*

### Consultation & Engagement

17. For consultation and engagement purposes, given the overall tight timeframes and previous work undertaken through the CERF Programme this project is following the amber process in the Transport Project Decision Making Framework.
18. Engagement has focused on those parties in the immediate area of the proposed signalised pedestrian crossing:
  - i. an owner of a property on Stanley Street, whose driveways access on to Heaphy Terrace will be most impacted by the location of the crossing.
  - ii. The residents at a property on Heaphy Terrace, who will likely be affected by the loss of one car park located near their properties.
  - iii. The Hamilton Jamia Mosque and the daycare centre who are key stakeholders and have spoken to Council on several occasions in support of a crossing.
19. The owner of the Stanley Street property, who is most affected by the project, was met by staff on 11 November 2024. The purpose of the meeting was to introduce the owner to the project and see whether the crossing could be positioned over one of their driveways that is currently not in use. This would avoid the need to remove trees. The owner confirmed they want to retain and have the ability to use the existing vehicle crossing even though it was not currently in use.
20. Subsequently, staff have met with the owner again (16 January 2025) to discuss the project in more detail and go through each of their concerns (detailed in 'Feedback Received' section below). At the most recent meeting the owner reiterated their concerns and confirmed they had plans to open the 'not in use' driveway in the foreseeable future.
21. Staff door knocked and delivered letters to other residents on 25 November 2024, the letters provided details of how to provide feedback and a high-level concept plan of the project.
22. The stakeholders for the Hamilton Jamia Mosque, and the resident of the Heaphy Terrace property were met in person on site and shown where the crossing would be located so they could understand the site constraints.
23. Should the project be taken forward, the wider public will be informed about the crossing construction timelines and likely impacts in due course.

### Feedback Received

24. The owner of a property on Stanley Street objects to the crossing. Their key concerns fall into three main areas:
  - i. Impact on amenity of the property:
    - a) More people causing additional nuisance – already having issues with littering and vandalism.
    - b) Noise from the crossing - the property is adjacent to the proposed crossing location, which is their workplace/studio. This noise will be disruptive.
    - c) Impact of the crossing on the property value.
  - ii. Impact on the amenity of the street:
    - a) Loss of the trees.
    - b) Concerns about flooding – impact of the crossing on drainage.
    - c) Loss of one roadside car park space.

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- iii. Design limitation:
  - a) crossing is not in the right place - most people want to cross near the roundabout to access the Mosque or get across Heaphy Terrace to go up Boundary Road
  - b) Supports a crossing closer to the roundabout.
- 25. Key concerns of property owners and residents of a single property on **Heaphy Terrace** close to the crossing are outlined below, noting that the tenants provided minimal feedback through the owner's representative:
  - i. Loss of the one roadside car park which provides useful overspill parking as the site is constrained.
  - ii. Loss of the trees – would have liked to see trees retained.
  - iii. Supports a crossing closer to the roundabout.
- 26. Staff met representatives from the Hamilton Jamia Mosque and the daycare centre on site. They stated they are happy with the design. They are keen to see some form of crossing delivered as soon as possible. The daycare centre noted that a signalised crossing near their entrance would make it easier to get the children safely across Heaphy Terrace to visit the park and the Magical Bridge playground more often.
- 27. Working with the constraints of the site and the resolution passed by Council at the meeting on 23 October 2024, staff recommend proceeding with the delivery of the at-grade signalised pedestrian crossing at the location detailed earlier in this report. There are no other options available, except not to proceed with the project.

### Financial Considerations - *Whaiwhakaaro Puutea*

- 28. NZTA Waka Kotahi have confirmed funding for the at-grade signalised pedestrian crossing is available from the Climate Emergency Response Fund (CERF) Transport Choices Programme with \$423,000 being from NZ Transport Agency Waka Kotahi. A carryover of the approved local CERF funds from 2023/24 is available for this work.
- 29. Also, a provisional item for the delivery of the Heaphy Terrace crossing (\$650,000) has been included in the '*Unsubsidised Minor Transport Improvements - Green Programme*'. This programme was approved at the Infrastructure and Transport Committee on 28 November 2024. A portion of this funding is required to cover costs associated with the change in location/design.
- 30. A breakdown of estimated costs for the project are shown in the table below:

Design/Survey	\$ 44,100
Internal Costs	\$41,500
Construction Supervision	\$25,000
Construction Monitoring Pre/post Construction	\$10,000
Traffic Signals Connection	\$40,000
Construction + Temporary Traffic Management	\$230,000
Traffic Signals	\$100,000
Contingency	\$55,100
NZTA Waka Kotahi Share	\$423,000
HCC Share	<b>\$174,450*</b>
Total Project Cost	\$597,450

*\*\$174,450 is made up of \$59,745 HCC CERF share and \$114,705 of additional HCC share from the approved '*Unsubsidised Minor Transport Improvements - Green Programme*'. This additional HCC share is required to cover costs associated with the change in location/design.*

## Options

1. Staff have found only one suitable site for the proposed pedestrian crossing with the concept shared with locals most impacted by the crossing.
2. At the 23 October 2024 Extraordinary Council meeting, Elected Members resolved that the CERF funding be used to design and build the proposed crossing. If the proposed crossing is unable to be achieved the CERF funding is reallocated to install bus shelters and bike parking.

**Table 1.** Options to use the CERF Funding

Option	Advantages	Disadvantages
<b>Option A – Approve the proposed location of the pedestrian crossing</b>	<ol style="list-style-type: none"> <li>i. Safe crossing for people accessing the Jamia Mosque/day care and Claudelands Park.</li> <li>ii. Safe crossing for members of the public crossing Heaphy Terrace to go into the City Centre or to Five Cross Roads.</li> <li>iii. Design and reallocation of funds approved by NZTA.</li> </ol>	<ol style="list-style-type: none"> <li>i. Local residents affected by the removal of access to Heaphy Terrace and loss of parking.</li> <li>ii. Signalised crossing may affect traffic flow.</li> </ol>
<b>Option B – Reallocate CERF funding to build bus shelters and bike parks</b>	<ol style="list-style-type: none"> <li>i. More bus shelters and bike parks around Hamilton.</li> <li>ii. Local Heaphy Terrace residents retain parking and access to the road.</li> <li>iii. Use of funds as an alternative also approved by NZTA.</li> </ol>	<ol style="list-style-type: none"> <li>i. Safety issues remain for people trying to cross the road.</li> </ol>

31. Staff recommend **Option A**, proceeding with the delivery of the at-grade signalised pedestrian crossing at the location detailed in this report, already approved by the Council and NZTA.

## Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

32. Staff confirm the recommendations in this report comply with the Council's legal and policy requirements.

## Climate Change Impact Statement

33. Staff have assessed the recommended option in this report against the Climate Change Policy for both emissions and climate change adaptation. Staff have determined no adaptation or emissions assessment is required at this stage.
34. The Transport team have worked with the Sustainable Communities team and determined that it is not possible to complete a technical assessment for emissions reduction for these projects.
35. We can however identify that there will be the following benefits for the environment (including emissions reductions in many cases) from the provision of a safe connection for people in the adjacent communities to have access to schools, churches, shops, libraries without the need to use a vehicle.

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36. For the delivery of the project, we are also looking at opportunities such as:
  - i. Understanding the embodied carbon in the materials we are using and seeing if there are lower impact options.
  - ii. Looking for contractors who have good environmental practices including recycling of materials etc.

**Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

37. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
38. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
39. The recommendations set out in this report are consistent with that purpose.

**Social**

40. Social wellbeing is defined as the capacity of individuals, their families, whanau, iwi, hapuu and a range of communities to set goals and achieve the.
41. The proposed improvements will improve safety and accessibility for those who choose or need to walk to access local amenities.

**Economic**

42. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security.
43. The proposed facility will improve safety and accessibility for people having to travel through the area to reach education or workplace establishments.

**Environmental**

44. Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.
45. The project aligns with the environmental outcomes in Access Hamilton – Ara Kootuitui Kirikiriroa.

**Cultural**

46. Cultural wellbeing is defined as the capacity of communities to retain, interpret and express their shared beliefs, values, customs, behaviours, and identities.
47. Council is committed to honouring the principles of Te Tiriti o Waitangi/The Treaty of Waitangi through its relationship with Kiingitanga, Waikato-Tainui, mana whenua and maataawaka within Kirikiriroa/Hamilton.
48. The approach for the development and delivery of CERF projects is to partner and work alongside iwi and mana whenua, and our wider community to reflect and recognise Hamilton Kirikiriroa is culturally diverse.
49. Through the development of the overall CERF programme, staff have met with iwi and mana whenua to discuss cultural opportunities or specific interest areas across the programme of projects.

### **Risks - *Tuuraru***

50. There are several risks associated with the project;
  - i. If approval for the project is not given safety issues remain for people trying to cross the road.
  - ii. If approval for the project is not given there is a risk of losing funding, which could impact our financial strategy.
  - iii. If approval for the project is not given there is a reputational risk given the strong support of Council for the provision of a safe crossing facility near the Hamilton Jamia Mosque.
  - iv. If approval of the crossing is given at least one resident may make further representations on the matter.
  - v. If a decision about the project is deferred to a future committee meeting it is highly likely the project will not be delivered by 30 June 2025. This will impact the level of funding that can be secured from the CERF Transport Choices Programme.

### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

51. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a medium level of significance.
52. There is strong local interest in this project. Community views from the area of the proposed crossing have been sought. Details of the engagement process and the feedback from the community have been covered earlier in this report.

### **Attachments - *Ngaa taapirihanga***

There are no attachments for this report.

## Item 9

# Council Report

**Committee:** Council **Date:** 11 February 2025

**Author:** Charlotte Catmur **Authoriser:** Blair Bowcott

**Position:** Sustainability and Climate Change Manager, Sustainable Communities **Position:** General Manager Strategy, Growth and Planning

**Report Name:** Our Climate Future: Te Pae Tawhiti o Kirikiriroa - Implementation update

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To provide an update to the Council on implementing Our Climate Future: Te Pae Tawhiti o Kirikiriroa.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:
  - a) receives the report; and
  - b) notes the current challenges with the implementation of Our Climate Future: Te Pae Tawhiti o Kirikiriroa.

## Executive Summary - *Whakaraapopototanga matua*

3. [Our Climate Future: Te Pae Tawhiti o Kirikiriroa](#) is Council's strategy for responding to climate change. It sets the vision for Hamilton Kirikiriroa to be a 'thriving, low-carbon city that responds and adapts to climate change.'
4. **Attachment 1** is the second monitoring report on the strategy implementation. It shows the overall progress rating is currently 'amber.' This means that progress is not in line with what is required to achieve the vision of the strategy. This is the second time that strategy progress has been identified as off-track (see [Council Agenda 12 October 2023](#)).
5. While five measures are currently on-track, three measures are significantly off-track and three measures are off-track. Seven measures do not have a rating mainly due to insufficient data.
6. This report provides further detail on the three measures that are significantly off-track and some of the actions being taken to address them.
7. Two of the significantly off-track measures are related to citywide emissions:
  - i. We are progressing towards our emissions targets – citywide targets.
  - ii. Emissions from transport are decreasing.
8. The primary reasons for these not being met are changes in central government policy and funding, and decisions through the 2024-34 Long-Term Plan.

9. The third significantly off-track measure relates to the ongoing reduction in tree canopy cover in the city.
10. The measures that are off-track are:
  - i. The number of businesses acting on climate change is increasing.
  - ii. The quantity of material entering the waste stream is decreasing from kerbside.
  - iii. The quantity of material entering the waste stream is decreasing from council sites.
11. The measures that are on-track are:
  - i. We are progressing towards our Council emissions targets.
  - ii. The quantity of material entering the waste stream is decreasing at the resource recovery centre.
  - iii. There is an increase in the use of public transport.
  - iv. Native vegetation cover has increased to 10% by 2050.
  - v. Water is being conserved by our community, businesses, and at Council facilities.
12. Delivering Our Climate Future requires both immediate action and a sustained longer-term response. While Council has made progress over the last year, moving from two measures to five measures being on-track, this report highlights that more action is needed. Council needs to consider how long-term funding and priorities can better support the strategy outcomes. Without investment decisions and wider strategic direction that aligns with Our Climate Future, the strategy, and the vision that it sets will not be realised.
13. Staff consider the matters in this report have low significance as assessed against the Significance and Engagement Policy and complies with the Council's legal requirements.
14. However, there is a high level of community engagement on climate change topics and the climate change action that Council is taking. The Our Climate Future monitoring report (**Attachment 1**) and a one-page summary of key information will be shared via public communication channels to inform the community of our progress.

### **Background - *Koorero whaimaarama***

15. On 22 August 2022, Council approved [Our Climate Future: Te Pae Tawhiti o Kirikiriroa](#). The purpose of this strategy is to set the direction for our response to climate change.
16. Our Climate Future guides how we will adapt the way we live, work, play, and move in and around the city, to transition to be a low-carbon and resilient city.
17. Elected Members receive regular updates on implementing the strategy and delivering the outcomes through the Climate Strategy Advisory Group. Staff provided the first implementation monitoring report to Council in October 2023 (see [Council Agenda 12 October 2023](#) Item 7).
18. In the 2023 report the overall progress was amber and:
  - i. two measures were on-track,
  - ii. seven measures were off-track,
  - iii. no measures were significantly off-track, and
  - iv. six measures were undetermined.
19. The first monitoring report highlighted the importance of the decisions to be made through the 2024-34 Long-Term Plan process in getting the implementation of the strategy back on-track. Given the financial situation, several projects that would have supported implementation of the strategy were not funded.

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20. Since the strategy was approved in August 2022, there have been several changes to central government policies that have impacted some of the focus areas in the strategy. While central government is still committed to achieving the legislated emissions targets for New Zealand, the approach to achieving them has changed, which has impacted on the actions we need to take as a city.

### Discussion - *Matapaki*

21. Progress towards implementing Our Climate Future has been rated as amber – off-track. While Council is making progress in some areas, like reducing Council emissions and introducing new District Plan requirements, the rate of change is not happening at the speed required to deliver on the outcomes.
22. As outlined in Attachment 1, there are:
- i. five measures that are on-track,
  - ii. three measures that are off-track,
  - iii. three measures that are significantly off-track, and
  - iv. seven measures that are undetermined.
23. The three measures that are significantly off-track are:
- i. We are progressing towards our emissions targets – citywide targets.
  - ii. Emissions from transport are decreasing.
  - iii. Tree canopy cover is increasing across the city.
24. It continues to be harder than anticipated to monitor some of the measures of success due to changes in data and some data not being collected. Staff have highlighted in the attachment where data is unavailable, or where data collection has changed. As part of the [Climate Change Maturity and Disclosure Programme](#), staff are looking at what other metrics and targets can be reported to better understand and monitor our progress.

#### Significantly off-track measures

*We are progressing towards our emissions targets – citywide targets (Outcome 1 measure)*

25. The first citywide emissions target is for emissions to peak by 2025 and the second is a 30% reduction by 2030. While we do not have an updated emissions profile for the city, the current programme in the 2024-34 Long-Term Plan and the focus of central government policy means that it is very likely these two targets will not be met.
26. Our previous modelling (completed in 2022/23 and reported in the first Our Climate Future monitoring report – see [Council Agenda 12 October 2023](#)) showed that based on the national, regional and local commitments at the time, citywide emissions were anticipated to decrease by 16% by 2030. This meant we were not on-track to achieve our citywide emissions reduction target of 30% reduction by 2030. The central government policy and funding changes have now pushed us further from achieving this.
27. [New Zealand's second Emissions Reduction Plan 2026-2030](#) (ERP2) outlines a focus on net, rather than gross, emissions reduction and using forestry, technology, and the Emissions Trading Scheme to achieve these reductions. This means that at the national level, there is greater emphasis on carbon sequestration and the storing of emissions (through forestry and carbon capture and storage technology) to achieve our national emissions targets, rather than addressing the key causes of emissions such as transport and agriculture activities.
28. In 2021/22, transport made up 64% of Hamilton's emissions profile, representing our biggest challenge and opportunity to reduce emissions. More detail on transport emissions is included below in the transport specific measure.

29. In 2021/22, Hamilton's second biggest emissions source was stationary energy at 26% (0.28 million tonnes of carbon dioxide equivalent emissions (MtCO<sub>2</sub>-e)). Beyond the energy we use as a council and some settings in the District Plan, we have limited ability to directly impact emissions from energy in Hamilton. The policy settings to increase investment in renewable energy and improve energy efficiency are central government responsibilities.
30. In the ERP2 the key actions and policies for energy are:
  - i. delivering Electrify NZ to help achieve our goal of doubling renewable energy;
  - ii. enabling energy efficiency and a smarter electricity system;
  - iii. enabling carbon capture, utilisation, and storage;
  - iv. enabling woody bioenergy.
31. Of these policies the ERP2 states that Electrify NZ will likely reduce emissions across the country by 0.1 MtCO<sub>2</sub>-e over 2026-2030. These, along with the other policies, will not make a significant reduction to the emissions in Hamilton by 2030.
32. To enable us to monitor this measure better we are part of the Local Emissions Data Platform [project](#) with 18 other councils to create a standardised approach to reporting on our citywide greenhouse gas emissions. This new platform will enable Council to get an annual profile for the citywide emissions, model future emissions and assess the impact of policies on our emissions. This will help to improve our understanding of our emissions trajectory, and the actions needed to achieve our 2030 and 2050 targets.

*Emissions from transport are decreasing (Outcome 1 measure)*

33. We do not have an update on the transport emissions for this report, however; the changes in central government policies and associated funding have significantly changed the approach to transport across the country and will impact on Council's ability to reduce transport emissions within the city.
34. In Hamilton's 2021/22 emissions profile, of the 0.68 MtCO<sub>2</sub>-e from transport 86% came from on-road transport. This includes passenger and commercial vehicles, public transport, and freight. Providing different ways for people and goods to move in, out, and around Hamilton is needed to reduce these emissions.
35. In ERP2, the key transport action that will contribute emissions reduction in 2026-2030 is "aiming for a network of 10,000 public EV charging points by 2030 and facilitating private investment in EV charging infrastructure". This action will achieve an estimated 0.01 MtCO<sub>2</sub>-e reduction during this time for the country.
36. The other key ERP2 transport actions are:
  - i. reviewing regulatory barriers to decarbonising heavy vehicles (eg, EVs and hydrogen);
  - ii. promoting innovation through the Low Emissions Heavy Vehicle Fund;
  - iii. continuing to support the aviation sector to decarbonise and working with other countries on low- and zero-carbon shipping on key trade routes by 2035;
  - iv. supporting public transport in our main cities.
37. The Government Policy Statement on Land Transport 2024-2034 (GPS) does not include emissions reduction as a strategic priority and notes that the government sees the Emissions Trading Scheme as the key tool to reduce emissions.

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38. In 2023/24, revenue from the Emissions Trading Scheme was invested into transport infrastructure through the Climate Emergency Response Fund (CERF). The projects funded by CERF have provided more safe and convenient choices for travel within the city via active modes (walking, cycling, and micromobility) and public transport. The Transport team is currently gathering information on completed CERF projects. Findings from this exercise will be shared with Members at an Infrastructure and Transport Committee meeting this year.
39. There has since been a significant reduction in NZTA Waka Kotahi co-investment in these areas because of the new focus of the GPS. This will limit our ability to provide credible and safe alternative options to travel by vehicle over the next three years.
40. During this Long-Term Plan period the Infrastructure & Assets team is intending to undertake several corridor-based studies with a freight and public transport (and other modes where appropriate) focus based on the priorities and recommendations from recent strategic transport and land use work. This will include the on-going bus rapid transit planning and reacting to recommendations from the Freight Study undertaken last year. Much of this work will be undertaken with our Future Proof partners via the Metro Spatial Plan Transport Programme.
41. Waikato Regional Council and Future Proof partners are currently assessing options for transitioning to zero emissions buses and what the implementation would look like for the city. The ERP2 reconfirmed that there is some funding available for the roll-out of zero-emissions buses across the country.

*Tree canopy cover is increasing across the city (Outcome 3 measure)*

42. In November 2019, a lidar flight was conducted over Hamilton. From this data, it was assessed that we had a tree canopy cover of 12.5%. Tree canopy includes trees and shrubs over 3 meters tall.
43. In December 2023, another lidar was conducted and preliminary assessment of this data is showing that the tree canopy cover has reduced significantly.
44. As a growing city, the balance between ensuring tree canopy cover is maintained and the need to develop new homes and businesses is important.
45. Tree canopy will become even more important as the climate changes, and we experience more hot days. Tree canopy, along with green walls and rooftops, can make a significant difference to the urban heat island (UHI) effect.
46. A recent [study](#) commission by Auckland Council on UHI effect concluded that “Auckland’s city centre experiences an UHI effect. A nighttime UHI effect is predicted, with temperatures up to 3°C warmer than rural areas.”
47. University of Waikato Bachelor of Climate Change third year students completed a study in 2024 on “Identifying at-risk communities and priority actions to respond to extreme heat events in Hamilton”. The study looked at tree canopy cover, deprivation index as well as other key demographic information to determine a risk score for each suburb.
48. Based on current information, the study found that there are three key areas that are most at risk to extreme heat events. These are the south-west of Hamilton, Fairfield-Enderley, and Rototuna, all of which have relatively low canopy cover as well as other key demographic drivers.
49. This study has helped to inform a draft extreme heat plan that is being developed by Council’s Response and Resilience Manager.

50. In Plan Change 12, new policies have been introduced that aim to protect canopy cover. They set requirements for tree canopy cover to be 20% in the general, medium density and high-density residential zones. This will help to reduce further loss of tree canopy cover as the city continues to grow.
51. A Tree Policy is also currently being developed and will be provided to Elected Members at an upcoming Community and Natural Environment Committee for approval to undertake community consultation.

#### **Financial Considerations - *Whaiwhakaaro Puutea***

52. This report is a regular operating activity funded through the Long-Term Plan.
53. The financial implications of moving the strategy implementation from off-track to on-track will be assessed through the next Long-Term Plan process and provided to Elected Members. The information being developed through the Local Emissions Data Platform and through the Climate Change Maturity Programme will help to inform our assessment of financial impacts.

#### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

54. Staff confirm that the staff recommendation complies with the Council's legal and policy requirements.

#### **Climate Change Impact Statement**

55. Staff have assessed the staff recommendation against the Climate Change Policy for both emissions and climate change adaptation. As this report provides an update on the strategy implementation, staff have determined no adaptation assessment or emissions assessment is required.

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

56. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
57. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
58. The recommendations set out in this report are consistent with that purpose.

#### **Social**

59. Climate change has the potential to reduce our community's social wellbeing, especially our more vulnerable community members. Our Climate Future: Te Pae Tawhiti o Kirikiriroa seeks to minimise this impact by ensuring a just and equitable transition, where everyone is ready for the physical impacts of climate change and the transition to low-carbon living.
60. Many community members are concerned about climate change and its impacts. By communicating the progress made on delivering Our Climate Future, the community can see the progress being made and the challenges Council faces in delivering the vision and outcomes.

#### **Economic**

61. Climate change has both economic risks and opportunities. The Our Climate Future strategy, along with the Climate Change Maturity and Disclosure Programme, aims to set up Council and the city to reduce the financial impact and to realise the economic opportunities that the low carbon transition presents.

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**Environmental**

62. Delivery of Our Climate Future promotes environmental wellbeing. The reductions in our own operational emissions are reducing our environmental impact. However, as outlined in this report and Attachment 1, there are a number of areas where we either do not know the environmental impact or there are negative outcomes for the environment.

**Cultural**

63. The long-term impacts of climate change may have impacts on the cultural wellbeing of our community. We do not have a clear understanding of these impacts at the moment. This is work that needs to be completed in partnership with the community through the climate change risk assessment.

**Risks - *Tuuraru***

64. Implementing Our Climate Future strategy is a key mitigation for strategic risk 4 (SR4) – Failure to respond to climate change. This report highlights that we are currently off-track with the implementation, which is key to why the residual risk rating for SR4 remains at very high.
65. We are also lacking a good understanding of our climate change risks for the city and our community. As this work was not funded through the 2024-2034 Long Term Plan, we will not complete a detailed assessment to inform the next Long-Term Plan. Some funding (\$50,000) is in the 2024/25 Annual Plan for climate change data; staff are looking at how, through a collaborative approach, some of this risk information can be developed over the coming years, starting with a focus on Council's own assets.

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

**Significance**

66. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendation(s) in this report has/have a medium level of significance.

**Engagement**

67. Many community members are concerned about climate change and its impacts, so although no engagement is required, the monitoring report (**Attachment 1**) and a one-page summary of the implementation of Our Climate Future will be developed and shared via public communication channels to inform the community.
68. Given the medium level of significance determined, the engagement level is medium. No engagement is required.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Our Climate Future: Te Pae Tawhiti o Kirikiriroa - Monitoring Report February 2025

## Our Climate Future: Te Pae Tawhiti O Kirikiriroa

### Monitoring Report - February 2025

Our Climate Future: Te Pae Tawhiti o Kirikiriroa is Council's strategy to respond to climate change. The strategy was adopted by Council in August 2022 and guides our response as we transition towards our vision '*Hamilton Kirikiriroa is a thriving, low-carbon city that responds and adapts to climate change*'. Council's role is to lead by example and advocate for the community in preparing for and responding to climate change.

The strategy includes three outcomes that are the key areas that will help us to achieve our vision:



It also sets emissions targets for both the city and Council emissions. The targets are:

#### City-wide emissions

- Emissions peak by 2025 at the latest
- Minimum 30% reduction by 2030
- Minimum 82% reduction by 2050

#### Council emissions

- 50% reduction by 2030
- Net zero by 2050

Our Climate Future is a key strategy for Hamilton Kirikiriroa and is supported by the Climate Change Policy. This strategy and policy apply across all Council business activities.



This document provides progress updates on delivery against the strategy outcomes. The following key is used:

Undetermined	Red	Amber	Green
Progress against this is not yet measurable as a baseline is still being established.	Progress against this is significantly off-track as planned due to significant risks/issues.	Progress against this is off-track due to some identified risks/issues.	Progress is on-track.

Progress of delivering the strategy: February 2025

Based on ratings of each outcome, staff have determined that the overall strategy progress is amber.



We have continued to deliver key actions to implement Our Climate Future. We’ve improved our ecological monitoring, flood hazard mapping, and are supporting more community resilience initiatives. Central Government Better Off Funding for 2023/24 supported Council’s corporate sustainability initiatives and business and community climate action.

Important aspects of the strategy are at risk due to central Government policy changes and funding decisions. Achieving our 2030 city-wide emissions target is at risk as funding has been cut for low-emissions transport, which is the biggest opportunity for emissions reduction in our city. Latest modelling also outlines that we have lost many trees across the city over the last few years. This will impact our ability to prepare for heat and flooding impacts.

To ensure delivery of the long-term vision, we need to consider how our own long-term funding and priorities can better support the strategy outcomes.

Progress on some outcomes is undetermined as some measures have not yet been established, or updated data has not been received since the last report.



Outcome one: By acting together, our emissions are reducing

- The overall progress for outcome one is amber.
- Key successes have been the delivery of the Better Off Funded programmes. This included one programme focused on corporate sustainability, involving projects that work towards our Council emissions reduction targets, and another on building relationships with community and businesses, and delivering a climate action fund.
- The changes in how central government proposes to achieve the national emissions targets represent a key risk to achieving outcome one. Many policies from the first Emissions Reduction Plan, especially those that would help us to reduce transport emissions, are no longer being delivered. This means we are unlikely to achieve the 2025 turning point and are further at risk of not achieving our city-wide emissions target of a 30% reduction by 2030.



How we'll know we are successful	What we are doing
We are progressing towards our emissions targets - Council	<p><b>Council emissions</b></p> <p>In 2023/24 Council's operational emissions (excluding biogenic emissions from the Wastewater Treatment Plant) were 9069 tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e). This is a 20% decrease from 2018/19.</p> <p>Biosolids management, electricity, and natural gas continue to be our largest sources of emissions, but we've seen reductions in almost all emissions sources over 2023/24.</p> <p>Several projects have been delivered that have or will provide emissions reductions for Council:</p> <p><b>Reducing natural gas use</b></p> <ul style="list-style-type: none"><li>• Installation of the upgraded air conditioning system has been completed at the Municipal Building. This has eliminated natural gas use at the Municipal Building, saving 25 tCO<sub>2</sub>e a year.</li><li>• The bio-gas boiler at the Wastewater Treatment Plant ran exceptionally well throughout 2024, meaning that natural gas was used infrequently. This resulted in a reduction of natural gas emissions of 31 tCO<sub>2</sub>e.</li></ul> <p><b>Renewable electricity</b></p> <p>Through the Better Off Fund, we invested in solar panels for St Andrews Library to support the power needs of this site.</p>



How we'll know we are successful	What we are doing
We are progressing towards our emissions targets – Council (cont)	<p><b>Creating energy savings</b></p> <ul style="list-style-type: none"> <li>Replacing the aeration blowers at Pukete Wastewater Treatment Plant reduced the power rating by 200kW.</li> <li>Our roading corridors use LED streetlights to ensure the highest energy performance for one of Council's largest electricity loads. We've also introduced remote access and management of sports lighting to save energy.</li> <li>We've invested in a filter system for the 25m, 50m, dive, and Lido pools at Waterworld which can achieve water savings of 90%, energy savings of 50%, and chemical savings of 30%. The hydro slide at Waterworld now runs on occupancy sensors rather than a fixed time, reducing the run times of large pumps. Energy savings were also made over summer at both Gallagher Aquatic Centre and Waterworld by utilising the warmer weather and decreasing pool water temperatures to minimise heat loss evaporation.</li> <li>At Te Kete Aronui Rototuna Library, an intensive review of the air conditioning system has reduced unnecessary power use.</li> <li>New air handling and environmental controls implemented as part of the upgrades at the Te Whare Taonga o Waikato Museum will meet the gallery space conditions while minimising energy use.</li> <li>Our renewal programme has focused on replacing and renewing older and less efficient equipment. For example, we've replaced gas boilers at the Central Library, resulting in a 20% efficiency gain.</li> </ul> <p><b>Changing the way staff travel for and to work</b></p> <ul style="list-style-type: none"> <li>We've created a Mevo car-share hub at the Municipal Building for Council staff to use alongside other businesses and individuals. Based on the success, we're now looking to create additional hubs at Waterworld and Hamilton Gardens.</li> <li>Nine electric vehicle chargers have been installed at Council sites to support the roll-out of our fleet of electric vehicles.</li> <li>We have been trialling Uber for Business for staff to use instead of taxis and rental cars (for both domestic and international travel). These pilots have been successful, and we are planning to implement this across the organisation in 2025.</li> <li>Bee cards and Auckland Transport cards are now available for staff to use public transport throughout Hamilton and Auckland.</li> </ul>



How we'll know we are successful	What we are doing
We are progressing towards our emissions targets - Council (cont)	<ul style="list-style-type: none"> <li>A new e-bike and e-scooter room and end-of-trip facilities have been completed to support active travel. So far, approximately 250 Council staff have been trained on how to use our fleet e-bikes and 88 staff trained on using our fleet e-scooters.</li> <li>Our e-bike purchase initiative for staff ended in 2023/24 after five years. During this time, 94 e-bike loans were taken out by staff and 10 staff purchased e-bikes outright.</li> </ul>
We are progressing towards our emissions targets - City-wide	<p><b>City-wide emissions</b></p> <p>We do not have an update on city-wide emissions for 2023/24 (the last emissions profile was for 2021/22 and was off-track at the time). However, given the changes in the approach by central government to achieving the national emissions targets, the emissions reduction we were anticipating for Hamilton Kirikiriroa, especially from transport (at 64% of our profile), is now at risk.</p> <p>A project has commenced in collaboration with 18 other councils and the Ministry for the Environment to begin measuring our city-wide emissions every year. A dashboard will be created to track progress and understand the impact of government policy on our emissions.</p>
Emissions from transport are decreasing	<p>We do not have an update on the emissions from transport in Hamilton Kirikiriroa as this was last done as part of the 2021/2022 emissions profile. However, changes made to transport funding and the Government Policy Statement for Land Transport in 2023/24 limit our ability to deliver projects that will reduce emissions and provide credible, safe alternative options to travel by vehicle over the next three years.</p> <p>Prior to these changes, significant investment was made into transport infrastructure through the Climate Emergency Response Fund (CERF). The benefits of the CERF projects will not be realised without the ongoing funding needed to implement a connected network for active and public transport.</p>
There is an increase in the community's awareness of our climate change response	<p>We do not have an update for this measure, as the 2024 Quality-of-Life Survey did not include a question related to this topic. An update will be provided in the next monitoring report, as the 2025 Quality-of-Life: Pulse Survey will include relevant questions.</p> <p>To improve our community awareness of Council's climate change response, we provide a quarterly newsletter, Te Pae Tawhiti: Delivering on Our Climate Future. As of December 2024, the newsletter has 579 subscribers and a high level of engagement.</p>

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Attachment 1



## Attachment 1

## Item 9

How we'll know we are successful	What we are doing
The number of businesses acting on climate change is increasing	<p>Te Waka – Waikato Regional Business Sentiment Survey April 2024 posed the question to businesses on how they are managing the risk of climate change. In Hamilton, 58% of businesses that responded are not considering climate change risks at present. We will investigate other ways to measure this metric following the closure of Te Waka.</p> <p>Through the Better Off Fund, we initiated a Sustainability: Walk the Talk programme with the Community and Enterprise Leadership Foundation (CELF). This programme invites local businesses to share and learn from each other's sustainability journey. Each of the three sessions in 2024 were well attended, and we are looking at ways to continue the programme post Better Off Funding. Council also supported the Go Eco Carbon Response Programme which supports small and medium enterprises to reduce emissions.</p> <p>We have supported businesses to reduce their emissions through alternative travel options. In February 2024, Council supported the Aotearoa Bike Challenge which saw 19 businesses and 433 people across Hamilton Kirikiriroa participate. For World Car Free Day in September 2024, staff visited three large organisations to promote cycling to work and held a community event which over 200 people attended.</p>
The quantity of material entering the waste stream is decreasing – resource recovery centre	<p>The amount of residential waste to landfill at Hamilton's Resource Recovery Centre in 2023/24 was 9805 tonnes, equivalent to 52.91kgs per person. This is a reduction on 2022/23 (10,932 tonnes, equivalent to 57.7kgs per person).</p> <p>In May 2024, the 2024-30 Waste Management and Minimisation Plan was approved which includes the vision that 'Hamilton Kirikiriroa is leading the way towards a low-waste city'.</p> <p>In September 2024, the Resource Recovery team collaborated with Go Eco and Hospice Waikato to deliver Thrifty Threads, a pop-up op-shop experience held at The Meteor. The event raised awareness about textile waste and encouraged the reuse of goods through second hand shopping. Thrifty Threads was a tremendous success, with over 2000 people helping to divert 18,000kg of textile waste from landfill.</p> <p>A reusable cup trial was run during 2023/24, with six local cafes using the <a href="#">Again Again</a> platform.</p>



How we'll know we are successful	What we are doing
The quantity of material entering the waste stream is decreasing - kerbside	The amount of waste to landfill through Hamilton's kerbside service (red rubbish bin) in 2023/24 was 18,200 tonnes, equivalent to 98.22kgs per person. This is an increase on 2022/23 (15,992 tonnes, equivalent to 88.89kgs per person).
The quantity of material entering the waste stream is decreasing - from Council sites	<p>Waste to landfill from Council sites for 2023/24 was 1,072.76 tonnes. This is an increase on 2022/23 (1,025.43 tonnes).</p> <p>A key waste reduction achievement in 2023/24 was the Founders Theatre/Boyes Park project, which saw 94.72% of all materials in the building diverted from landfill. This included:</p> <ul style="list-style-type: none"> <li>• 304.87 tonnes (100%) of construction demolition materials (excluding concrete and steel)</li> <li>• 2591 tonnes (100%) of concrete</li> <li>• 14 tonnes (100%) non-ferrous (not iron) materials to community groups and reuse</li> <li>• 282 tonnes (100%) of steel</li> </ul> <p>170 tonnes of asbestos were taken to a certified landfill.</p>

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Attachment 1



Outcome two: Our neighbourhoods enable low-carbon living

- We are still looking to establish baselines for two measures of success under this outcome, making it difficult to assess progress so far. Status is therefore undetermined until we are better able to measure progress.
- Plan Change 12, which targets high- and medium-density housing close to transport networks and key centres in our city, is critical to ensuring we create compact, connected, and healthy neighbourhoods with access to low-carbon travel options. Plan Change 12 was publicly notified and became effective from December 2024.
- As with outcome one, changes in central government direction for transport funding do put outcome two at risk.

How we'll know we are successful	How we're tracking
More people are using active transport options (e.g. walking, biking, scooting) within their neighbourhoods	<p>We are yet to establish a baseline for this measure.</p> <p>Throughout 2023/24, we have been continuing to support the uptake of active transport in schools. We delivered our Kids on Bikes programme to 16 schools and taught cycling skills to 1628 students. 133 of these students learned how to ride a bike for the first time. Five schools received the Kids on Scooters pilot programme, in which approximately 500 students participated. We also supported two new walking school buses with 22 children and their caregivers. We're also working with ECEs to support their Happy Feet programme with two new centres joining this financial year.</p> <p>In addition, the 2024 Quality-of-Life Survey found that 43% of (527) respondents in Hamilton agreed or strongly agreed that their local bike network is safe.</p>
There is an increase in the use of public transport	<p>2023/24 saw 16.5 bus trips per capita in Hamilton Kirikiriroa. This is an increase on 14.01 bus trips per capita in 2022/23. There has also been considerable growth in bus patronage across the region and in Hamilton. In Q3 of 2024 there were 839,500 passengers in Hamilton city, an increase of 16.4% compared to the same time the previous year (Q3 2023, which saw 721,000 passengers). This is mainly driven by the increased patronage for Meteor, Orbiter, Comet, Claudelands, and Rototuna services. In addition, the 2024 Quality-of-Life Survey found that 16% of (527) respondents in Hamilton used public transport at least once a week. This is an increase compared to the 7% of (541) respondents in the 2022 survey.</p>



How we'll know we are successful	How we're tracking
There is an increase in the use of public transport (cont)	<p>There have been a number of changes to Hamilton's bus services over 2023/24 including the launch of the high-frequency Meteor service carrying (on average) over 9000 passengers per week; increased bus frequency across the Hamilton network by 102 trips per week; and two trial services connecting Matangi and Tamahere to Hamilton due to public demand.</p> <p>An additional stop for Te Huia has been added at Pukekohe. The train service recorded a 99% passenger satisfaction rate in 2024. In 2023/24 Te Huia carried 79,720 passengers, a 13% increase on 2022/23 (70,964 passengers).</p>
More of our homes and buildings are incorporating sustainable design principles	<p>We are yet to establish a baseline for this measure.</p> <p>We produced a <a href="#">Sustainability Guide</a> for new residents of Peacocke to enhance the environment and live more sustainably. This includes information about sustainable building materials, saving water and energy, and waste reduction.</p>
Our communities are actively making low-carbon choices as they recognise the benefits of doing so.	<p>We do not have an update for this measure, as the 2024 Quality-of-Life Survey did not include a question related to this topic. An update will be provided in the next monitoring report, as the 2025 Quality-of-Life: Pulse Survey will include relevant questions.</p> <p>We have been focused on building climate change knowledge in our community to support low-carbon choices. In 2023/24 we delivered the first round of an online course, Living Lightly, where residents learn simple tips to take climate action. The first intake saw 100% of respondents saying they'd recommend the course to others, and 100% of respondents saying they made a change because of their participation in the course.</p> <p>We also hosted five workshops focused on exploring the science of climate change and identifying local solutions to the challenges we face. Attendees' feedback was that the sessions were "inspiring", "informative and empowering", and "a great learning experience".</p>

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Attachment 1



Outcome three: Our city is ready for Hamilton’s climate

- We are currently establishing or have only recently established baselines for most of the success measures under this outcome, so it’s difficult to assess progress so far. Status is therefore undetermined until we are better able to measure progress.
- We’ve worked with the University of Waikato to understand how we may need to respond to extreme heat events in Hamilton Kirikiriroa and are developing a Civil Defence Heat Response Plan for the city which will include things like using community centres as cooling centres and ensuring adequate water availability. Through the 2024-34 Long-Term Plan, parks and play spaces renewals will have more focus on providing shade to ensure usability in increased summer temperatures.
- The [Hamilton Kirikiriroa Kai Map](#) has been developed to support our community with access to free food and reduce food waste. Council is working with others to support various community groups to grow and develop community gardens, such as the community garden at Gudex Court. Providing local food options will protect communities from food availability issues and price increases as the climate changes and impacts the health of the local environment.

How we’ll know we are successful	What we are doing
Our roads and cycleways are meeting our community’s needs despite the changes in climate and extreme weather events	We are yet to establish a baseline for this measure.
Native vegetation cover has increased to 10% by 2050	The Nature in the City Ecological Inventory conducted in 2023/24 shows that native vegetation cover is 2.5%. This is on track with projections to 10% by 2050.
Tree canopy cover is increasing across the city	Final modelling is yet to be completed, but initial findings suggest a significant decrease in tree canopy cover across the city since 2019/2020.  Plan Change 12 includes provisions to enable the procuring and planting of street trees and the design, construction, and landscaping of upgrades to neighbourhood parks. A Tree Policy is also in development to retain street trees where possible. This will support more tree canopy across the city.



How we'll know we are successful	What we are doing
Our stormwater system continues to minimise the impact on the awa despite changes in rainfall	<p>We are yet to establish a baseline for this measure.</p> <p>District Plan Change 14 - Flooding focuses on better managing flood hazard across Hamilton Kirikiriroa using the best available information. This plan change is publicly notified and opened for community feedback throughout early 2025.</p> <p>The Rotokauri Greenway is a key piece of infrastructure that will provide a nature-based solution for stormwater for new developments. Construction of the greenway is expected to begin in late 2025.</p> <p>As we develop Peacocke, our newest residential area, we are establishing around 30 wetland areas to help with stormwater management. Wetland areas by the new bridge, Te Ara Pekapeka, have been completed.</p>
Water is being conserved by our community, businesses, and at Council facilities	<p>Total citywide water consumption in 2023/24 was 22,588.93 megamillion litres. In 2023/24, the average daily water use per resident was 323 litres per day. This is a lower water use rate compared to three of the past four years (338 litres in 2021/22, 331 litres in 2020/21, and 348 litres in 2019/20) however was higher compared to 2022/23 (308 litres). This result indicates the continued success of the water conservation and water use campaigns and programmes of work.</p> <p>We continue to undertake water leakage detection, maintenance, and renewals to maintain our water supply networks. In 2023/24 the percentage of real water loss from the water network in the city was estimated to be 11.6%, a reduction on the previously estimated 14% in 2022/23. This is an estimate of how much water is lost from the system between the water treatment plant and the household or customer. Higher levels of water loss indicate a network that is in poor condition or operating inefficiently, so a lower number indicates improvements.</p> <p>Investments and policies related to Three Waters management will be impacted by our response to <a href="#">Local Water Done Well</a> (central Government's changes to the arrangements for water services across Aotearoa New Zealand). As we work through what the arrangements will mean for Council and our community, we will better understand how the climate change impacts for water services will be considered.</p> <p>Water use agreements are being developed for each Council facility that will outline water demand management and conservation actions.</p>



How we'll know we are successful	What we are doing
Our community is more aware of the impacts of climate change in Hamilton Kirikiriroa	<p>We are yet to establish a baseline for this measure.</p> <p>Funding for a Civil Defence community engagement plan was approved in the 2024-34 Long-Term Plan, which will support community understanding of the risks and hazards that climate change presents for Hamilton Kirikiriroa. This will also improve community preparedness for extreme weather events.</p> <p>We have updated <a href="#">Floodviewer</a>, an online tool that supports community awareness related to flood hazards in Hamilton Kirikiriroa. It includes information on flood depression areas and overland flow paths across the city, providing detailed flood hazard mapping for 90-95% of Hamilton Kirikiriroa.</p> <p>We supported a climate change partnerships project on Maara kai, that includes understanding the impact of climate change on kai.</p>



# Council Report

Item 10

**Committee:** Council **Date:** 11 February 2025  
**Author:** Robyn Denton **Authoriser:** Andrew Parsons  
**Position:** Network and Systems Operations Manager **Position:** General Manager Infrastructure and Assets  
**Report Name:** Temporary Road Closures for Events

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To seek approval from the Council for temporary road closures associated with the Chinese Lantern Festival in Garden Place on Saturday 22 February 2025 and the Frankton Thunder Event on Saturday 8 March and Sunday 9 March 2025.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:
  - a) receives the report;
  - b) approves the closure of Worley Place Shared Zone between 4pm and 11pm on Saturday 22 February 2025 (with a backup date of Sunday 23 February 2025) to accommodate the Chinese Lantern Festival in Garden Place;
  - c) approves the closure of the following roads to accommodate the Frankton Thunder event:
    - i. 8 March 2025 from 4pm to 6am:
      - Kent Street – Rawhiti Street to Commerce Street
    - ii. 9 March 2025 from 6am to 6pm
      - Kent Street, between Rawhiti Street and Commerce Street
      - Commerce Street, between High Street and The Hamilton Workingmen's Club 39 Commerce Street
      - Lake Road, between Rawhiti Street and King Street
      - Keddell Street, between Commerce Street and King Street
      - Kent Street, between Rawhiti Street and King Street.
  - d) approves the issue of a Notice of Decision stating Council's decision to close Worley Place Shared Zone between 4pm and 11pm on Saturday 22 February 2025 (with a backup date of Sunday 23 February 2025) to accommodate the Chinese Lantern Festival in Garden Place.
  - e) approves the issue of a Notice of Decision stating Council's decision to close the following roads to accommodate the Frankton Thunder event:
    - i. 8 March 2025 from 4pm to 6am:

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- Kent Street – Rawhiti Street to Commerce Street
- ii. 9 March 2025 from 6am to 6pm
  - Kent Street, between Rawhiti Street and Commerce Street
  - Commerce Street, between High Street and The Hamilton Workingmen's Club 39 Commerce Street
  - Lake Road, between Rawhiti Street and King Street
  - Keddell Street, between Commerce Street and King Street
  - Kent Street, between Rawhiti Street and King Street.

### Executive Summary - *Whakaraapopototanga matua*

3. Applications have been received for temporary road closures to accommodate the various activities planned for the following two events:
  - i. Chinese Lantern Festival in Garden Place on 22 February 2025,
  - ii. Frankton Thunder Event on Saturday 8 March and Sunday 9 March 2025.
4. The road closure applications were not completed within the 42-working day timeframe required for processing under the Transport (Vehicular Traffic Road Closures) Regulations 1965.
5. Council approval under the Local Government Act 1974 is being sought to enable the road closures to proceed in conjunction with the events.
6. Similar closures of these roads have been undertaken in the past e.g. Childrens Day, Round the Bridges for Worley Place Shared Zone and previous Frankton Thunder events.
7. Consultation with NZ Police and NZ Transport Agency Waka Kotahi (NZTA) has been completed.
8. Notifications for adjacent residents and businesses will be undertaken prior to the event via letter drops and notifications by the Hamilton Central Business Association advertising the proposed road closure and event.
9. Staff consider the decision in this report has low significance and that the recommendations comply with the Council's legal requirements.

### Discussion - *Matapaki*

10. Hamilton City has a large number of events held each year and often there are temporary road closures associated with the events which are put into place to ensure the safety of the event participants and the general public.
11. Applications for temporary road closures associated with events are normally processed under the Transport (Vehicular Traffic Road Closures) Regulations 1965 which requires 42 working days public notice.
12. Occasionally there are situations where the 42 days public notice was not achieved. In these situations, approval of a temporary road closure for an event can be granted under the Local Government Act 1974 No 66, Schedule 10, Clause 11(e) (LGA 1974).
13. The LGA 1974 process requires public notices be issued prior to the Council meeting to notify the Intention to Consider the temporary road closures and then again following the Council meeting in a Notice of Decision.

14. Two applications for road closures have been received which do not meet the 42 day notice requirement:
  - i. Chinese Lantern Festival in Garden Place on 22 February 2025,
  - ii. Frankton Thunder Event on Saturday 8 March and Sunday 9 March 2025.

#### ***Chinese Lantern Festival***

15. A Chinese Lantern Festival event is being organized by the Hamilton Central Business Association in conjunction with the Waikato Chinese Culture and Art Centre Association to celebrate Chinese New Year. The event will include a Dragon Dance and Lion Dance, Magic Show, Live Cultural Performances and Food Stalls in Garden Place.
16. There will be various participants, organizers, sponsors, and visitors attending the event for which closure of Worley Place Shared Zone is proposed between Caro Street and Worley Place as shown in Figure 1 below:



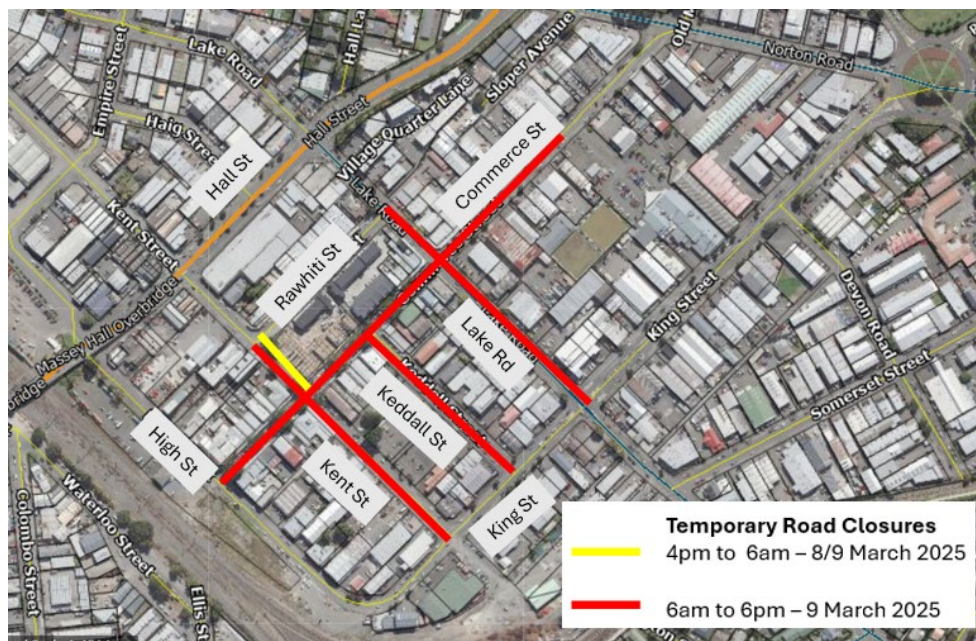
***Figure 1: Proposed road closure extents in yellow for Chinese Lantern Festival***

17. The event is planned for Saturday 22 February 2025 with the road closure in place between 4pm and 11pm. Sunday 23 February 2025 has been nominated as a backup day in case of adverse weather and the need to postpone the event on Saturday.

#### ***Frankton Thunder***

18. The Frankton Thunder Automotive and Community Festival will be held in Frankton on Sunday 9 March 2025.
19. The event will include displays of Classic and Custom cars, Military and Special interest vehicles, Clubs and Motorcycles. Along with Live Entertainment, Food and Street stalls, Photorama, Miss Frankton Thunder, Street Theatre, Thunder Ink tattoo competition and SteamPunk.
20. Frankton Thunder is a fundraiser for the work of the Society of St Vincent de Paul. Frankton Thunder can be experienced 9am to 4pm, Sunday 9 March 2025 in and around Commerce St, Frankton.
21. Supporting L.J.Hooker Frankton Thunder Cruize-in and 'Toys for Charity' run, for cars and bikes, assembles at the Cambridge raceway, Taylor St Cambridge, at 8.30am and leaves for Frankton at 9.30am.

22. The road closures associated with this event are shown in Figure 2 below:



**Figure 2: Proposed road closure extents for Frankton Thunder**

23. Consultation with NZ Police and the NZTA has been completed and they are in support of the closures. Notification will be given prior to the event with letters delivered to all affected residents and businesses.

#### **Financial Considerations - *Whaiwhakaaro Puutea***

24. All costs associated with the two public notices required by the Local Government Act and temporary traffic management are to be met by the applicants.

#### **Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

25. Staff confirm that proposed approval complies with the Council's legal and policy requirements and those of the Local Government Act 1974.

#### **Climate Change Impact Statement**

26. Staff have assessed this option against the Climate Change Policy for both emissions and climate change adaptation.
27. Staff have also considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matters in this report.

#### **Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga***

28. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
29. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.

30. The recommendations set out in this report are consistent with that purpose.

#### **Social**

31. The recommendations included in this report helps the community achieve their goals by ensuring their safety and ability to access the event.

#### **Economic**

32. The recommendations included in this report enables the event to operate efficiently by ensuring safe access operation.

#### **Environmental**

33. No specific environmental considerations were identified in the development of this report. Wasted minimisation options are a requirement of the event approval process.

#### **Cultural**

34. The Chinese Lantern Festival provides an opportunity for the Chinese community to express their shared customs.

#### **Risks - *Tuuraru***

35. There are safety and accessibility risks associated with not approving the recommendations in this report.

#### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

36. Staff considered the following factors under the Significance and Engagement Policy:
- i. The form of engagement used in the past for similar proposals and decisions.
37. Based on these factors, staff have assessed that the matters in this report have low significance.
38. In accordance with the Local Government Act provisions, public notification was given of the intention to consider the temporary road closures application at this meeting.
39. Staff have undertaken consultation with the NZ Police and NZTA and they are supportive of the temporary road closure for the event.
40. In addition, the applicants have undertaken consultation with all properties in the section of road closures.
41. If the closures are approved by this committee, a public notice of the decision to temporarily close the roads will be issued.

#### **Attachments - *Ngaa taapirihanga***

There are no attachments for this report.

# Council Report

**Committee:** Council **Date:** 11 February 2025

**Author:** Andrew Parsons **Authoriser:** Lance Vervoort

**Position:** General Manager  
Infrastructure and Assets **Position:** Chief Executive

**Report Name:** Local Water Done Well - "Water" We Talking About

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To seek the Council's approval of the consultation material on the future delivery of water services, and Council's submission on the Local Government Water Services Bill.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:
  - a) receives the report;
  - b) approves the draft Consultation Document (**Attachment 1**) for Hamilton City Council's response to Local Water Done Well, and consultation on the introduction of targeted rates for waters. subject to minor changes and fact-checking; and
  - c) approves Council's submission (**Attachment 2**) on the Local Government (Water Services) Bill, subject to the final analysis of technical details by staff.

## Executive Summary - *Whakaraapopototanga matua*

3. How councils deliver water services has been a focus of local and central government for years. Local Water Done Well is the Government's plan for councils to address shortcomings in waters delivery. Through Local Water Done Well, councils must demonstrate they are responding to the dramatic and necessary increase in investment required, show financial sustainability, meet new environmental regulation and standards, and submit a Water Services Delivery Plan to the Secretary for Local Government by 3 September 2025.
4. On 12 December 2024, Hamilton City Council approved its preferred option for public consultation for the future of water services delivery was a joint Hamilton City Council and Waikato District Council, Council Controlled Organisation (CCO). On 13 December 2024, Waikato District Council also approved to consult on the joint CCO.
5. Any final decision to establish a waters company can only take place after councils have completed engagement and consultation with the public.
6. Hamilton's proposed consultation document is attached as **Attachment 1**. It sets out how a joint waters company will meet the Government's requirements, while also delivering better outcomes for communities, the river and environment, growth, and provide financial resilience for Council. Waikato District Council is consulting along similar lines.

7. Consultation will take place from 24 March to 27 April 2025, followed by hearings from 6 – 8 May 2025 ahead of a final Council decision during deliberations on 29 – 30 May 2025. To encourage engagement, it is proposed that Hamilton City Council proactively reaches out to key sectors and interest groups, in addition to community engagement.
8. The consultation document also covers the introduction of targeted rates for waters from 1 July 2025. The separate report to this meeting "Consequential Amendment to 2024-34 Long-Term Plan" covers this in further detail.
9. Following consultation and pending a final decision from Council (on 26 June 2025), an Establishment Board is expected to be in place in July 2025. This would support delivery of key work including the joint Water Services Delivery Plan, a joint Waters Services Strategy (long term plan for waters), and to ensure the right systems and structures are in place ahead of the final transaction - by 1 July 2026. Work on establishment requirements continues in parallel, to ensure that Hamilton and Waikato can meet the looming deadlines.
10. The recently released third and final piece of legislation - the Local Government (Water Services) Bill (the Bill), must also support the proposed transition and transaction. Staff have been analysing the Bill, and while we welcome its intent, there are a number of issues that we have interests in and propose submitting to the Select Committee on. Submissions are due by 23 February 2025.
11. Hamilton City Council's draft submission is attached as **Attachment 2**. Our key objective is to ensure that the Bill supports the process underway between our councils – and the outcomes we are trying to achieve. We will submit that a suite of transition mechanisms are required to make the transition of waters from council to a waters company as robust and straight forward as possible. We also want to ensure new standards created don't cut across obligations under the Waikato River Treaty Settlement, to Te Ture Whaimana o te Awa o Waikato; and that these standards are practical and workable.
12. Finally, Hamilton and Waikato have been working with Waipā District Council to consider the benefits of a three council CCO. Waipā District Council had a public excluded briefing on 5 February to present options to its Council. The outcome of that meeting was not known at time of confirming this paper.
13. Regardless of Waipā's final decision, it will consult separately on its preferred option given different timing.
14. Staff consider the matters in this report have high significance and that the recommendations comply with the Council's legal requirements.

### **Background - *Koorero whaimaarama***

15. Major structural change to the delivery of water services nationwide has been a focus of local and central government for years. A water contamination issue in Havelock North in 2016 was the catalyst for Government review and inquiry. The Infrastructure Commission later identified decades of under investment in maintaining, renewing, and building water assets. The provision of safe, sustainable, and affordable water services is now a critical issue across New Zealand.
16. In addition to infrastructure needs, the future of our region and wellbeing of our people relies on a healthy awa. We need tools to wisely manage water in and out of the awa as our population grows. Meeting water standards set by regional councils and Taumata Arowai requires continued large-scale investment. There is also a common commitment and agreement to restoring and protecting te awa. Te Ture Whaimana sets the vision for te awa and everything we do must give effect to this.

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17. Local Water Done Well is the Government's plan for New Zealand to address these shared issues. Through Local Water Done Well, Councils must demonstrate they are responding to the necessary increase in investment required for growth and compliance. The reforms introduce far reaching economic regulation, require financially sustainable delivery, and provide scope for alternative delivery structures.
18. By 3 September 2025, Councils must set out how they will demonstrate they can deliver water services that meet regulatory requirements, support growth and urban development, and are financially sustainable by 2028. As a result, Hamilton City Council needs to make significant decisions on the future delivery of water services.
19. At its meeting on 12 September 2024, the Council confirmed its preferred response and long-term solution to Local Water Done Well would be a multi-council regional or Future Proof sub-regional wastewater and drinking water asset-owning waters company, which also provides stormwater services back to councils. On 24 September 2024, Waikato District Council agreed to co-designing an asset owning Council Controlled Organisation with Hamilton City Council. Both Councils agreed to consult on a joint CCO as their preferred options on 12 and 13 December 2024 respectively.

### Discussion - *Matapaki*

20. Hamilton City Council and Waikato District Council continue to progress work to fulfil government requirements under Local Water Done Well, including Council's preferred option that we create a joint waters company (CCO) for the future delivery of waters services across the city/district (pending a final decision by Councils).
21. Among other things, one of the key focuses over the coming months is to support public understanding of the changes coming for Hamilton and to consult on the proposal.
22. We also have interests in submitting on the Local Government (Water Services) Bill, to ensure that it facilitates a smooth transition of waters from Council to a waters organisation, and creates the enduring setting that set water providers, our communities, and the economy up for success.

### Consultation

23. A draft consultation document is attached as **Attachment 1**. The consultation document is high level, and sets out the benefits of a proposed joint CCO for Hamilton.
24. It includes:
  - i. Why change is coming
  - ii. How this relates to our growing city
  - iii. The options – including the preferred joint waters company with Waikato District, compared with the status quo (internal business unit option)
  - iv. It asks submitters: Which option do you think would be best suited to deliver waters services in the future?
  - v. On targeted rates it asks: Do you have feedback on Council's proposal to introduce new targeted rates for waters services?
25. The consultation document will be supplemented with additional detail on the Hamilton City Council website, which provides more detailed analysis of the options. This is a requirement of the legislation. All material will be in line with that presented to the Council at the 12 December 2024 meeting (for example the Council report and business case).
26. Consultation material is aligned with Waikato District Council communications wherever possible.

27. To encourage engagement, it is proposed that Council consults widely, including proactively reaching out to key sectors and interest groups, in addition to the community. We note there is no central government campaign on Local Water Done Well, so it is up to Council's to explain these changes to our communities.
28. Supporting community understanding is an issue staff are focussed on. Building on the What's up with water education campaign is a key part of our approach. Phase two of this campaign is under way with a focus on messaging around why change is needed.
29. Face-to-face engagement is a priority, and Council will host a Your Neighbourhood event at one of the treatment plants during consultation.
30. We expect given the waters expertise within Hamilton City Council, staff may wish to submit. Guidance will be provided to enable staff to submit in a safe way as we do with all consultations.
31. A final designed version of the consultation document will come to Council on 20 March 2025. Following this consultation will take place from 24 March to 27 April 2025 and Hearings will take place from 6 – 8 May 2025.
32. A final decision on the establishment of a joint waters company, and the respective Water Services Delivery Plan will take place after this process. Deliberations are scheduled from 29 – 30 May 2025, and Council is expected to adopt its Water Services Delivery Plan on 26 June 2025.

#### **Response to Local Government (Water Services) Bill**

33. Staff have also been working through water services legislation – the Local Government (Water Services) Bill, introduced in December 2024. This Bill is expected to be enacted in mid-2025 to establish the enduring settings for the new water services system.
34. Submissions on the Bill are due by 23 February 2025.
35. The Local Government (Water Services) Bill sets out a range of changes to the water services delivery system and to the water services regulatory system.
36. While Hamilton City Council's submission takes a positive view of reform, we also have extensive feedback – at a political level and technical level. For Hamilton City Council and Waikato District Council, it will be important that the Bill supports the process underway between our councils – and what our Councils are trying to achieve.
37. For example, one of the key features of the Local Government (Water Services Preliminary Arrangements) Act 2024 is its focus on requiring water service providers to respond to and support growth. This is a critical issue for Hamilton and this requirement has been largely lost in the Bill. We also note that the objectives cast a higher standard of environmental performance than the Resource Management Act - operating water networks with no impact on the environment is not possible. These two issues need to be addressed.
38. The intent of transition provisions is helpful, but a suite of additions are needed to make the transition of waters from council to a waters company as robust and straight forward as possible. Councils also need a more comprehensive framework that can streamline the establishment process and provide a statutory underpinning for the transfer and novation of contracts, services, and obligations – including the Council's obligations and entitlements under development agreements, and to expedite the transfer of land and documentation of title.

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39. While we welcome the creation of National Standards through the Bill (National Engineering Design Standards, National Wastewater Environmental Standards, and National Stormwater Environmental Standards), these standards cannot cut across Government's responsibilities under Treaty Settlements, nor Council's ability to fulfil existing obligations (for example obligations under the Waikato River Treaty Settlement, to Te Ture Whaimana o te Awa o Waikato). This is a significant risk.
40. Any standards must be achievable, affordable, fit for purpose, and there must be adequate time to transition to them. Changing complex long-life network systems to achieve new and higher standards is both expensive and time-consuming - the timetable for change is critical for our community and for their ability to pay.
41. Further work is also required in the Bill to streamline processes and ensure consistency with existing legislation. In Council's submission we propose noting that Councils are well advanced in their processes and decision making, in line with the Preliminary Arrangements Act, in order to deliver a Water Services Delivery Plan by 3 September. It will be important to ensure that this Bill does not cut across existing processes or require Council's to rework options, which could also create confusion for our communities.
42. A draft submission on the Bill is attached as **Attachment 2**, which picks up on these points, along with a more detailed technical analysis of the Bill.
43. Officials will continue to engage with counterparts in the Department of Internal Affairs to support revisions to the Bill in line with our interests.

**Next Steps**

44. While the business case presented at the Council meeting on 12 December 2024 was sufficient for decision making, and to inform a Water Services Delivery Plan, there remains significant work to refine transition and transaction details, and future set up costs the CCO will need to incur. Although we are conscious a decision hasn't been made, work must continue in parallel to ensure that Hamilton and Waikato can meet looming deadlines.
45. For example, if Councils approve a joint waters CCO, an Establishment Board is required to be in place as soon in July 2025. This would support delivery of key work including the Water Services Strategy (different from a Water Services Delivery Plan) and to ensure the right systems and structures are in place ahead of the final transaction - by 1 July 2026. Work is underway to scope the required skills of an Establishment Board and a proposed appointment process, and staff will come back to Council when decisions are required.
46. Work is also underway to consider transition provisions, from aligning asset valuation methodology, to joint assessing digital needs (both IT and operational) to the novation of contracts. We note lead in times for IT can be long, and staff want to ensure the Establishment Board has what it needs to have the company up and running and operational from 1 July 2026.
47. The Local Government (Water Services) Bill also has implications for some of our working assumptions and some aspects of the Record of Agreement. This Bill is not expected to become law until after a waters company is established, so while we are taking into account requirements of the Bill, we are also using the Local Government (Water Services Preliminary Arrangements) Act 2024 for decision making and consultation.
48. We have also identified a difference in how our councils calculate net reserves and how this was used to derive shareholding in the Record of Agreement. This will not impact debt to revenue, but will impact the shareholding proportion of each Council. An update to the Record of Agreement will come back to both Councils at a later meeting to correct this issue and to reflect our updated understanding of issues from the Bill.

**Work with Waipā District Council**

49. Following a request from Waipā, Hamilton and Waikato have also been working with Waipā District Council to consider the benefits of a three council CCO. This work has included analysis of the financial and non-financial benefits of a joint CCO in the form of an addendum to the Hamilton/ Waikato joint Business Case (presented to Council on 12 December 2024).
50. Waipā District Council held a public excluded briefing on 5 February 2025 to present options to its Council. The outcome of that meeting was not known at time of confirming this paper. The addendum to the business case will be circulated separately as soon as we are able to do so.
51. A verbal update will supplement this report.
52. Given the timeframes at play, regardless of Waipā's decision, Hamilton City Council and Waikato District Council will continue to consult and make decisions on a joint waters organisation, but leave open the option for Waipā to join, should it choose to do so (and subject to Council agreement).

**Engagement with Iwi**

53. Hamilton City Council alongside Waikato District Council continue to engage with iwi on waters. A letter was received from Waikato-Tainui on 12 December 2024 (**Attachment 3**) to the respective Mayors. Mayor Southgate sent a holding response on 20 December 2024 (**Attachment 4**), which expressed our joint commitment to the same outcomes that Waikato Tainui had expressed in relation to Te Ture Waimana. Staff are working through a detailed response together with Waikato District Council.
54. For Waikato-Tainui, the Waikato River is a tupuna which has mana and in turn represents the mana and mauri of Waikato-Tainui. The Waikato River is a single indivisible being that flows from Waikato Iti on the central plateau into Lake Taupō and then through Te Taheke Hukahuka toward Te Puuaha o Waikato. The relationship of Waikato-Tainui with the Waikato River and their respect for it lies at the heart of their spiritual and physical wellbeing, and their tribal identity and culture. This is captured in Schedule One of the Kiingitanga Accord which is a feature of the Waikato River settlement. Te Mana o Te Awa identifies spiritual authority, protective power and prestige of the river as key elements while in customary terms mana whakahaere is the exercise of control, access to, and management by Waikato-Tainui in all areas that relate to and impact on the Waikato River.
55. Discussions on the implications of the Local Government (Water Services) Bill on Council's ability to fulfil existing obligations (for example obligations under the Waikato River Treaty Settlement, to Te Ture Whaimana o te Awa o Waikato) are underway.
56. Hamilton City and Waikato District have also jointly presented to mana whenua to keep them updated on the proposed approach.

**Financial Considerations - *Whaiwhakaaro Puutea***

57. This report does not have any additional financial considerations. The reason for this is as previously noted, should the Council confirm the recommended option of a Council Controlled Organisation following public consultation, the expected establishment costs of Council Controlled Organisation, around \$6 million, will be debt funded and transferred to Council Controlled Organisation on establishment.

## Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

58. The staff recommendations comply with Council's legal and policy requirements and Government policy announcements. Hamilton is consulting using requirements set out in Section 2, the "Alternative requirement: consultation", of the Local Government (Water Services Preliminary Arrangements) Act 2024

## Climate Change Impact Statement

59. According to the 2024 New Zealand Infrastructure Commission report, freshwater sources are coming under increasing stress. In some regions, climate change is expected to threaten water security.
60. Hamilton is expected to face various impacts of climate change, including warmer days and nights. Additionally, more extreme weather events, such as intense storms, rainfall, and shifting wind directions, are likely to occur, potentially affecting the city's infrastructure, community, and environment in numerous ways.
61. Historically, infrastructure has been developed to withstand historic climate conditions; however, with the changes, it must now be designed to endure new climate realities over its lifespan. Without these adjustments, there are significant risks to public health and well-being, including disruptions to water and wastewater treatment, storage and distribution, increased flooding, heightened urban heat, and other impacts within the city. Preparing existing infrastructure and rethinking future projects is essential to address these challenges.
62. The proposed capital investment under Local Water Done Well supports Hamilton's ability to adapt to these changes. Hamilton's draft submission on the Local Government (Water Services) Bill supports advocacy for attainable environmental standards.

## Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

63. Water services are a fundamental lifeline. The recommended approach will deliver benefits to Hamilton, including by being better equipped to deliver the investment that is required for water quality and growth, contributing to improved environmental, social and economic wellbeing over time.
64. The establishment of a joint Hamilton City Council and Waikato District Council waters Council Controlled Organisation will help ensure that sufficient investment can be realised to meet compliance requirement of both the Ngaaruawaahia and the Huntly wastewater treatment plants. This will in turn help improve wellbeing across the subregion and the quality of discharge into the Waikato River in support of Te Ture Whaimana.
65. Water services are subject to significant environmental regulation. Local Water Done Well will introduce further regulation relating to stormwater management and will also introduce national standards for wastewater discharges. All options respond to this, although the Joint Council Controlled Organisation takes a more coordinated approach to the quality and health of the awa.
66. Over time the recommended approach will be better equipped to deliver the investment that is required to support growth.
67. Using an arms-length entity to manage three waters will have an impact on the ability of Maaori to contribute to waters-related decisions. As is provided for in the recommendations this will need to be addressed through engagement with Waikato-Tainui. Over time other Iwi may need to be engaged should other Councils within their rohe decide to join the Council Controlled Organisation

68. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
69. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report. The recommendations set out in this report are consistent with that purpose.

### **Risks - *Tuuraru***

70. The most substantial risk facing the Council in relation to the matters addressed by this report would be failing to address the legal requirements in response to Local Water Done Well. There are also risks being unable to respond to the growth and resilience pressures.
71. Hamilton City Council's proposed submission on the Local Government (Water Services) Bill highlights some of the risks and makes proposals on how the Select Committee Council address these.

### **Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

72. Staff have previously considered the Significance and Engagement Policy in relation to Local Water Done Well and have assessed that the matter(s) have a high level of significance.
73. Council's preferred direction relates to the possible transfer of ownership / control of Council's waters assets. Waters assets are defined in Council's Significance and Engagement Policy as Strategic Assets. There is high level of public interest in the provision of waters services and waters services affect all Hamilton residents and businesses.
74. Given the high level of significance determined, engagement is required. The approach to engagement and consultation is detailed in paragraphs earlier in this report.

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Local Water Done Well Consultation Document

Attachment 2 - HCC Submission Local Government (Water Services) Bill

Attachment 3 - Letter from Tukoroirangi Morgan on behalf of Waikato-Tainui on Local Water Done Well - 12 December 2024

Attachment 4 - Letter from Mayor Paula Southgate to Waikato-Tainui

## What's next for water?

### Why change is coming (not just for Hamilton)

Nationwide, there are big changes ahead for water services.

Many councils can no longer afford to keep building and managing costly waters infrastructure on their own. It is simply too expensive for their communities.

Councils are dealing with increased regulatory rules and costs from government, higher environmental protection standards, soaring infrastructure and insurance costs and new investment needed to deal with growth and extreme weather.

It is very clear this work cannot be deferred anymore. Our country needs huge investment in waters infrastructure and successive governments have recognised this. In some places councils have reached the limit on how much they can borrow. Critical waters infrastructure upgrades have been postponed to keep rates down.

Across New Zealand, all councils have been directed by government to consider how they can better, and more cost-effectively, provide waters services in the future.

All councils, including Hamilton City Council, are being asked to consider different ways to provide drinking water, and manage wastewater and stormwater. Councils are being strongly encouraged to join with neighbours to create scale and drive efficiencies so that, over time, waters services become more affordable and costs are contained.

As part of these changes, all councils must provide a Water Services Delivery Plan to the Government by September 2025. Those Plans must:

- prove water services in the future can be delivered in a way that meets all the rules
- support new housing and businesses
- be more affordable for ratepayers and the wider community.

The Plans will help ensure that across the country, the right investments are being made at a price communities can afford.

In Hamilton, we need to ensure these changes deliver the best possible outcome for our community and our river. Before Hamilton City Council submits our Water Services Delivery Plan, we want your feedback. This section outlines two options we have considered and explains the option our Council thinks is best for our city.

## A changing city

Hamilton is now the fastest growing city in New Zealand. By 2050, we expect more than 260,000 people will live here, including many of our children and grandchildren.

We cannot 'stop' growth. By law, our Council must provide *enough* land, suitable for housing, for the next 30 years. That also means providing the *right* infrastructure (including waters infrastructure) to support our rapidly growing population.

Over the years, Hamilton City Council has consistently invested in the major waters infrastructure our city needs. We have a proven track record for meeting drinking water standards, and want to keep it that way. In the last few years we have built two new water reservoirs in Rototuna and Ruakura, adding 36 million litres of storage to our drinking water network.

We have upgraded the city's water and wastewater treatment stations. This work alone cost \$56 million.

With government support, tens of millions of dollars in new wastewater pipes and pumping facilities have been built in Peacocke to cater for new growth.

We've dealt with localised flooding caused by extreme weather. Given climate change, we are anticipating more of these events in the future. We must be prepared.

But Hamilton's rapid growth means we are still playing catch-up while maintaining the waters infrastructure we already have. Every year we deliver nearly 24 billion litres of drinking water to taps across the city, and treat more than 21 billion litres of wastewater – doing that costs around \$150 million per year. Over the next decade, we have budgeted around \$2.5 billion for new waters projects.

There are limits on how much money councils can borrow – similar to a credit card limit. Many councils, including Hamilton City Council are operating close to their limit. This could severely reduce the ability to respond to unplanned events like a natural disaster.

In Hamilton, we are better off than many other councils, but we face some very big challenges. They require a fundamental change to how we manage waters.

## Two options

Hamilton City Council has considered a number of options. You can see more detail on all of those options [here](#), discussed at a Council meeting in December 2024.

Below are two final options for your feedback. Our preferred option is a joint waters company with Waikato District Council. This is supported by **all** Hamilton City Councillors. You can [watch this video](#) of the Hamilton City Council meeting, where Councillors raise a number of questions and say why they think this option is best for the city.

## **Option 1:**

### **Forming a joint waters company with Waikato District Council.**

***(This is Council's preferred option)***

Our preferred option is to form a joint waters company with Waikato District Council. **This option is the one Waikato District Council also prefers.**

The company would be a Council-controlled Organisation (CCO). The company, including all of the water and wastewater assets, would be publicly owned, with both councils as the only shareholders. A CCO would not require more rates than any other option investigated.

The CCO could not be privatised. Under New Zealand law, it remains illegal to privatise council-delivered water services. This is to ensure they remain in public ownership.

The joint waters company would be responsible for delivering drinking water and wastewater services across council boundaries. It would build, maintain and operate critical waters infrastructure, based on direction from the council shareholders. Stormwater services and assets would remain the responsibility of each council but they would be provided by the CCO.

#### ***What is a Council-Controlled Organisation (CCO)?***

*A CCO (Council Controlled Organisation) is different to a Council. A CCO is governed by an independent Board of Directors, working to meet clear expectations set by shareholding councils and their elected representatives. Each year, CCOs must formally report back to their shareholding councils, to ensure those expectations are met.*

*For this CCO, it is proposed Directors be appointed by a Shareholders Forum, made up of Hamilton City Council and Waikato District Council representatives, plus representation from Waikato-Tainui.*

*Directors would be appointed by the Shareholders Forum based on their professional skills and expertise. This would include financial, infrastructure, legal, tikanga Maaori, environmental, engineering and strategic planning expertise. These skills are critical to making major decisions about costly, intergenerational infrastructure projects.*

#### **Key points to consider:**

- **Critical infrastructure, faster**  
Currently, working across council boundaries is complex and time-consuming. Having to deal with cross-boundary issues holds up vital infrastructure and adds costs. By joining together, Hamilton City and Waikato District can build the infrastructure our growing communities need, faster and cheaper. This would help unlock housing and industrial development, and would allow both councils to meet their growth obligations (including housing obligations) to the government.
- **Improving the health of the Waikato River**

The Waikato River has huge cultural, recreational and environmental significance to all of us. We all want a clean and healthy river. To Waikato-Tainui the River is a single, indivisible being. It is a tupuna which has mana and represents the mana and mauri of Waikato-Tainui.

Forming a CCO with Waikato District would enable better management of the river. The CCO would take freshwater and discharge treated wastewater from a much longer (150km) stretch of the waterway. This better supports our obligations to Te Ture Whaimana o Te Awa o Waikato (the Vision and Strategy for the Waikato River). It would also allow us to better respond to waters standards set by the Waikato Regional Council and Taumata Arowai (the national waters services regulator).

- **Spreading costs fairly**

The government has changed the rules to give CCOs greater borrowing power than councils. In other words, a CCO can borrow more than a council can. That means costs could be spread more fairly, over a longer period of time. Instead of having to pay off a loan in 30 years, for example, that loan could be spread across a period more closely aligned to the full life of the infrastructure. This would reduce the burden on today's ratepayers because future ratepayers, who would also use the infrastructure and services, would *also* pay their fair share. In the case of a natural disaster, critical infrastructure could be rebuilt or repaired faster, because the CCO would have more access to funding.

- **Greater purchasing power**

The joint CCO, working for both the city and Waikato District, would service many more households and businesses. It would be a more cost-efficient organisation, solely focused on waters with greater purchasing power for waters services. Over time those savings and operational efficiencies will be passed to ratepayers. This has been the case around the world, including in Auckland where a CCO (Watercare) has been responsible for waters services since 1991.

- **Securing expertise**

New Zealand has a shortage of waters specialists and our waters workforce is ageing. We need more skilled people. Affected waters staff at both councils would transfer to the CCO. A larger waters organisation is more likely to attract and retain the specialist staff we need to keep our water infrastructure working well.

- **Set-up costs**

Hamilton's costs to establish the CCO are estimated at \$6 million. Costs would be debt-funded by each Council and the debt would then be transferred off Council's books to the CCO. The set-up costs will be offset by increased efficiencies over time.

- **Skilled directors**

A CCO would be governed by a group of appropriately skilled, independent directors with the right mix of expertise to make critical decisions about long-term, critical infrastructure. Both councils would appoint the directors.

- **Oversight**

Under this option the Commerce Commission would provide oversight to ensure the CCO is well managed financially and meets its legal obligations in terms of waters charges. Taumata Arowai already requires councils to meet their water quality obligations, and it will require the same thing of a CCO. The CCO would have a direct relationship with Waikato Regional Council in terms of resource consents and compliance.

- **A first step in a broader partnership**

Both Hamilton City Council and Waikato District Council want to leave the door wide open for other councils to collaborate and potentially merge with the CCO, if that is what those councils choose. The CCO has been designed to make future mergers as simple as possible. Adding other Councils would create a larger organisation that could further reduce costs, increase efficiencies and enable access to more expertise. Right now, some councils are not ready to take this step. But Hamilton and Waikato District have significant growth and funding challenges and need to get on and build infrastructure, in the most affordable way (see box below).

### **How would a CCO impact you?**

Initially, households would not notice any difference. Quality drinking water will still come out of your taps, your toilets will flush and stormwater will be dealt with.

No matter what option we choose, the costs to deliver these waters services are increasing, but forming a joint CCO would help lessen the increases, allow the costs to be spread more fairly over a longer period, and ensure costs are shared by future generations who will also use the infrastructure. It will allow us to build the infrastructure our city needs to enable more housing and more business.

There will be better outcomes for the Waikato River and both councils will be in a better position to deal with unexpected events like flooding or natural disasters.

### **A separate waters charge**

From 1 July 2025 (whether or not a CCO is formed) it is proposed your Council rates bill would show separate waters charges (separate targeted rates to pay for drinking water, wastewater and stormwater activities and infrastructure).

The total rates to run the city will add up to the amount approved by Council through the Long-Term Plan. There will be some adjustment to rates for individual properties due to the city-wide revaluation. But instead of the cost of waters services being covered by your general Hamilton City Council rates bill, you'll be able to clearly see what portion of your rates goes towards waters.

**This change is proposed whether or not a CCO is formed.** Complete transparency of water charges is part of the government's new waters legislation. ([Click here for more detail on charging](#)).

### **If a CCO is formed**

If a CCO is formed, from 1 July 2026 you will receive a separate bill for drinking water and wastewater. In time, this waters bill would come directly from the CCO, but initially Hamilton City Council would collect water charges on behalf of the CCO. All water and wastewater costs would be removed from your Council rates bill.

The waters bill would be partly based on the capital value of your property (which is how your HCC rates are currently determined). Over time, volumetric charging (water meters) is expected to be introduced so people only pay for their share of water they use. But this would be a decision for the CCO.

## Option 2:

### Forming an in-house business unit. (This is not Council's preferred option)

This option would see Hamilton City Council establishing an internal business unit, within the wider Council organisation. The business unit would be 'separate' from the rest of the organisation and would focus only on managing drinking water, wastewater and stormwater.

#### Key points to consider:

- **Financial reporting**

The business unit would be separated financially from the rest of the Council and would still be required to generate revenue through separate targeted rates and waters charges. It would need to produce stand-alone financials, a separate waters annual report and a separate waters services strategy (like a long-term plan for waters). This would help meet government requirements for greater financial transparency.

- **Borrowing capacity**

An in-house business unit would not have as much borrowing capacity as a CCO. Because it could not borrow the money needed, Council could not afford to do all of the waters projects needed to respond to growth in the city. There would have to be trade-offs. Some projects, not just for waters, would be delayed or possibly cancelled, and our ability to respond to emergencies is reduced. Current ratepayers would end up paying more than their fair share because the debt is not shared as much with future generations.

Under this option, Hamilton City Council would struggle to meet its growth obligations to the government. This option would not be able to support those projects in the city and wider region the Government wants to see fast-tracked.

- **Cross-boundary projects**

Existing rules and laws make it complex to work across council boundaries. This option does not easily enable joined-up planning, funding, delivery and operation of waters infrastructure. It would mean Hamilton would continue to operate as a 'stand-alone' entity instead of joining with Waikato District (and potentially other councils over time) to work together and more efficiently build and maintain major waters projects. This will adversely impact growth around Hamilton that is managed by Waikato and Waipā Districts. For example, it could potentially impact projects like the much-needed Southern Wastewater Treatment Plant.

- **Unable to leverage scale**

This option does not offer the same advantages as a bigger organisation because in reality, nothing much changes. Hamilton would not increase its purchasing power, or be able to call on more resources. It does not take advantage of changes made by the government to help New Zealand build better waters infrastructure, faster.

- **Waikato River health**

The health of the Waikato River would continue to be a priority. But under this option, Hamilton City Council would only be able to influence 16km of the waterway (compared to 150km if a joint CCO was formed).

- **Set-up costs**

It would be cheaper to establish an in-house business unit than setting up a CCO. But the long-term benefits of a CCO would outweigh this because, over time, a CCO would deliver cost-efficiencies.

- **Oversight**

Under this option the Commerce Commission would continue to provide oversight to ensure Hamilton City Council meets its legal obligations in terms of waters charges. Taumata Arowai will ensure the in-house business unit meets all water quality obligations.

### **How would an in-house business unit impact you?**

It will be business as usual and initially, most ratepayers would not notice any difference, at all. As now, you will continue to pay for waters services via your rates bill from Hamilton City Council (noting that from 2025/26, this is proposed to be by separate, targeted rates).

But in the long-term there will be significant impacts on Hamilton, particularly on our ability to provide the waters infrastructure needed for more housing and businesses.

This option stymies the city; it will not allow Hamilton to reach its full potential or work more effectively with its neighbours for the benefit of the wider region.

#### **Regional co-operation**

*Hamilton City Council and Waikato District Council have both considered joining a group of smaller Waikato councils that have agreed to work together to jointly provide water services. Those councils have entered into a non-binding agreement to work towards forming an asset-owning waters CCO within five years.*

*Growth challenges and funding opportunities mean both Hamilton City Council and Waikato District Council need more certainty than this option provides. We need to get on and build critical infrastructure in the most affordable way, faster. Plus, we must meet the government's September 2025 deadline for a Water Services Delivery Plan that we know offers the best long-term outcomes for people across the district and city.*

*No matter what happens, both Hamilton City and Waikato District Councils remain very keen to work with other councils in the future to collaborate on water services. The door remains wide open to regional co-operation.*

## Have Your Say

This year's decision on future waters services for Hamilton is one of the biggest decisions our Council will ever make. Billions of dollars in investment and the ability to deliver the most efficient, sustainable, and environmentally responsible waters service – that's best for our city and the wider region – will depend on decisions made this year.

We want our community to help shape these decisions.

**Which option do you think would be best suited to deliver waters services in the future? [Radio button]**

Option 1: Forming a joint waters company with Waikato District Council (supporting Council's preferred option)

Option 2: Forming an in-house business unit

DRAFT

## Change required for how rates are set for waters services

### More transparency

The Government wants more transparency around the cost of waters services. All councils will soon be required to show how much revenue is collected for waters services, separately to the other funding councils collect. That means all councils must separately charge for drinking water supply, wastewater and stormwater activities.

This new nationwide requirement means we need to change how rates are set for waters services in Hamilton.

#### Some important things to know:

- There is no change to the average rates increase for existing ratepayers in 2025/26. This remains 15.5%.
- However, there would be some minor changes for individual properties because the proposal would change the way rates are split across property types.
- Some types of properties will receive a small increase compared to what was proposed in the Long-Term Plan. Other types will see a decrease as they are not connected to one or more waters services.
- Our proposal would mean the least change to the amount that properties pay for their water services (while still meeting the Government's new requirements).

#### How do households pay for waters services now?

It depends on what type of property you have, and the waters services you receive.

The vast majority (91%) of residential homes in Hamilton receive water and wastewater services (drinking water to your taps and toilets that flush into the sewer system), and this is paid for through the 'general rate'.

The general rate funds most of the services you receive from Council (like roads, community services, parks – as well as waters). It's like a household having one main account that pays for all of its expenses.

For a median value home, the 'general rate' makes up about 73% of the total rates bill. The rest is made up of the Uniform Annual General Charge (23%) and Government Compliance Rate (4%).

#### So, what is Council proposing?

To meet the new government requirements described above, we propose to introduce separate rates for each of these waters services – drinking water supply, wastewater and stormwater. These rates will appear as separate line items on rates bills.

This proposal means the least change to the amount that properties pay for waters services and also makes the cost of water, wastewater and stormwater much more transparent. It's like having separate household accounts to pay for your groceries, electricity, and insurance.

The separate targeted rates would be set in exactly the same way the general rate is set now – by capital value.

Council is also proposing to remove the current Government Compliance Rate. That's because much of the activity funded from this rate already helps pay for waters activities. The waters portion of the Government Compliance Rate will become part of the proposed new separated waters rates.

### What would this mean for my rates?

From 1 July 2025, two things would change on your rates invoice.

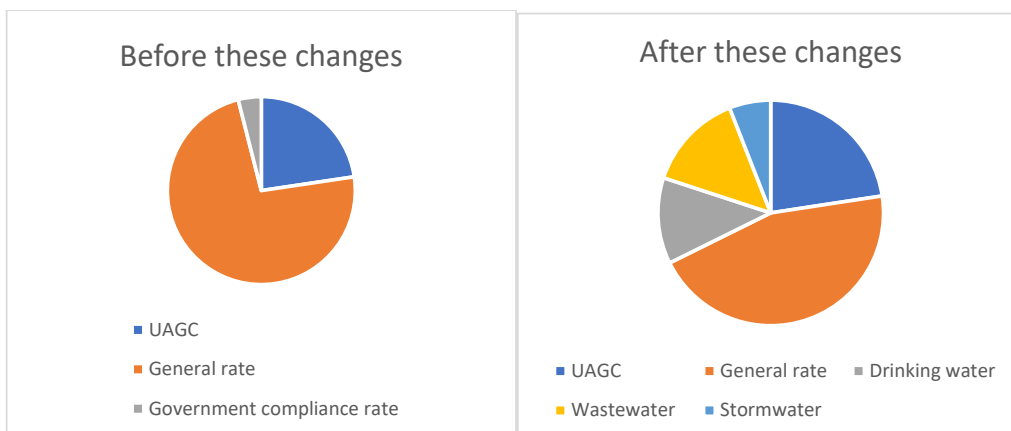
1. You would see up to three new itemised rates for waters services, depending on the waters services your property receives:

- drinking water supply
- wastewater
- stormwater.

Summary - Hamilton City Council Rates – 60136					
Description	Categories and factors for assessment		Rate	Value	Year total
General Rate	Residential	Capital value	0.00207963	\$830,000	\$1,726.10
Stormwater	Residential	Capital value	0.00027408	\$830,000	\$227.49
Wastewater	Residential	Capital value	0.00064626	\$830,000	\$536.40
Water	Residential	Capital value	0.00056986	\$830,000	\$472.99
Uniform annual general charge	Separately used or inhabited part	Fixed charge	\$865.00	1	\$865.00
Total rates					\$3,827.98

2. The portion of your rates that goes toward the general rate would be reduced – by the same portion that would go towards the new separated waters rates you'd pay.

For a median value home, the new general rate portion would be 45% of your total rates bill. Previously the general rate portion would have been 73% of your rates bill.



Money that currently goes towards the Government Compliance Rate would be spread across the general and separated rates (noting most of that money helped pay for waters services).

#### **Are there any other options besides targeted rates?**

There are no other financial tools Council can use now to separate the costs and funding for waters services.

#### **Why use capital value to set the rates?**

Currently rates in Hamilton (and across most of New Zealand) are set according to the capital value of a property. For the new separated waters rates, Council is proposing the same approach.

Essentially this would mean a property's rates are set in the same way as previous years, except that the three separate waters rates would be lifted out of the general rate portion and listed individually.

[Visit our rates calculator](#) to see what the proposed rates would be for your property.

#### **Are there any other options for setting by capital value?**

Yes, and Council has considered them, including setting rates using a fixed amount (fixed rate) per property. However, this would see many households paying more compared with setting waters rates using capital value. You can see the impact of [using a fixed rate compared with capital value here](#) [link to graphs from October council meeting].

#### **What about other types of properties?**

It depends on the waters services provided to the property. The majority of commercial and industrial properties in Hamilton already pay for drinking water by a volumetric charge (water metres). This won't change.

These properties will see pay a separated rate for wastewater and stormwater, also itemised on their rates bill.

The commercial and industrial properties that pay trade waste charges would also continue to do so.

### What else is changing?

- Introducing new, separate waters rates and removing the Government Compliance Rate would require a change to our Revenue and Financing Policy. There are also some minor changes to the wording of the policy. You can see a [tracked-change version](#) of the policy here [link].
- The reduction to the portion of the general rate for residential properties has a technical impact on the residential/commercial rate differential. This reduction increases the differential, however, Council is **not** changing the make-up of total rates paid by commercial properties compared with residential.

### What else do I need to know?

Hamilton's properties are being independently revalued this year, and those values will be used for rating purposes from 1 July 2025. (By law, properties must be revalued every three years).

Some ratepayers may see their rates go up or down as a result of property revaluations. But the revaluation will not change the total amount of rates we need to collect from across the city.

### Advantages of introducing targeted rates:

- Meets the government's new requirement to separate financial reporting for waters services
- Property owners can see precisely how much of their rates bill goes towards each water service
- Setting waters rates by capital value is consistent with current rating method
- Capital value introduces the least amount of change to the rates for individual properties.

### Have Your Say

Do you have feedback on Council's proposal to introduce new targeted rates for waters services? **Free text**

Do you have any other comments to make regarding the future of waters services? **Free text**

Attachment 2

Item 11

## Hamilton City Council – Draft 1 Submission

### Local Government (Water Services) Bill

### Parliament's Finance and Expenditure Select Committee

23 February 2025

## Building a Prosperous Hamilton

Hamilton City Council is the territorial authority providing for the wellbeing of well over 190,000 residents in New Zealand's fourth-largest and fastest-growing city.

We are the largest water services provider in the Waikato region, and have a strong track record for delivering high-quality water services to our communities, investing in infrastructure, and meeting environmental standards.

Hamilton plays a central and strategic role in the region, and for New Zealand's economy. We are within 90 minutes of half of New Zealand's population, close to two main seaports (Auckland and Tauranga), two international airports (Auckland and Hamilton), have an inland port recognised as nationally significant. We have rail connections and distribution networks, industry and state highways. This is driving faster than ever growth across the region, leading to increased investment requirements, but with significant opportunities, including for innovation and driving national productivity.

To keep up, Hamilton City Council has invested significantly in three waters. In the last few years we have built two new water reservoirs in Rototuna and Ruakura, adding 36 million litres of capacity to our drinking water network. We have upgraded the city's water and wastewater treatment stations, at a cost of \$56 million. We've dealt with localised flooding caused by extreme weather.

But rapid growth means significant investment to maintain the waters infrastructure we already have.

The continued health of the awa is central to the wellbeing and prosperity of our region and has also been a focus for our Council. As part of the River Settlement, there is commitment and agreement to restoring and protecting te awa. Hamilton City Council and Waikato-Tainui work together to give effect to Te Ture Whaimana o Te Awa o Waikato – the Strategy and Vision for the Waikato River ([refer here](#)).

It is in this context that Hamilton City Council provides its submission to the Finance and Expenditure Select Committee on the Local Government (Water Services) Bill.

## Council Approval and Reference

This submission was approved by Hamilton City Council at its meeting held on 11 February 2025.

Submission #787

## Key Messages

1. **Hamilton City Council strongly supports reform of the national water services sector.** Reform is long overdue. The current model is unsustainable for councils and our communities, and the provision of safe, sustainable, and affordable water services is now a critical issue across New Zealand. The success of Local Water Done Well is critical to public health, economic growth, housing and environmental sustainability.
2. **The objectives of water service providers are aspirational, but must include responding to growth, and need to be refined to be realistic.** One of the key features of the Local Government (Water Services Preliminary Arrangements) Act 2024 is its focus on requiring water service providers to respond to and support growth. This is a critical issue for Hamilton and this requirement has been largely lost in the Bill. We also note that the objectives cast a higher standard of environmental performance than the RMA - operating water networks with no impact on the environment is not possible. These two issues need to be addressed.
3. **The intent of transition provisions is helpful but a suite of additions are needed to make the transition of waters from council to a waters company as robust and straight forward as possible.** Councils need a more comprehensive framework that can streamline the establishment process and provide a statutory underpinning for the transfer and novation of contracts, services, and obligations – including the Council's obligations and entitlements under development agreements, and to expedite the transfer of land and documentation of title. This is not currently provided for in the Bill.
4. **New standards cannot undermine existing obligations, nor create additional burdens for Councils.** While we welcome the creation of National Standards (National Engineering Design Standards, National Wastewater Environmental Standards, and National Stormwater Environmental Standards), these standards cannot cut across Government's responsibilities under Treaty Settlements, nor Council's ability to fulfill existing obligations (for example obligations under the Waikato River Treaty Settlement, to Te Ture Whaimana o te Awa o Waikato.) Further, any standards must be achievable, affordable, fit for purpose, and there must be adequate time to transition to them. Changing complex long-life network systems to achieve new and higher standards is both expensive and time-consuming - the timetable for change is critical for our community and for their ability to pay.
5. **Transition to new ways of charging are required.** Hamilton City Council recognises the need to move to volumetric charging for water services, this is integral to achieve financial sustainability, more efficient use of water, and better environmental outcomes. However, this is not possible until we have been able to install universal water metering. We support the intent of the framework for transitioning from current rates based on capital value to other forms of charging. Our technical submission suggests refinement of the transition framework to make it work as is intended.
6. **Further work is required to streamline processes and ensure consistency with existing legislation.** Many Councils are well advanced in their processes and decision-making, in line with the Preliminary Arrangements, in order to deliver a Water Services Delivery Plan by 3 September. In Hamilton's case a decision to establish a waters company will likely occur ahead of this Bill receiving Royal Assent. We urge the Government to ensure that this Bill does not cut across existing processes or require Council's to rework options, which could also create confusion for our communities.

## Introduction

7. Hamilton City Council welcomes the opportunity to make a submission to Parliament's Finance and Expenditure Select Committee on the Local Government (Water Services) Bill.
  - **Local Government (Water Services Preliminary Arrangements) Bill – 13 June 2024 – [refer here](#)**
  - **Water Services Entities Amendment Bill – 4 July 2023 – [refer here](#)**
  - **Water Services Legislation Bill – 16 February 2023 – [refer here](#)**
  - **Water Services Economic Efficiency and Consumer Protection Bill – 16 February 2023 – [refer here](#)**
  - **Water Services Entities Bill – 20 July 2022 – [refer here](#)**
  - **Three Waters Reform – 4 February 2022 – [refer here](#)**
  - **Working Group on Representation Governance and Accountability of new Water Services Entities – 3 February 2022 – [refer here](#)**
8. In addition to the 'Key Messages' section, this submission is structured under the main headings of:
  - **Part A – General Comments**
  - **Further Information and Hearings**
  - **Part B – Detailed Considerations**

## Part A – General Comments

9. Hamilton City Council welcomes the Local Government Water Services Bill.
10. How Councils deliver water services has been a focus of local and central government for years – with change long overdue. This Bill gives councils the flexibility and options to make local decisions on the future of water services delivery, something Councils have strongly advocated for.
11. In December 2024, in line with Government direction, Hamilton City Council alongside Waikato District Council agreed to consult our communities on a joint Council Controlled Organisation as our preferred option for future water services delivery.
12. We heard loud and clear from the then Minister for Local Government, Hon Simeon Brown, that Councils should work together on water services to create scale. A joint Waikato-Hamilton business case demonstrated the benefits of partnering to create real change, scale and boundaryless investment.
13. For our subregion, working together is a logical and attractive first step towards change. We are clear though, that we remain open to further aggregation with other partners over time.
14. Key outcomes for Hamilton City Council and Waikato District Council through this reform include:
  - a. **Better growth outcomes:** by investing in the right infrastructure to support development across the joint boundary;
  - b. **Better for the river:** a coordinated approach to support the quality and health of the awa in giving effect to Te Ture Whaimana;
  - c. **Better for water users:** offers improved customer experience through a sole focus on waters across the joint area;
  - d. **Better financially:** cost of investment spread fairly across generations to align with lifespan of assets.

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15. Overall, we are positive about reform. The key thing will be to ensure that this Bill enables a smooth transition for Councils.
16. Our feedback on this Bill is extensive, and we have welcomed a close working relationship with Government Ministers and between officials on the detail.
17. We hope this helps in setting New Zealand up for success by giving water providers the tools they require to create real change in line with the Government's direction; what is needed for water delivery; and ultimately what will benefit our communities, environment and economy.

### How the Bill can help Hamilton City and Waikato District to Deliver:

#### *Better Growth Outcomes*

18. In line with Government direction, a core focus for Hamilton is how we keep up with high growth across our city and beyond. We note Government policy announcements made in August 2024 on growth, and the National Policy Statement on Urban Development, including a requirement to service zoned and serviced land able to accommodate 30 years of future growth. Sufficient investment in three waters infrastructure is key to this.
19. Hamilton is the fastest growing city in the country, and we have been growing fast for years. By 2050, we expect more than 260,000 people will live here. Hamilton City Council has consistently invested in the major water infrastructure our city needs. We have one of the best records for meeting drinking water standards. But Hamilton's rapid growth means we are still playing catch-up while maintaining the waters infrastructure we already have. Keeping up with growth is a reality across our sub-region.
20. Over the next decade, Hamilton has budgeted around \$2.5 billion for new waters projects.
21. A joint Hamilton City - Waikato District waters company unlocks the ability to deliver the right infrastructure to service growth, in the right way. This includes large waters infrastructure that serves communities within Hamilton city, in the growth areas immediately adjacent to Hamilton city, and the rest of the Waikato District.
22. In this context, we would welcome the Select Committee strengthening of provisions related to growth in the Bill. We recommend the Bill explicitly states as an objective of water providers **the requirement to support housing and urban development and to support economic development (cl15)**. This makes clear to the water organisation from the outset, the role they play in growth – and is consistent with the policy intent the Government has set out.
23. We note the lack of recognition of existing spatial planning frameworks. Future Proof sets the strategic direction for growth across our subregion. This omission could compromise cohesive infrastructure planning, and leading to poor outcomes in urban development, housing, and employment. **This is an easy but important addition.**
24. As a high-growth Council, we note two large infrastructure examples underway in Hamilton, notably a new reservoir in Hamilton's CBD (an Infrastructure Acceleration Fund project) or the design of a new wastewater treatment plant, both of which are currently in design and both have long consenting and construction lead in times. While we broadly welcome National Engineering Standards set out, there must be time to transition to these. The impact would be paralyzing, not to mention hugely costly to ratepayers and developers, if these standard cut across capital projects currently being delivered by both Council and developers. **A phased approach to compliance is needed to ensure continued delivery of infrastructure that enables growth.**
25. On a more technical note, but essential, are the transfer arrangements of existing development agreements to a water provider. This is not currently provided for in the Bill, creating significant risk for existing agreements. For example, Hamilton City Council has developer agreements under the

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Infrastructure Acceleration Fund to deliver 4,000 new homes in the central city, through critical three waters infrastructure. **We need the ability to seamlessly transfer these arrangements to a new waters company, to avoid delivery risk created through this process.** This point, along with other transition requirements is picked up on again in the "transitions" section of the submission.

#### **Better for the River and the Environment**

26. We welcome the Bill's intent that seeks to minimise the environmental impact that water service providers have. We expect the actual wording that water providers "do not have adverse effects on the environment" needs further consideration to ensure it is achievable. **We would recommend consistency with the Purpose and Principles set out in Part 2 of the Resource Management Act 1991.**
27. The future prosperity of the Waikato Region and wellbeing of our people relies on a healthy river/awa. Under the River Settlement, there is a common commitment and agreement to restoring and protecting te awa. Te Ture Whaimana sets the vision for te awa and everything we do must give effect to this. As part of the River Settlement Te Ture Whaimana has the standing of a National Policy Statement under the RMA and where there is inconsistency with any other National Policy Statement it takes precedence.
28. We note that the Bill creates three new National Standards – National Engineering Design Standards, National Wastewater Environmental Standards, and National Stormwater Environmental Standards. As they currently stand in the Bill, each of the new standards take precedence over Te Ture Whaimana which is problematic. Hamilton City Council cannot support the diminution of the mana, standing, and operation of the Waikato River Settlement and Te Ture Whaimana.
29. We are also concerned that the consultation requirements relating to the development of the new standards does not recognise the mana and role of Waikato-Tainui in relation to the awa. For Waikato-Tainui, the Waikato River is a tupuna which has mana and in turn represents the mana and mauri of Waikato-Tainui. The relationship of Waikato-Tainui with the Waikato River and their respect for it lies at the heart of their spiritual and physical wellbeing, and their tribal identity and culture. This is captured in Schedule One of the Kiingitanga Accord which is a feature of the Waikato River settlement.
30. **We recommend that the Select Committee rework the proposed National Standards framework so that it appropriately recognises the commitment that the Crown has made through Treaty Settlements and does not undermine the Waikato River Settlement and the standing of Te Ture Whaimana.**
31. **We recommend that the framework for any new standards requires the decisions-makers developing, recommending or approving the standards to ensure that they are proportionate, practical, affordable, and the benefits of the new standards exceed the costs of implementing them.**

#### **Better for Water Users**

32. Hamilton is realistic, we must transition to volumetric charging for waters, and we must do this quickly.
33. Evidence shows that Councils that have meters have better efficiencies in water usage. This means leaks are more readily discovered, very expensive assets like treatment plants can do the job for longer or, lower peak demand, results in improved resilience and less stressed infrastructure.
34. While Hamilton is working at pace to roll out universal meters, we need charging mechanisms that works for our customers in the meantime. Hamilton's analysis shows that if using a fixed charge per

rating unit, 80 percent of customers would be worse off, with the most significant impact for lower value properties.

35. **We support the intent of the framework to transition from charges based on capital value to other forms of charge. Our technical submission suggests some further refinement of the transition framework that are needed to make it work as is intended.**

36. Part B picks up on our detailed considerations, seeking clarifications to charging provisions.

**Better Financially: Establishment Process and Transition**

37. Hamilton City Council and Waikato District Council have been working at pace to develop a long-term solution that works best for ratepayers, for businesses, that also allows other water providers to join in the future. In doing so have had detailed conversations on establishment and transfer arrangements.

38. While we welcome transition provisions in the Bill, **there is a large suite of other transfer provisions that still need to be addressed.** This is picked up in detail in the technical submission. Issues range from contracts for service and procurement, to developer agreements to insurance, land, and assets.

39. The outcome that we are seeking is a statutory provision that underpins the transfer or novation of obligations, agreements, and contracts that supports the operation of a new CCO as if it was the Council without triggering termination or renegotiation. This is important for any supply agreement, but is particularly critical for the waters-related aspects of development agreements.

40. While we are well advanced in our work to consult with and confirm decisions with the community, we note this Bill introduces additional and conflicting consultation requirements compared to the Preliminary Arrangements Act.

41. We urge the Government to ensure that this Bill does not cut across existing processes or require Council's to rework options, which could also create confusion for our communities.

42. **We would also recommend that the requirement for an auditor's opinion on consequential amendments to the long-term plans in these circumstances be waived** - or as a minimum, drastically reduced in line with the Government's intent to streamline processes.

**Concluding Remarks**

43. As a country, we must address the decades of under investment in maintaining, renewing, and building water assets – which have led to critical issues seen over the past decades.
44. But as a Council, we cannot simply keep putting rates up. Local Water Done Well must work for Councils, businesses, developers and the community. This Bill, alongside the supporting legislation, enables fundamental change to the delivery of water services, and is much welcome.
45. Hamilton, working with Waikato District, is well placed to deliver on the needed change to deliver water services in a way that is better for growth, better for the river, better for waters users, and better financially. We welcome the Select Committee's consideration of these issues to ensure that this is a success.

**Further Information and Hearings**

46. Should Parliament's Finance and Expenditure Select Committee require clarification of the submission from Hamilton City Council, or additional information, please contact **Andrew Parsons**

(General Manager – Infrastructure and Assets) on **07 838 6896** or **021 791 612**, or email [Andrew.Parsons@hcc.govt.nz](mailto:Andrew.Parsons@hcc.govt.nz) in the first instance.

47. Hamilton City Council **does wish to speak** to Parliament's Finance and Expenditure Select Committee at the hearings in support of its submission to the Local Government (Water Services) Bill.
48. We would also welcome the opportunity to have further discussions around the key areas of this submission with Parliament's Finance and Expenditure Select Committee.

Yours faithfully

**Lance Vervoort**  
**CHIEF EXECUTIVE**

**Item 11**

**Attachment 2**

**Attachment 2**

**Item 11**

## Part B – Detailed Considerations

This table provides the detail of Hamilton's technical interests in the Bill. It is organised by clause, according to the order set out in the Bill.

In addition to the specific matters addressed below, Hamilton City Council requests that the Select Committee introduces amendments to the Bill to ensure an effective transition between current bylaws and controls and the operation of new water service providers and water organisations. This is critical because much of the control framework proposed in the Bill relies on bylaw making by territorial authorities, but bylaw making takes time. Until new bylaws can be put in place existing controls must be effective and enable water service providers to have effective control over their water networks.

### General

#### Part 1

Part 1		Preliminary Provisions (Purpose, definitions)	
4		<b>Watercourse</b> is defined twice – a single definition is required in this context	<b>Amend</b> – the Bill to provide for a single definition of watercourse.

#### Part 2

Part 2		Structural Arrangements for providing water services	
Part 2 – Subpart 1		Responsibility for providing water services	
11 Schedule 1 Schedule 2	<b>Transfer Agreement</b>	<p>We broadly support the framework that the Bill provides to support the establishment of a water organisation through a transfer agreement.</p> <p>We welcome and support the provisions in Schedule 1 that provide for the transfer of staff to a water organisation. This will aid in the retention of qualified and experienced staff at a time of uncertainty. This is critical.</p> <p>We are concerned however that the framework for the transfer of responsibilities and assets is not complete. The creation of water organisations will be complex and could be costly. We are anxious to ensure that the Bill removes any obstacle to a smooth, efficient and cost-effective establishment process.</p> <p>Given the complexity of the transfer of waters related functions, Hamilton City Council requests a more comprehensive framework that can streamline the establishment process and provide a statutory underpinning for the transfer and novation of contracts, services, and obligations – including the Council's obligations and entitlements under development agreements, Housing Infrastructure Fund (HIF), Infrastructure Acceleration Fund (IAF), and Infrastructure Funding and Financing Act (IFF), and to expedite the transfer of land and the documentation of title.</p> <p>We request that the transfer framework includes things such as: any contract for service to be transferred in whole or part to a CCO and the revenue and expenditure obligations attached to</p>	<p><b>Amend</b> – S11 and Schedule 2 to provide a statutory transfer function that comprehensively supports the transfer or novation (in whole or in part as relevant) of the following from a territorial authority to a water organisation as part of the transfer process through agreement:</p> <ul style="list-style-type: none"> <li>Any contract for products or services provided to the Council that relates to the delivery of waters services, or is ancillary to the delivery of waters services.</li> <li>Any service delivery contract relating to the delivery of water services by the Council to a third party.</li> <li>Any council shared service contracts that relate to the delivery of water services or any associated support functions, particularly where not all councils are moving into a CCO.</li> <li>An existing insurance policy that relates to waters services and assets, and any rights, interests, or obligations relating to an existing insurance policy</li> <li>Any rights, obligations, or security arising from a development agreement that has been entered into by the Council prior to the date of transfer – such that any obligations that a developer may have under the agreement relating to water services, waters assets, capital contributions, and the timing of physical works must be performed for the water organisation as if it was the Council, and any obligations that the Council may have to the developer with respect to water services, waters assets, capital contributions, and the timing of physical works must be performed by or the water organisation as if it was the Council (i.e. the creation of the water organisation should not provide an opportunity to review or re-negotiate or change the terms or obligations under a development agreement).</li> </ul>

		that; the ability to transfer land; and the transfer of development agreements and related obligations. We are anxious to avoid the costs and risks of having to renegotiate supply arrangements or development agreements.	<ul style="list-style-type: none"> <li>Any land, easements, assets, or security as set out in the Transfer Agreement – including a requirement for LINZ to expeditiously change the name of the owner of the land in its registers.</li> <li>Any government funding agreements with a council that relates to the provision of water infrastructure (e.g. HIF, IAF, IFF).</li> </ul>
15  Schedule 3	<b>Establishment</b>  Objectives	<p>Hamilton City is a Tier 1 local authority under the National Policy Statement for Urban Development, and is a partner in Future Proof. The Future Proof Urban Development Strategy sets up success for spatial planning in the region, including recent fast track consenting provisions, and how this drives cross boundary servicing.</p> <p>A key feature of earlier government policy announcements and the Water Services (Preliminary Arrangements) Act (PAA) was its focus on recognising and responding to growth and development. This focus has been lost in the Bill. Responding to growth is both a critical challenge for water services providers and a key responsibility. This should be reflected in the water services providers in s15 of the Bill.</p> <p>Section 15(1)(a)(ii) requires a water services provider to provide water services that “do not have adverse effects on the environment”. This sets a higher test than the requirement of the Resource Management Act 1992 (RMA) to “avoid, remedy or mitigate” environmental effects.</p> <p>The provision of water services will always have some adverse environmental effects. We recommend this objective be made consistent with obligations under the RMA.</p> <p>The objectives as stated in the Bill do not recognise that for many parts of the country the provision of water services do not currently meet the objectives as set out in s15 or that it will take some time and considerable investment to do so. The objectives might be better framed to reflect the intent to do so “over time”.</p>	<p><b>Amend</b> – the Bill to include responding to and provide for growth and development as one of the objectives of a water services provider (s15).</p> <p><b>Amend</b> – Schedule 3 to ensure that the contents of a Water Services Strategy also identifies how the water organisation or water services provider will respond to and provide for growth and development.</p> <p><b>Amend</b> – S15(1)(a)(ii) to be consistent with obligation under the RMA.</p> <p><b>Review</b> – objectives where they set a high standard and might be better framed as “over time” given the significant investment that will be required in existing networks to achieve the standards required in a financially sustainable way.</p>
18 & 19	<b>Establishment</b>  Public Ownership	We support the provisions designed to ensure continued public ownership of waters infrastructure – including support for the prohibition on concession or franchise agreements.	<b>Note support</b> for these provisions.
		<b>Consultation process / need for a third reasonably practicable consultation option</b>	

26 – 29	<p><b>Establishment</b></p> <p>Identification and assessment of options</p>	<p>The PAA sets out a process for identifying and deciding on a council's proposed water services delivery model, including requirements for consultation. This process is inconsistent with the process in the Bill: for example, the Act permits the identification of only two options (rather than the three anticipated under the Bill), when the council is considering and then consulting on its proposed option. Further, the process set out in the Bill suggests that despite meeting the obligations of the PAA a council may need to consult again on the proposal to establish a CCO. This will not be possible if we are to meet the PAA requirements with respect to the timing of a Water Services Delivery Plan.</p> <p>We note that there are also differences in the information that is required to support consultation on the establishment of a water organisation as set out in the PAA and in the Bill.</p> <p>At time of writing, in Hamilton (and Waikato's case) consultation material has been prepared for consultation on our preferred water services delivery model in March - April. Our CCO is expected to be established prior to this Bill receiving Royal Assent, but the transfer of waters assets and functions will not take place until 1 July 2026.</p> <p>We are seeking clarity so that we can rely on the provisions of the PAA to consult once, and once only on the creation of a water organisation.</p> <p>The PAA streamlined a number of key consultation and decision-making requirements but did not remove obligations under Section 94 (2) of the LGA. This means that having used the alternative consultation method in the PAA councils will still be required to have consequential amendments to the LTP audited. We believe that this was unintended and counter to government's policy intent. We seek an amendment to complete the simplification process and remove the need for audit associated with consequential amendments to an LTP.</p>	<p><b>Amend</b> – the Bill to ensure that the process and requirements relating to consultation in relation to the creation of a water organisation are consistent with those established by the PAA.</p> <p><b>Clarify</b> – that where a Council has made decisions on a preferred delivery model consistent with the consultation and decision-making arrangements set out in the Preliminary Arrangements Act, no further consultation will be required to implement those decisions, including completing and implementing a Water Services Delivery Plan, and establishing a water organisation.</p> <p><b>Amend</b> – the PAA to ensure that consequential amendments to an LTP are not required to be audited.</p>
<b>Part 2 – Subpart 3</b>		<b>Water Organisations</b>	
S41	<p><b>Partnerships</b></p> <p>Objectives</p>	<p>S41 of the Bill requires water service providers to act in a manner which is consistent with Treaty Settlement Obligations.</p> <p>For Waikato-Tainui, the Waikato River is a tupuna which has mana and in turn represents the mana and mauri of Waikato-Tainui. The relationship of Waikato-Tainui with the Waikato River and their respect for it lies at the heart of their spiritual and physical wellbeing, and their tribal identity and culture. This is captured in Schedule One of the Kiingitanga Accord which is a feature of the Waikato River Settlement.</p> <p>We submit that in the context of the Waikato-Tainui River Settlement Act and the Kiingitanga Accord this obligation in s41 of the Bill is insufficient where the water services provider is a water organisation. The Waikato-Tainui River Settlement relies in part on the successful operation of joint management agreements between local authorities and Waikato-Tainui. Where a local authority</p>	<p><b>Amend</b> – s41 to ensure that a water organisation must give effect to any waters related Treaty Settlement obligation that a local authority has that relates to the provision of water services transferred to the water organisation.</p>

		<p>transfers waters responsibilities to a water organisation both it and Waikato-Tainui will need to be confident that the intent of the Settlement is maintained and the operation of the water organisation will become part of the implementation of the Settlement arrangements.</p> <p>We recommend that water organisation be required to give effect to any waters related Treaty Settlement obligations that a local authority has that relates to the provision of water services transferred to the water organisation.</p>	
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## Part 3

<b>Part 3</b>		<b>Operational matters</b>	
<b>Part 3 - Subpart 1</b>		<b>Charges for water services</b>	
60 - 63	<p><b>Cost Recovery</b></p> <p>Charging</p>	<p>The ability for a water organisation to efficiently and effectively recover to the cost of providing services is integral to achieving the legislative requirement to be financially sustainable. We welcome the broad and enabling charging provisions provided for in the Bill. There are, however, several additional refinements sought.</p> <p><u><b>Transitional Charging</b></u></p> <p>We welcome the provision of a 5-year period transitional period for charging. This is critical for Hamilton as it will take about that long to complete the commissioning and installation of universal water meters across the city. Transition is also important to avoid wholesale changes in the incidence and impact of waters charges.</p> <p>However, we believe that this interplay between s60 and s63 in the Bill as introduced is flawed. The wording of s60(6)(b) effectively precludes the use of any of the charging tools set out in the rest of s60 if the provisions of s63 are being used during the transition period. This is very problematic when, like Hamilton City Council, a council is already using a range of the charging tools set out in s60 – including the use of volumetric charges for major water users. We do not believe that the transitional provisions and the general provisions of s60 were intended to be mutually exclusive. We recommend that s60(6)(b) be amended to start with ‘except to the extent that s63 applies ...’</p> <p><u><b>Unit of supply</b></u></p> <p>The Bill appears to make the broad assumption that a property owner is the customer receiving waters services. This may provide an inconsistent view as to who the customer is. The use of the property as a unit of supply is broad and may not reflect the range of property configurations (nuanced), or the point of liability. Examples of property types which are problematic under the framework of the Bill as introduced include:</p>	<p><b>Amend</b> – s60(6)(b) to start with “<i>except to the extent that s63 applies ...</i>”</p> <p><b>Amend</b> – to provide great clarity over the unit of supply and provide for more nuanced property scenarios.</p>

		<ul style="list-style-type: none"> <li>Residential properties where there is more than one dwelling, each of which add to the demand for waters services. In Hamilton these properties have been identified as having a "Separately Used or Inhabited Part of a Rating Unit" (SUIP) with differential rates applied.</li> <li>Mixed use properties where there may be a combination of residential and commercial activities with a single point of connection.</li> <li>A property where a lease applies to part of the property.</li> <li>Retirement villages.</li> </ul> <p>We seek clarity with respect to the unit of supply and the ability to tailor charges to ensure that customers are charged fairly and liability to pay the charges is clear. We note that in Hamilton a change from charging on the basis of a SUIP, to charging per property will itself have a significant impact on the incidence of waters charges.</p>	
<b>Part 3 - Subpart 2</b>		<b>Development Contributions</b>	
76-109	<b>Cost Recovery</b>  Development contributions	<p>We support the development contributions regime as provided for in the Bill. We note the Government's broader review of Development Contribution mechanisms. In that context we encourage continued collaboration with territorial authorities. A simplified and streamlined but aligned process for Development Contributions is supported in the context of both Territorial Authorities and Water Organisations.</p> <p>The Bill does not consider or provide for the transfer of Development Agreement obligations to a waters organisation, nor restrict the opportunity for either party to renegotiate, terminate, or renege on such an agreement as a result of transfer or the establishment of a waters organisation. It is essential that the Bill provide a framework for transferring development agreement obligations as part of the establishment of a waters organisation. This is addressed in our submission in relation to s11 of the Bill.</p>	<p><b>Note</b> – support for the development contributions regime.</p> <p><b>Amend</b> – s11 and Schedule to enable the transfer of development agreement provisions and obligations on the creation of a water organisation as set out above.</p>
<b>Part 3 - Sub part 3</b>		<b>Water Service Network: Connections</b>	
111 - 113	<b>Connections</b>  Approval	<p>The Bill provides for Bylaws to manage water service connections. The management of water service connections is of critical importance to water service providers for meeting levels of service, and avoiding consumer complaints and prosecution. Section 139(2) of the Water Service Act also requires that a wastewater operator has a network management plan that identifies hazards, how risks will be managed, controlled, monitored, or eliminated; and, how Taumata Arowai standards, or targets, will be met.</p>	<p><b>Amend</b> – the Bill ensure that water organisations can effectively manage connections to the water networks that they own and manage.</p> <p><b>Amend</b> – the Bill to ensure that the finite volume of municipal water supply against forecasted needs, and wastewater treatment capacity are considered as part of any framework used to control connections.</p>

		<p>There are 5 key issues with the proposed provisions.</p> <p><u>Who makes decisions</u></p> <p>In order for a water organisation to effectively manage water networks that it owns and is responsible for in a way that is consistent with its consent obligations and operate prudently within its financial circumstances a water organisation will need to be able to control and manage connections to its networks. The Bill empowers a territorial authority to make bylaws to control connections. It is not clear what ability a water organisation will have, or indeed whether a bylaw can provide a water organisation with the ability to control connections. This is a critical issue for the effective operation of a water organisation.</p> <p><u>Limited Scope</u></p> <p>If a Bylaw is made, the Bill's provisions require a 3-step process involving approval of concept plans, engineering plans, and signoff for network capacity. The processes listed are key logical processes, however, the scope does not provide adequately for other important considerations such as water security issues, the finite volume of municipal water supply against forecasted needs, and wastewater treatment capacity. Water allocation, and wastewater treatment are important considerations for network consent compliance and need to be treated in an equivalent manner to network capacity. Also, they need to be considered concurrently with connection approvals.</p> <p><u>Land banking / (or meeting housing reform objectives)</u></p> <p>Land banking can be an issue for ensuring adequate housing supply. The same can be true for network capacity banking. Network capacity banking leads to inefficient use of three waters networks, and therefore cost recovery, as well as obstructing other housing policies. In order to avoid or limit network capacity banking it would be very important to provide a way to limit the time period within which an approved connection must be made. This is akin to the requirements under the RMA to exercise a resource consent within a specific period.</p> <p><u>Grounds for declining a connection.</u></p> <p>The Bill does not provide grounds for a water service provider to decline a connection application. While this could be outlined in a Bylaw, these are not mandatory instruments. It would be useful to provide, in legislation, the power for a water service provider to approve or decline connection applications, especially given that a bylaw is not a certainty. For example, if in a Water Service Providers reasonable opinion there is:</p> <ul style="list-style-type: none"> <li>• Insufficient network capacity or treatment capacity to accommodate the connection</li> <li>• A compromise or risk to levels of service or consent compliance</li> <li>• Inefficient or unsustainable use of water.</li> </ul>	<p><b>Amend</b> – the Bill to provide for a connection policy or bylaw to provide a time limit within an approved connection must be completed.</p> <p><b>Amend</b> – the Bill to provide for a clear grounds on which a connection can be declined, including if in a Water Service Providers reasonable opinion there is:</p> <ul style="list-style-type: none"> <li>• Insufficient network capacity or treatment capacity to accommodate the connection</li> <li>• A compromise or risk to levels of service or consent compliance</li> <li>• Inefficient or unsustainable use of water.</li> </ul>
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Part 3 – subpart 4		Accessing land to carry out water services infrastructure work	
115 – 122	Accessing private land	<p>A significant portion of three waters infrastructure is on private property, making it crucial for water service providers to access and work on this infrastructure to meet their obligations and respond to emergencies, and issues such as overflows, blockages, breaks, and leaks that need timely rectification.</p> <p>A significant amount of the work on waters infrastructure on private land is and will be undertaken by agents acting on behalf of a water services provider. For the avoidance of doubt it is recommended that the power to enter private land set out in s116 is amended to include an authorised agent acting on behalf of a water service provider.</p> <p><u>30 day notice period</u></p> <p>The Bill's requirement for a 30-working day notice period before accessing land, along with written notification for any changes, poses challenges for efficient infrastructure management. While planned works should have reasonable notice, reactive works needing immediate attention should have a reduced notice period. The Local Government Act 2002 requires only 'reasonable' notice, which is more flexible than the Bill's stipulations and aligns better with other legislation and codes.</p> <p>Hamilton City Council seeks a simplified process that only requires 'reasonable notice', or have variable notification periods that differentiate between emergency, urgent, minor, and major works.</p> <p><u>Proactive access</u></p> <p>There are also no provisions in the Bill to enable 'proactive' access to sites for mitigation of emergencies (such as stabilisation of erosion posing a threat to three waters assets) or the "removal" of infrastructure that has become redundant and or could pose a future risk to the public or to the environment.</p> <p><u>Process is consent declined</u></p> <p>The proposed process where consent has been declined by a landowner is largely supported except where it does not align with the existing provisions under the Local Government Act 2002.</p> <p>Schedule 12 of the Local Government Act currently sets out that one month (in effect 4 weeks) is provided to a landowner to respond to a notice to carry out work, if they have not been located previously. The Bill requires 30 working days (in effect 6 weeks). This jeopardises the ability to</p>	<p><b>Amend</b> – s116(1) to read "A water service provider or an authorised agent acting on behalf of a water service provider may enter ..."</p> <p><b>Amend</b> – replace s117(b) with "provide reasonable notice before the proposed work is to start; and" or</p> <p><b>Amend</b> the framework of s117 to provide a different approach to urgent or emergency works.</p> <p><b>Amend</b> the Bill provide Water Service Providers with the powers to remove redundant infrastructure from private land.</p> <p><b>Amend</b> the Bill clarify the ability of Water Service Providers to enter private land to deal with emergencies, such as the stabilisation of erosion posing a threat to waters assets.</p> <p><b>Amend</b> – to provide Water Service Providers the power to carry out proactive (pre-emptive) protection works on private property, such as erosion control to protect infrastructure.</p> <p><b>Amend</b> – s119(1)(b) to align with LGA 2002 Schedule 12 to allow one month for a landowner to respond.</p>

		<p>ensure that works are carried out as efficiently and effectively as possible. The Bill should only require one month or 20 working days.</p> <p>It would also be beneficial if the clause gave direction on when works could start should the decision be in the Water Service Providers favour. This would ensure that seasonal conditions were optimal, resources could be planned, and costs could be minimised.</p>	
137	Urgent work permitted	Hamilton City Council supports the ability to undertake urgent works but suggests that the Select Committee consider this section in the context of the suggested amendment to s117 set out above.	<b>Consider</b> – the framework for urgent work in the context of the suggested amendment to s117 set out above.
<b>Subpart 5</b>		<b>Drinking water catchment management plans</b>	
143 - 145	Water catchment management plans	<p>The Bill requires the preparation of a drinking water catchment management plan within two years of enactment. This is accompanied by the ability to make a bylaw which relates to the controlled drinking water catchment area. Hamilton City Council questions the value and meaning of such a plan in the Hamilton context. Hamilton City Council also submits that due to the nature of the drinking water catchment from which Hamilton City Council draws Hamilton's drinking water the proposed bylaw making power is meaningless.</p> <p>Hamilton's drinking water is sourced from the Waikato River. The catchment for the river is large, including all of the area from the head waters of Lake Taupo and the headwaters of the numerous tributaries of the awa between Taupo and Hamilton. Hamilton City Council has no ability to manage the activities that take place within this catchment and no ability to make a bylaw that applies to the catchment outside on the Hamilton City boundary.</p> <p>A Source Water Risk Management Plan has been developed, complying with the Water Services Act 2021. This plan identifies risks within the catchment and identifies controls within the remit of a water services provider to mitigate those risks.</p> <p>It is unclear what additional benefit the proposed requirement for an additional Drinking Water Catchment Plan is and how compliance could be met where the catchment is broad, far reaching, and not within the jurisdiction of a territorial authority. The new requirement for a Drinking Water Catchment Plan also appears to overlaps with the Resource Management (National Environmental Standards for Sources of Human Drinking Water) Regulations 2007 – which requires Regional Councils to protect drinking water catchments.</p> <p>Hamilton City Council also submits that the requirement to produce a drinking water catchment plan within two years from enactment is too onerous given the scale of the reform, the number and complexity of new regulatory requirements, and the transition time needed for setting up new</p>	<p><b>Amend</b> the Bill to remove or amend the requirement for a water catchment management plan in circumstances like Hamilton's where the water services provider has no ability to exercise control over the catchment for the water supply.</p> <p><b>Amend</b> – s143(1) to 3 years, or provide for extension, or both.</p>

		organisations. Either the time period should be extended to 3 years, or provision made for extensions, or both.	
<b>Subpart 6</b>		<b>Trade waste</b>	
150	Trade waste Plan	<p>Under the Water Services Act 2021 Water Service providers are required to develop Wastewater Network Risk Management Plans. These documents include the holistic management of all discharges of wastewater into the network (including trade waste). It is unclear what additional benefit or outcomes are sought with the proposed requirement for an additional Trade Waste Plan under the Bill (other than to provide a basis for bylaw issues and options assessment). It is suggested that amendments to the Water Services Act 2021 are made with the view to streamlining the wastewater risk management requirements into a single planning requirement.</p> <p>Section 150(1) makes the preparation of the trade waste plan primarily the responsibility of a territorial authority. To have meaning the plan should be prepared by the water organisation or water services provider with responsibility for the provision of wastewater services. We suggest that s 159(1) be amended to reflect this.</p> <p>Hamilton City Council also submits that the requirement to produce a trade waste plan within two years from enactment is too onerous given the scale of the reform, the number and complexity of new regulatory requirements, and the transition time needed for setting up new organisations. Either the time period should be extended to 3 years, or provision made for extensions, or both.</p>	<p><b>Amend</b> – s150 (1) and s150(3) references to territorial authority and replace with water service provider or water organisation, and delete clause 150(2), and 150(4)(a).</p> <p><b>Amend</b> – s150 (7) to include both the Territorial Authority and Taumata Arowai.</p> <p><b>Amend</b> – s150(1) to 3 years, or provide for extension, or both.</p>
152	Trade waste Plan & Bylaw	<p>Section 152 does not provide, at a high level, the ability to review, vary, transfer, or revoke trade waste permits. This needs to be provided for within the context of a bylaw.</p> <p>Section 152 implies that the territorial authority that makes a trade waste by law will issue trade waste permits and undertake all of the relevant steps relating to trade waste permits. This is contrary to s155. This section needs to be amended to reflect the intent that a water services provider can make decisions relating to trade waste permits..</p>	<p><b>Amend</b> – s152 (2)(g) to include the ability to review, vary, transfer, or revoke trade waste permits.</p> <p><b>Amend</b> – s152 to match the intent of s155 that a water organisation may make decisions in relation to trade waste permits under a trade waste by law where wastewater responsibilities have been transferred to it by the territorial authority.</p>
153	Consult on a Bylaw	The reference in clause 153 to clause 144 and 145 (relating to drinking water catchment plans) should be references to 150 and 151 (relating to Trade waste Plans).	<b>Amend</b> – s153(1) to correct the incorrect reference to s144 and s145

156 - 159	Internal review	<p>The Bill provides for an applicant to apply to the Territorial Authority for an internal review of a declined trade waste application. This makes little sense if the decision was made by a water service provider consistent with s155.</p> <p>Given that an application relates to impacts on the network and treatment processes, and not land use, and risk sits with the Water Service provider, these decisions should sit with a water service provider where wastewater responsibilities have been transferred to it.</p>	<b>Amend</b> – s156 ensure that a water service provider is the decision maker on any review where wastewater responsibilities have been transferred to it by the territorial authority.
160	Trade waste and appeals on decisions	The Bill provides a process for an applicant for a trade waste permit to appeal to the District Court. The nature of trade waste, its fluctuations in quality and therefore potential risks cannot be underestimated. A decision to decline a trade waste applicant would not have been made lightly. District Court proceedings can be expensive and time consuming and distract from running three waters services efficiently and effectively. Hamilton City Council submits that all avenues should be exhausted by the applicant before an appeal to the District Court can proceed.	<b>Amend</b> – s160 (1) to require that all avenues are exhausted prior to appealing to a District Court.
<b>Part 2 - Subpart 7</b>		<b>Management of Stormwater networks</b>	
165 - 166	Risk Management Plans	<p>A Water Service Provider (with delegated responsibility for a stormwater network) is required to develop a stormwater network risk management plan within 2 years of act commencement. The requirement to develop this, and other plans 2 years after enactment is too onerous given the transition time needed for setting up organisations, especially when key decisions are yet to be made, and the complexity of stormwater management and roles and responsibilities. Either the time period should be extended to 3 years, or provision made for extensions.</p> <p>A significant amount of stormwater that enters the Hamilton City Council stormwater network and overland flow paths originates outside the city. Watercourses and overland flow paths cross the city boundary and flow towards the Waikato River. The framework for a risk management plan does not provide a way of addressing these upstream issues that significantly impact on Hamilton City Council's network. Hamilton City Council requests that the scope of stormwater plans be revised to also address upstream impacts.</p>	<p><b>Amend</b> – clause 165 to 3 year, or provide for extension.</p> <p><b>Amend</b> the Bill to clarify expectations and a framework for addressing for cross- boundary stormwater matters.</p>
167	Content of a Plan	There is a clear risk that the nature and content of the new stormwater risk management plan duplicates requirements for stormwater management plans that are part of the consent requirements for regional council comprehensive stormwater network discharge consents under	<b>Amend</b> – clause 167 to clarify provide for a reduced scope of plan where it is managed elsewhere via existing RMA consenting mechanisms. Delete the requirement for plans under 165 and 167 if no additional benefit and purpose identified.

		<p>the Resource Management Act. This additional extra layer of regulation is unwelcome and needs to be justified.</p> <p>The terms “stormwater network risk management plan” and “stormwater infrastructure risk management plan” are both used to refer to the same thing. This error needs to be corrected.</p>	<p><b>Amend</b> – clause 167 to resolve mixed use of both the “term stormwater network risk management plan” and “stormwater infrastructure risk management plan”.</p>
170	<b>Bylaw</b>	<p>Under the stormwater network bylaw making requirements the matters of control appear to be limited to conveyance of stormwater (flow). Hamilton City Council holds a comprehensive stormwater discharge consent which requires quality aspects to be managed. Examples of where quality-based rules may be required includes prohibiting the discharge of any other substances than stormwater into the network, or to required onsite treatment to meet quality thresholds prior to discharge to ensure the best practicable approach to stormwater quality management within the catchment. These sorts of controls must be able to be addressed through a stormwater bylaw.</p> <p>It's not clear how the provisions of a stormwater bylaw would relate to requirements established through District or Regional Plans under the RMA. It would not be desirable to duplicate controls over land use through both mechanisms.</p>	<p><b>Amend</b> the Bill to ensure that a stormwater bylaw can include effective measures necessary to control the quality of stormwater entering a stormwater network as well as the quantity.</p> <p><b>Amend</b> clause 170 to acknowledge that where rules are already provided for under RMA 1991, that a Bylaw may refer to those planning instruments for their rules.</p>
171	<b>Bylaws</b>  Scope	<p>This clause excludes transport corridors from the scope of a bylaw. Hamilton City Council understands the intention of limiting the ability of a stormwater service provider to influence the nature and operation of transport corridors but is concerned that the Bill goes too far by overly restricting the influence a water service provider needs to have over the holistic management of stormwater within an urban area. Without influence over all activities that discharge or assist in the conveyance of stormwater, the water services provider may not be able to achieve the performance outcomes required of it. Examples of where this may be an issue are:</p> <ul style="list-style-type: none"> <li>• The existing overland flow path within a Transportation corridor is modified which causes flooding of a residential property.</li> <li>• Where holistic catchment management planning for stormwater identifies the opportunity to optimise infrastructure, and reduce costs, by incorporating transport and stormwater requirements into a single treatment system.</li> <li>• Where modification of the transportation corridor would mitigate a stormwater risk, such as upgrading a culvert to manage upstream flood risks.</li> </ul> <p>Transport corridor infrastructure can be used to collect, treat, drain, reuse or discharge stormwater. Transport corridor stormwater infrastructure frequently connects to stormwater infrastructure that will be owned and operated by a Water Services Provider. The Water Services provider will have a consent to discharge from its stormwater network into water bodies, and that consent will have conditions relating to both the quality and quantity of stormwater discharged. New Stormwater</p>	<p><b>Amend</b> the Bill to ensure that a water services provider responsible for stormwater has the means necessary to ensure that it cannot be put in breach of its discharge consent conditions or stormwater environmental standards as a result of the performance of a road network operator and its road corridor stormwater infrastructure.</p> <p><b>Amend</b> 171 to remove the limitation on stormwater network bylaws including transport corridors.</p>

		<p>Environmental Standards will also impact on the ability of a Water Services Provider to discharge stormwater.</p> <p>The exclusion of transport corridors from the scope of bylaws or other controls must not result in a water services provider being put in breach of its discharge consent conditions or stormwater environmental standards as a result of the performance of a road network operator and its road corridor stormwater infrastructure.</p>	
174	Overland flow path	A landowner is required to remedy an impaired overland flow path if they have impaired it, or have costs of remedy recovered. Council strongly supports this provision.	<b>Support</b> provisions requiring remedy or cost recovery for impeded overland flow paths
175	Notification	There is no requirement to notify a water service provider who may have had stormwater functions delegated to them.	<b>Amend</b> the Bill to ensure that where stormwater functions are delegated to a Water Organisation that relevant powers are also transferred.

**Part 4**

<b>Part 4</b>		<b>Planning, reporting and financial arrangements</b>	
<b>Part 4 - Subpart 1</b>		<b>Planning</b>	
190	<b>Strategic Planning Frameworks</b>  Water Services Strategy	<p>According to Clause 190(2) of the draft Local Government (Water Services) Bill a water services provider must adopt its water services strategy before the start of the first financial year to which the strategy relates. Clause 191(4) allows the long-term plan of each territorial authority that is a shareholder of a new water organisation to apply until the water services strategy comes into force. A new water organisation is defined as on that is set up after clause 191 comes into force. Hamilton City Council supports these provisions, they are critical to the transition process.</p>	<b>Note</b> - Support for the provisions in clause 190

**Part 5**

<b>Part 5</b>		<b>Amendments to other legislation</b>	
<b>Part 5 – Subpart 2</b>		<p>The Bill's proposed amendments to the Commerce Act 1986 are significant and introduce profound changes to the regulation of waters services. This additional regulation sits alongside the significant regulatory role of Taumata Arowai. Hamilton City Council is concerned over the potential impact and cost of regulation and for the potential for overlap and duplication as well as for conflicting regulatory requirements. It is critical in this complex change and legislative process that we not only avoid duplication, but that we also avoid the situation where compliance with one set of regulatory requirements would result in non-compliance with another set of regulatory requirements.</p>	<b>Amend</b> – the Bill to give effect to the submission points.

		<p>Hamilton City Council is concerned that the provisions empowering the Commerce Commission do not include the key requirements of scope of the inquiry provisions set out in S52I of the Commerce Act – which include the need for an assessment of the impact of the proposed regulation. This is critical. Any new regulation must be subject to sound regulatory impact assessment and the</p> <p>benefits of any new regulation proposed by the Commission must exceed the costs to the sector and consumers.</p> <p>The proposed framework for the Commerce Commission relating to waters avoids the two stage engagement process that is a feature of other sectors. We submit that while this may be expediently faster it also introduces considerably more risk in the regulatory process, We therefore submit that the Bill should be amended to require that when developing waters related regulation the Commerce Commission must consult on a specific proposal, and if as a result of consultation the proposal changes materially the Commission must consult on the revised proposal.</p> <p>In order to avoid duplication or conflict between regulation that may be put in place by the Commerce Commission and Taumata Arowai (or from other legislation) – and in particular in reaction to Consumer Protection and Service Quality Codes (S226) we seek a provision that any requirements relating to consumer protection do not duplicate requirements imposed by Taumata Arowai relating to water standards or requirements, and do not conflict with consent obligations under the Resource Management Act, or the Local Government (Rating) Act (relating to billing).</p>	
<b>Part 5 – subpart 7</b>		<b>Amendments to Resource Management Act 1991 and related Amendments to the Water Services Act</b>	
<p>267-286</p> <p>Part 5 Subpart 9</p> <p>298 - 343</p>	<p><b>Performance Standards</b></p> <p>Resource Management Act amendment</p> <p>Water Services Act</p>	<p>Hamilton City Council supports the intent of national planning regulation (Stormwater Environmental Performance Standards, Wastewater Environmental Performance Standards, and Infrastructure Design Standards) that would help to drive standardisation and consistency, and make the consenting process less time-consuming and more certain.</p> <p>However, Hamilton City Council cannot support provisions that cut across the intent and the letter of Treaty Settlements. The proposed primacy of the new Stormwater Environmental Performance Standards, Wastewater Environmental Performance Standards, and Infrastructure Design Solutions over other planning instruments (including National Policy Statements) cuts directly across the Waikato-Tainui River Settlement and Kingitanga Accord. A key feature of the Settlement is that Te Ture Whaimana – the Vision and Strategy for the Waikato River has the standing of a National Policy Statement and where there is any inconsistency with any other National Policy Statement Te Ture Whaimana prevails.</p>	<p><b>Amend</b> the Bill to ensure that the intent and letter of the Waikato-Tainui River Settlement is honoured and the primacy of Te Ture Whaimana is preserved.</p> <p><b>Amend</b> the Bill to ensure that the provisions of Part II of the Resource Management Act are reflected in the considerations required of the Water Services Authority as it prepares, consults on and recommends a new environmental performance standard or engineering standard.</p> <p><b>Amend</b> the Bill to ensure that when consulting on an environmental or engineering standard that affects or relates to the Waikato River, the Authority must consult with Waikato-Tainui and all other river iwi and give effect to their Treaty Settlements.</p> <p><b>Amend</b> the Bill to ensure that when making decisions or recommending an environmental or engineering standard the Authority and the Minister must ensure that the proposed standard is achievable, affordable, fit for purpose, that the standard provides an adequate time for transition, and that the benefits of introducing the standard exceed the cost of compliance</p>

		<p>Hamilton City Council urges the Government and the Select Committee to protect the integrity of the Waikato-Tainui River Settlement and amend the Bill to reflect the commitments that Parliament made in reaching that settlement.</p> <p>The amendments to the Water Services Act empower the Governor General to make regulations on the recommendation of the Minister following consultation by the Water Services Authority. The amendments also set out the requirements and considerations of the Water Services Authority when developing environmental standards. Critically, while these standards have standing under the Resource Management Act, there is no link or connection between these standards and the critical matters of national importance set out in Part II of the Resource Management Act, or indeed to the purpose of that Act. Hamilton City Council does not support this significant departure from the framework of the Resource Management Act.</p> <p>The processes for consultation by the Water Services Authority in developing a proposed Stormwater or Wastewater Environmental Standard also mark a significant departure from the processes established under the Resource Management Act for the creation of national standards or policies. Critically, the consultation requirements are limited to just “each stormwater [or wastewater] operator, regional council, and any other person the Authority considers appropriate”. Quite apart from the exclusion of the general public, this approach ignores the specific interest and standing that iwi have in relation to rivers that has been recognised through Treaty Settlements. Hamilton City Council submits that consultation of any proposed Stormwater or Wastewater Environmental Standard that relates to the Waikato River must reflect the commitments made in Treaty Settlements and must include Waikato-Tainui and other river iwi.</p> <p>The Bill provides for the Water Services Authority to establish time periods in which infrastructure must be upgraded to meet a standard. However, in developing a new standard neither the Water Services Authority nor the Minister is required to consider the cost of compliance, or the relative benefits and costs of the standard and the investment necessary to comply with it. This is poor public policy and creates a poor public policy decision-making framework. Changing long-life network systems to achieve new and higher standards is both expensive and time-consuming. Hamilton City Council submits that any standard must be achievable, affordable, fit for purpose, there must be an adequate time to transition to them, and the benefits of introducing the standard must exceed the cost of compliance.</p>	
268		<p>The Bill addresses the impact of a new environmental performance standard on designations. Hamilton City Council submits that the Bill also needs to address what happens with respect to consents under the Resource Management Act, and in particular consent applications that have been made but not yet approved at the time that the standard comes into effect.</p>	<p><b>Amend</b> – the Bill to be clear as to what happens with respect to consent applications that have been accepted but not yet approved when a new environmental standard comes into effect.</p>

Part 5 – Subpart 9		Amendments to the Water Services Act 2021	
310	Design Standards	The Bill directs that the Water Services Act is amended to require Taumata Arowai to consult on regulations setting environmental performance standards. Infrastructure Design Solutions should also be included within existing clause 53(1) of the Water Services Act, as Infrastructure Design Solutions also set planning regulations that should be consulted on.	<b>Amend</b> – add s139B to the list for this clause.
319	Amendments to Taumata Arowai – Water Services Regulator Act	<p>This section sets out a minimum 10-year review period. Having very short review is inefficient and unwarranted; however, 10 years may be too long to remove standards that are inappropriate, miss opportunities for innovative technology and practices, have approved products that do not meet asset life requirements and resilience requirements, or have unintended consequences for other activities in transport corridors or reserves, or the customer.</p> <p>Hamilton City Council submits that in addition to the 10 year review period a water service provider should be able to trigger an earlier review by requesting with clearly stated the reasons. The scope should include those matters listed in 97 D 2a, and also include approved products. This will allow the Water Service Authority to gather information on issues arising from the application of standards and products. This could potentially trigger a review at their discretion using provisions of 97H(1)(a) where the Water Services Authority may review and update NEDS at any time.</p> <p><u>Product Approval</u></p> <p>Provisions related to Product Approval processes are largely supported, however, it is noted that the ability for an asset owner (who is liable for consent compliance) to have a say on new products that will be installed and vested is diminished in the Bill as proposed. The asset owner should have an ability to have input or be able to identify issues with newly proposed products. It is recommended that there is a new clause which requires either the Water Service Authority or Product Approver to consult with the affected Water Service Provider on the requirement for product approval.</p> <p><u>Review Bodies</u></p> <p>Given that the water service regulator is required to develop and manage these standards, there will be significant skill sets required to do so e.g. scientific, construction, asset management, and civil and green engineering professionals. It will be important to mirror this in review bodies and have Local Authority and water service provider representatives as part of the review body makeup. This should be in addition to being consulted to ensure that the standards have rigour and can be implemented efficiently and with support. A new clause is recommended.</p> <p><u>Asset information and data standards</u></p> <p>The scope of NEDS appears to be very broad. The Waikato Regional Infrastructure Technical Specifications incorporate asset information requirements. If these requirements were to change, or be omitted, there would be a flow on impact to asset information systems and processing. The development of national data standards could enable improved resilience and efficiencies at a national level, and will be important to measure the success of NEDS. Hamilton City Council</p>	<p><b>Amend</b> – to include the following new Clauses:</p> <p>After 97H:</p> <p><i>“A Water Service Provider or Territorial Authority may request a review of NEDS with reasons for the request. “</i></p> <p><i>“The Water Services Authority will register the request for review and reasons, and at their discretion, determine if a review should be initiated.”</i></p> <p><i>“The Water Service Provider shall carry out a Best Practice review at a period not exceeding 5 years. “</i></p> <p>After 97R:</p> <p><i>“Before an Approved product is registered, the Water Services Authority must consult affected Water Service Providers.”</i></p> <p><b>Amend</b> – to include the following new clause as part of 97E:</p> <p><i>“The Water Service Authority must ensure a review body has the appropriate technical expertise and may also include representatives of Territorial Authorities and Water Service Providers. “</i></p> <p><b>Amend</b> – the Bill in this Part to allow the Water Service Authority to develop National Data Standards.</p>

		recommends that the Bill provide for the creation of National Data Standards, but that this be done in conjunction with the Commerce Commission to ensure that there is no duplication or misalignment on key data definitions and standards.	
<b>Part 6</b>			
<b>Part 6</b>		<b>Miscellaneous</b> (Bylaws, Compliance and Enforcement, Infringements, Offences)	
<b>Part 6 – Subpart 1</b>		<b>Water Services Bylaws</b>	
347	<b>Bylaws</b>  Bylaw making powers	<p>Provisions specify powers and decision-making for Bylaw making. Many of these provisions are supported, however, there are a number of matters that require further clarification, and more decision-making provided to water service providers (despite provisions stated in clause 350):</p> <p><u>Bylaw must give effect to a standard</u></p> <p>It may be difficult for a bylaw to have accurate rules, provisions, and numerical standards that will have enough certainty of giving effect.</p> <p><u>Recognition of other matters</u></p> <p>Clause 347 does not give direct recognition to protection of infrastructure, sustainability, and public health and safety. This is more clearly stated in previous legislation, and is an important message (the Why) for the public.</p> <p><u>Decision making</u></p> <p>Throughout the provisions, the Territorial Authority is the 'decision-maker'. A Water Service Provider can only propose making, amending, or revoking bylaws.</p> <p>If a Water Service Provider needed to strengthen bylaw provisions for matters such as cost recovery, and compliance management, the WSP is beholden to the Territorial Authority to make good decisions for matters that relate to operations, maintenance, and network renewals. The Bill needs further assessment to determine how Water Service Providers and their water organisation can have more decision-making power.</p>	<p><b>Amend</b> – the provisions to require that a water organisation must be consulted or involved should a territorial authority seek to create rules associated with three waters activities.</p> <p><b>Clarify</b> – what 'the consultation' is.</p> <p><b>Clarify</b> – the process for making Bylaws proposed by a water organisation.</p>
351 and 352	<b>Bylaws</b>  Bylaw Review	<p>Clause 351 requires a review of its water service bylaws after the section comes into force and within two years. Associated with this, clause 150 also requires a territorial authority to make a trade waste plan no later than 2 years after the Bill becomes an Act. There are a number of issues with these requirements:</p>	<p><b>Amend</b> – the Bill to improve sequencing of plan making and bylaw making, and extend period to 3 years for review of Bylaws.</p>

		<p><u>Transition period.</u></p> <p>If a water service provider will be transitioning to a Water Organisation and where a Water Organisation consists of more than one territorial area, there will be challenges to resourcing as systems are set up. Some key formalised decisions on water services management will not be made until part way into the 2-year period provided to deliver on plans and bylaw reviews. It would be pragmatic to firstly prepare plans, and then once adopted, review bylaws to give effect to plans. In order to address these issues, it is recommended that a Territorial Authority and water service provider be able to request an extension to the 2 years, by up to one year, and that review of bylaws be initiated within 1 year of plans being adopted (trade waste, drinking water-controlled catchment, and stormwater network risk).</p> <p><u>Process</u></p> <p>A water service provider must undertake 'the consultation' prior to proposing a bylaw. Clause 347 (2). Determination of whether a bylaw is the most appropriate way of addressing an issue (clause 352 (2)) needs to be carried out as part of an ongoing review of water services bylaws. There is no clarity on where the process of bylaw making starts and stops. For example, the following process is typical: identify issues and analyse management methods. If a bylaw, get a formal determination, analyse and prepare Statement of Proposal, get endorsement for consultation on the proposal, consult, analyse responses, deliberations, and then bylaw adoption. The Bill could be clearer on the process.</p> <p><u>Clarity on review process</u></p> <p>Clause 352 says the ongoing review of bylaws needs to consider various things (which is the same under the LGA, like the bill of rights etc). Clause 352 says this is done "as part of the review" of those bylaws. There is a need to define what the actual "review" is – is it making the determinations (bill of rights etc) or the actual making of the bylaw?</p> <p>This is important as it impacts on the timing of the "review". Under the LGA, usually the legal determinations cover the formal "review" with public consultation to follow, but the legal timing is met when the determinations are made by Council. So, if timing is tight, this information becomes important.</p>	<p><b>Amend</b> – the Bill to be clearer on the process for bylaw making to align with the clarity provided in the LGA 2002.</p>
<b>Part 6 - Sub part 2</b>		<b>Compliance and enforcement</b>	
356- 392	Compliance and Enforcement	<p>Water Service Providers need clear and robust enforcement mechanisms to effectively manage water services and ensure compliance. New provisions including the use of infringement fees, and making it an offence to build over infrastructure without approval are welcomed. There are some matter however where Hamilton City Council seeks changes to the Bill.</p> <p><u>Infringement fee adjustment and liability sums</u></p>	<p><b>Support</b> – Support provision for infringement notices.</p> <p><b>Amend</b> – the Bill to provide for the regular adjustment of infringement fees over time to maintain their real value.</p>

		<p>Over time the value of infringement fees will be eroded by the impact of inflation. Hamilton City Council seeks a mechanism for the regular adjustment of infringement fees to maintain their real value.</p> <p><u>Enforcement Process</u></p> <p>Compliance officer powers are supported noting that there is a need for the Bill to provide a high level process for executing an enforcement activity. Further powers, such as the ability to question a person, read rights and escalate if required, should be outlined. Given that a 'Compliance order' is a key document, a definition of what these are would also be beneficial.</p>	
369, 296	Definition	The term 'compliance order' is referenced, however, this is not defined. Further clarity on what this order is and how it applies is needed.	<b>Amend</b> – the Bill to define Compliance Order
372	Powers	A compliance officer also needs the ability to ask for a person's date of birth as it is required so that the identity of a person can be confirmed. This is required if the Courts are to be used to collect infringement notices.	<b>Amend</b> – the Bill using the wording in section 22 of the RMA
373	Process	If a compliance officer has the power to question, then the person needs to know what their rights are i.e. a caution. It may be helpful to replicate powers available to other enforcement agencies, such as the NZ Police. The Bill needs to reference a process at a high level to provide for enforcement.	<b>Amend</b> – the Bill to reference a high-level enforcement process
374 & 375 & 377		If a water service provider is investigating an event / breach then contacting the owner could mean evidence is removed or destroyed. In the RMA there is a way to escalate this with the assistance of the Police, this needs to be added here also. The Police require a very clear section of an Act naming them before they will act.	<b>Amend</b> – the Bill to reference a high-level enforcement process
<b>Part 6 - Sub part 3</b>		<b>Offences</b>	
393-424	Offences	<p>Water Service Providers need clear and robust enforcement mechanisms to effectively manage water services and ensure compliance. Hamilton City Council welcomes the definition of offences and the new offences that have been reflected in the Bill.</p> <p>Hamilton City Council is concerned that over time the value of fines set out in this sub-part will be eroded by the impact of inflation. Hamilton City Council seeks a mechanism for the regular adjustment of fines to maintain their real value.</p>	<b>Amend</b> – the Bill to provide for the regular adjustment of fines over time to maintain their real value
393	Offences	The Bill makes it an offence to carry out building work over or near water services without approval. This, as an offence, is strongly supported.	<p><b>Amend</b> – clause 393 to increase liability for a person to \$50,000.</p> <p><b>Suggest</b> – that a power is provided to manage works within 0.5m of the network.</p>

		<p>The liability of \$20,000 for a person who is convicted of an offence is considered to be inadequate unless there was a cost recovery component that could be applied. The sum to remediate such an offense could exceed well in advance of this sum, as well as court costs. This liability should be increased to the order of \$50,000.</p> <p>It may be helpful, for bylaw making purposes, to provide a specification such as the power for a water service provider to require approval if within 0.5m of the location of services and be able to nominate in writing any restrictions on work to protect the integrity of the three waters system.</p>	
393, 394	Offences	<p>Hamilton City Council submits that there are some offences that have not been captured in the Bill. Hamilton City Council requests that these omissions be considered by the Select Committee.</p> <p>A significant issue in the way that offences are framed is reference to 'Intentional' or 'reckless' conduct that causes specified serious risk. Proof of intention and recklessness could be very problematic in a court of law and weakens a Water Service Providers ability to manage three waters infrastructure and services, and recover costs. Hamilton City Council submits that these words need to be removed. An alternative could be the use of words about 'conduct relating to the network, causing an actual or potential adverse effects to the network or service.</p>	<p><b>Support</b> – existing offences.</p> <p><b>Recommend</b> – that the following offences are added to each relevant section as relevant, or expand the scope of proposed offences:</p> <ul style="list-style-type: none"> <li>• Tampering with a water restrictor or the network system either directly or indirectly.</li> <li>• Access and withdrawal of water from a fire hydrant without approval.</li> <li>• Fraudulent or incorrect application which affects the conditions of supply.</li> <li>• Wasting water, or allowing leaks to continue, or diluting trade waste.</li> <li>• Failure to comply with a defect notice.</li> <li>• Failure to pay fees.</li> <li>• Failure to supply and review pollution control plans.</li> <li>• Failure to maintain private infrastructure.</li> <li>• Cross connections.</li> <li>• Modification of drains, and failure to maintain watercourses running through private property.</li> <li>• Opening manholes, chambers.</li> <li>• Hazardous material management (ie) storage and transport.</li> <li>• Failure to monitor or provide data on request and tampering with data.</li> <li>• Failure to meet conditions of a consent or agreement and failure to vary a consent when an activity has changed.</li> </ul> <p><b>Amend</b> – the Bill to lower the high burden of proof using words similar to 'conduct relating to the network, causes, in the opinion of the water service provider, an actual or potential adverse effects to the network or service'.</p>

408-410	Other Offences	A minor structural issue in clauses 408 and 409 are specific to water supply network offences, but are not included in the "offences relating to the water supply network" part. Offences re connections to the water supply network are included in the "other offences" section, but offences re connections to wastewater network are included in the "offences to the wastewater network" section. This is inconsistent and creates confusion.	<b>Amend</b> – Re-structure so that offences specific to the water supply network (including connections) are under that relevant part and not under the "other offences" part
408(2), 409	Discharging into water supply network without authorisation	Discharging into the water supply network or connecting to the water supply network without authorisation would present a serious risk to the water supply network, and consumers, and should be viewed as intentional, reckless or negligent. Therefore, the magnitude of the liability on conviction should be at least the same as that under clause 394/395.	<b>Amend</b> – clause 408(2) and 409(2) liabilities to be the same or more than as clause 394 to reflect the serious risk associated with discharging to a water supply network.
412, 413, 414(1), 415(1), 416	Failure to notify	Clause 414(1)b states that a person commits an offence only if they knowingly fail to complete with that duty and that non-compliance causes a specified risk. This term "knowingly" is also included in other offence sections including 415 and 416. This implies that ignorance or negligence is a defence against this offence, which should not be a valid defence given the potentially very serious risks.	<b>Amend</b> - Delete the word "knowingly" from all offence sections including clauses 412, 413, 414, 415 and 416.
415(1)b	Water use restriction or limit	A person commits an offence if they knowingly fail to comply with the restriction or limit and that non-compliance causes a specified serious risk. This appears to be a very high bar for an offence. It would be very difficult for a water service provider to prove an individual meets this bar, even though the cumulative effect of multiple failures to comply is significant	<b>Amend</b> – clause 415(1)b to "fail to comply with that restriction or limit and that non-compliance causes or has the potential to cause a serious risk to the water supply catchment or water supply network".
<b>Part 6 – Subpart 5</b>		<b>Consequential amendments</b>	
Schedule 7	Local Government Act 2002 – Reorganisation	<p>One of the key features of the way in which Future Proof has provided for the urban growth and development of the wider Hamilton metro area is by planning for the future adjustment of the local authority boundaries between Hamilton City and both Waikato and Waipā Districts. Hamilton City Council has agreements in place with both adjacent councils to extend the city boundary in the future and at that time to transfer the ownership of relevant infrastructure. These agreements reflect the joint work that has established that it is more cost effective and efficient to provide waters servicing for growth in areas adjacent to Hamilton from Hamilton, or jointly than by each local authority acting alone.</p> <p>Part 3, Subpart 2 of the Local Government Act 2002 (LGA 02) enables the reorganisation of Local Authorities, including boundary adjustments. These provisions are supported by the comprehensive provisions of Schedule 3 of the LGA 02. The Bill does not introduce any changes to the LGA02 that would ensure that the consideration of local government also addressed any relevant changes to the provision of water services. This is, we submit, a significant shortcoming.</p> <p>We submit that it would be very problematic if, as part of any local government reorganisation, a water organisation in which a territorial authority has no shareholding (and therefore no ability to set expectations) ended up providing water services within that authority's district. Equally, if as part of a local government reorganisation one local authority that was a water services provider was to be merged with one that was not, the provisions of a reorganisation scheme would have to</p>	<p><b>Amend</b> – the Local Government Act (2002) to ensure that within a reorganisation investigation, a reorganisation plan, the establishment of transitional bodies, and a reorganisation scheme it is possible to address the reallocation of shares in a water organisation as well as the transfer of assets, liabilities, staff, functions, and consents between water organisations in which the affected local authorities have a shares and/or between a water organisation and a local authority water services provider.</p> <p><b>Amend</b> – the provisions of the Bill as necessary to provide for the transfer of waters related functions, assets, liabilities, relevant proportional water and wastewater consent allocations, staff, obligations, and shareholdings (as required) between local authorities and/or relevant water services providers in order to give effect to a reorganisation implementation scheme.</p>

		<p>be able to consider the best way to deliver water services and make the necessary changes. The Bill lacks any framework which would enable these consequential changes to be made where a reorganisation is undertaken.</p> <p>Hamilton City Council is not suggesting that the local government reorganisation process be amended to provides a way to only address the delivery of water services. Rather, it is seeking legislation that ensures that in a broader a local government reorganisation process (and in particular a boundary adjustment process) can include changes to the delivery of water services, the alignment of the area of operation of a water services provider to any new local authority boundaries or responsibilities, and the transfer of assets and responsibilities between water organisations or between water organisations and water services providers as may be needed to give effect to the reorganisation.</p>	
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Item 11

Attachment 2

Hamilton City Council  
Garden Place, Private Bag 3010, Hamilton

 /HamiltoncityCouncil

 @hamiltoncitycouncil

 07 838 6699

**hamilton.govt.nz**



12 December 2022



Mayor Paula Southgate,  
Hamilton City Council  
PO Box 4356  
**HAMILTON 3247**

[Paula.Southgate@hcc.govt.nz](mailto:Paula.Southgate@hcc.govt.nz)

Mayor Jacqui Church  
Waikato District Council  
Private Bag 544  
**NGARUAWAHIA 3720**

[Jacqui.Church@waidc.govt.nz](mailto:Jacqui.Church@waidc.govt.nz)

Mayor Susan O'Regan  
Waipa District Council  
Private Bag 2402  
Te Awamutu 3840

[Susan.O'Regan@waipadc.govt.nz](mailto:Susan.O'Regan@waipadc.govt.nz)

Pamela Storey  
Chairperson  
Waikato Regional Council  
Private Bag 3038  
Waikato Mail Centre  
**HAMILTON 3240**

[Pamela.Storey@waikatoregion.govt.nz](mailto:Pamela.Storey@waikatoregion.govt.nz)

E ngaa rangatira, teenaa koutou

#### LOCAL WATER DONE WELL

*Tooku awa koiora me ngoona pikonga, he kura tangihia o te maataamuri.  
The river of life, each curve more beautiful than the last*

Waikato understands that within the next month, our partner Joint Management Committee (JMA) Council's will be considering their options in relation to Local Water Done Well. We appreciated the full and frank discussions that we have been party to and for the opportunity to share our views.

While we acknowledge that Councils will need to deliberate and make your respective decisions, it is important to share our views and position to assist in your final decision making.

#### ***Waikato River Settlement and relationship with Local Water Done Well***

Over recent years, Waikato-Tainui have seen the development, progress and implementation of several key law reform and legislative changes in the absence of fully understanding of the Waikato River Settlement and the Crown's commitments under that Settlement.

The Waikato River Settlement is a solemn covenant between Waikato-Tainui and the Crown that gives expression to both Te Mana of our Awa and the mana whakahaere of our iwi. Fundamental to that covenant and to anything affecting the Waikato River and Waikato-Tainui, including any proposed Government reforms, are the principles of the Kiingitanga Accord: Te Mana o te Awa; mana whakahaere; health and wellbeing; co-management; integration; the Treaty of Waitangi; and honour and integrity. The Waikato River Deed of Settlement further recognises (in clause 2.114) that the Crown and Waikato-Tainui have a shared commitment to act:

- (a) to protect the integrity of the Waikato River Settlement; and
- (b) in a manner that is consistent with and achieves co-management of the Waikato River.

Those principles and commitments, which are at the heart of the River Settlement, must remain at the heart of any new or modified arrangements that are agreed for the Waikato River

07 858 0430 • 0800 TAINUI • [reception@tainui.com](mailto:reception@tainui.com) • [waikatotainui.com](http://waikatotainui.com)

4 te ara o Bryce, Pouaka Taapeta 648, Kirikiriroa 3204, Aotearoa

catchment, whether under Local Water Done Well or under any other Government reform (resource management, conservation etc).

The arrangements and mechanisms under the Waikato River Settlement and reflected in the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 (**Waikato River Act**) are significant and complex. They are also bespoke; they establish a unique legal framework which fundamentally alters the way in which the RMA and 19 other natural resource statutes (including the LGA), applies and operates within the Waikato River catchment. Among other things, the Waikato River Act:

- (a) expressly recognises the intention of Parliament that the Vision and Strategy (**Te Ture Whaimana**) will be the direction-setting document for the Waikato River and activities within its catchment affecting the Waikato River (section 5);
- (b) provides for Te Ture Whaimana to either form part of, or be given effect to through, primary planning documents under the RMA and conservation legislation, and prevails over inconsistent provisions in national policy documents and inconsistent provisions in regional and local plans and bylaws (sections 11 - 16); and
- (c) requires decision-makers under other statutes that deal with natural resources to "have particular regard to" Te Ture Whaimana, in addition to any requirement specified in those statutes, when carrying out functions or exercising powers relating to the Waikato River or activities in the catchment that affect the Waikato River (section 17).

Local Water Done Well encompass significant changes to the way in which stormwater, wastewater and drinking water will be governed, managed and delivered. As you will be well aware, the Waikato River is a significant source of such drinking water, but equally it is a receiving environment for the discharge of a number of wastewater and stormwater infrastructure facilities adjacent to the Waikato River or its tributaries. In Waikato-Tainui's view, Local Water Done Well therefore falls squarely with the scope of the commitment in our Settlement and should reasonably include an express provision which recognises Te Ture Whaimana.

As you will be aware, specific provisions relating to Te Ture Whaimana have been included in Te Taumata Arowai and was reflected in the Water Services legislation (prior to amendment). Our expectation is that similar provisions must reasonably be included in the implementation of any solutions relating to Local Water Done Well confirming that Te Ture Whaimana will be the primary legislative guide to decision-making, planning, governance, accountability and service delivery under all levels of the Local Water Done Well framework as it relates to and affects the Waikato River and its catchment. Waikato want to ensure that Te Ture Whaimana provides a whole of catchment strategic imperative for Local Authorities and Central Government.

In addition to the status of Te Ture Whaimana, the Waikato River Settlement includes co-management mechanisms providing the direct involvement of Waikato-Tainui in planning and decision-making processes under the RMA and other statutory frameworks. Importantly, the Government has committed to upholding Treaty settlements through the Local Water Done Well approach.

The Local Waters Done Well regime embraces matters which currently operate within intersection of the RMA and LGA and which are directly within the scope of the Waikato River co-management arrangements. The reforms directly impact upon, and necessarily alter, such matters. As such, in terms of matters relating to and affecting the Waikato River and its catchment, the Waikato River Settlement must be at the heart of all aspects of Local Water Done Well.

However, given the unique and significant nature and effect of the arrangements and mechanisms under the Waikato River Settlement, it is not merely a question of the how the Waikato River Settlement should be upheld through the Local Water Done Well approach. Rather, the issue to be addressed is how the outcomes from Local Water Done Well, including the relevant CCO's, should operate in relation to the Waikato River and its catchment and inter-relate with the existing framework and mechanisms under the Waikato River Settlement (particularly the co-governance and co-management arrangements within that Settlement).

#### **Considerations**

Waikato is interested in both the local and regional opportunity for ensuring that its long-term strategic investment in the restoration and protection of the Waikato River shapes the innovation, growth and opportunity for our region.

Waikato want to further ensure that the Crown and Local Authorities continues to uphold its responsibilities as a Treaty partner and wants to identify 'proof points' to ensure that moving forward does not mean being left behind in the Governments agenda to tackle the immediate challenge of financing water infrastructure.

Waikato would work in its region to give effect to the multi-Council CCO model that is currently being formed to address the immediate and strategic challenge for Councils to finance water infrastructure. The benefits of scale and aggregation should provide for innovative approaches to invest and finance water infrastructure in partnership with iwi.

Waikato recognises that we need affordable, resilient solutions for current and future ratepayers to support growth and opportunity in the region. A multi-council CCO co-design model can support Waikato participation in strategic areas of critical infrastructure with the support of Local Councils and Central Government.

#### **People, Place, Planning and Decision-making**

Within the Draft Agreement, we note that there is an opportunity for iwi representation in the Shareholder Forum in a non-voting capacity. There is also a clear statement of commitment to Te Tiriti o Waitangi within the document. Despite this intent, it is our view that a non-voting membership does not equate to partnership and therefore, more work is needed to explore other options for representation.

We expect that there will be River iwi representation at the Board level noting that the skill set required for the Directors includes upholding our Te Tiriti Settlements and the related mechanisms including Te Ture Whaimana. Furthermore, while the draft includes the whakapapa links to the awa as criteria, we would expect a multi council based CCO to be specific to Waikato River-based Iwi.

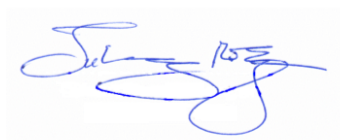
Within this context and noting the high calibre and experience of our tribal governors, we expect to propose several Waikato River and Waikato-Tainui representatives for consideration.

We are mindful that timeframes are critical. We would be happy to meet for a discussion on these points prior to the Council hui if this is required. Additionally, if you have any questions or would like to discuss further, please do not hesitate to contact me directly.

We look forward to your response.

Pai maarire ki a koe i ngaa waa katoa.

Naaku noa, naa



Tukoroirangi Morgan  
**CHAIR, TE ARATAURA**  
**TE WHAKAKITENGA O WAIKATO**

cc: Gavin Ion (CEO, Waikato DC), Lance Vervoot (CEO, Hamilton CC), Steph O'Sullivan (CEO, Waipaa DC), Chris McLay (CEO, Waikato Regional Council), Donna Flavell (CEO, Waikato)

Jackie Colliar (Co-Chair WRC), Linda Te Aho (Co-Chair Waipa DC), Parekawhia McLean (Co-Chair HCC)

Tipa Mahuta, Ngaa Hau e Whaa representative – Waikato Regional Council

Attachment 4



Tukoroirangi Morgan  
Chair, Te Arataura  
Waikato Tainui  
Email: [marae.tukere@tainui.co.nz](mailto:marae.tukere@tainui.co.nz)

20 December 2024

Teena koe Tukoroirangi Morgan

Thank you for taking the time to write to outline Waikato Tainui's interests in relation to Local Water Done Well, and our subsequent positive meeting, along with Hamilton City Council's Chief Executive. I look forward to continuing our discussions in the new year.

Your letter raises several complex issues that staff are working through. I have asked staff to respond more fully in the new year.

I absolutely agree with the sentiment expressed, about the importance of continuing to work in close partnership to honour Te Tiriti, o Waitangi, for the sake and wellbeing of our communities, and the wellbeing of the Awa.

As you will be aware, Hamilton City Council and Waikato District Council agreed on 12 December and 13 December 2024, respectively, that our preferred option for the delivery of water services is a joint Council Controlled Organisation. This will go out to the community for consultation in March/April 2025, ahead of a final decision. Engagement with Waikato Tainui will continue over this period.

Te Ture Whaimana, and the protection and restoration of the awa, was central to this decision. We considered that working with Waikato District improves coordination including the management of water takes and discharges along a larger stretch of the Waikato River, meaning it's better for the environment and better for the overall health of the awa. We agree that partnering with other water providers across the length of the catchment would be better yet and remain open to doing so through the CCO.

As you point out, the joint CCO also allows us to jointly invest in critical infrastructure faster, that serves communities across the territorial boundary. This is vital for new housing and new industry.

We note your views on investment and representation, and, as above, staff will respond in a more fulsome manner in the new year.

Thank you again for taking the time to write.

Ngaa mihi nui. Meri Kirihimete ki a koutou ko te whanau.

**Paula Southgate**  
**Mayor of Kirikiriroa, Hamilton**

Telephone +64 7 838 6976

Email [paula.southgate@council.hcc.govt.nz](mailto:paula.southgate@council.hcc.govt.nz)

Postal Address Private Bag 3010, Hamilton 3240, New Zealand

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# Council Report

Item 12

**Committee:** Council **Date:** 11 February 2025  
**Author:** Niall Baker **Authoriser:** Blair Bowcott  
**Position:** Corporate Planning Lead **Position:** General Manager Strategy, Growth and Planning  
**Report Name:** Consequential Amendment to 2024-34 Long-Term Plan and proposed changes to Revenue and Financing Policy

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To provide an update to the Council on the alternative consultation and decision-making process for establishing a waters Council Controlled Organisation (CCO) and the work required to reflect this change in Council's corporate planning processes.
2. To seek approval from the Council of the draft Revenue and Financing Policy and Funding Needs Analysis for public consultation to enable the creation of waters targeted rates from 1 July 2025 and some minor updates including providing for revenue from Financial Contributions in accordance with the District Plan.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Council:
  - a) receives the report;
  - b) notes the updates on the Local Water Done Well programme as it relates to corporate planning processes;
  - c) notes the proposed sequencing of processes as set out in **Figure 1** of the staff report;
  - d) notes that subject to further legal advice, engagement with Audit NZ and the progression of the Local Government (Water Services) Bill, the sequencing of processes may need to be modified and, where appropriate, reported back to the Council;
  - e) notes the proposed next steps on the development of a Financial Contributions Policy;
  - f) approves **Option 1** of the staff report as a proposal for public consultation, with the funding approach modified by transferring status quo rates to targeted rates set on a capital value basis, involving:
    - i. the creation of new targeted rates for water, wastewater, and citywide stormwater;
    - ii. the discontinuation of the 'Other' category of general rates;
    - iii. the renaming of the 'Commercial and Other category non-metered water' to 'Commercial non-metered water' and the updating of the definition for clarity;
    - iv. the discontinuation of the Government compliance rate; and

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- v. the discontinuation of the service use water and service use wastewater rates.
- g) approves the draft Revenue and Financing Policy (**Attachment 1**) for public consultation;
- h) approves the draft rating definitions (**Attachment 2**), Funding Needs Analysis (**Attachment 3**) and Indicative Rates Samples for 2025/26 (**Attachment 4**) as supporting material for the consultation; and
- i) approves the development of a Financial Contributions Policy to enable Council to recover Financial Contributions to fund capital and operational costs for the purposes identified in Chapter 24 of the Operative District Plan; and
- j) notes the updated Rating Policy will be reported to the Council at its 20 March 2025 meeting.

### Executive Summary - *Whakaraapopototanga matua*

4. Following the decisions at the Council meeting on 12 December 2024 ([agenda and minutes](#)), the steps that must be taken to give effect to these decisions (subject to the outcome of consultation) while also meeting Council's usual corporate planning requirements are as set out in **Figure 1** (paragraph 17 of this report).
4. Although technically the consequential amendment to the 2024-34 Long-Term Plan can take place at any time before 1 July 2026 (the date on which it is proposed that the Council Controlled Organisation (CCO) would begin delivering water services), it is proposed to complete the above processes by the end of June 2025 to maintain alignment with Waikato District Council, which must adopt its Long-Term Plan by this point. It also means the waters targeted rates can be set before the start of the 2025/26 financial year.
5. As outlined in the 12 December 2024 report, Plan Change 12 (PC12) to the District Plan enables Financial Contributions to be collected for certain developments. Council requested that staff investigate whether the Revenue and Financing Policy should be amended to enable expanded use of Financial Contributions, and when this could be implemented. It is recommended that the next steps are to develop an Financial Contributions policy, which will take approximately 12 months, so Council is ready to recover Financial Contributions when funding and legal certainty is reached. The policy development will include opportunities for direction from Elected Members and public consultation. The Revenue and Financing Policy has been updated to provide for revenue from Financial Contributions. These changes will be included in the consultation referred to in **Figure 1**.
6. As resolved by the Council on 12 December 2024, the proposed water services delivery model and Revenue and Financing Policy changes will be subject to consultation. Staff's assessment is that the other issues being considered in this report around the sequencing of the process and audit requirements are of low significance.
7. The contents of this report comply with Council's legal requirements, noting that we have sought external legal advice on the interaction between the [Local Government Act](#), the [Local Government \(Water Services Preliminary Arrangements\) Act](#), and the latest Bill, the [Local Government \(Water Services\) Bill](#).
8. Subject to further legal advice, engagement with Audit NZ and the progression of the Local Government (Water Services) Bill, the sequencing of processes may need to be modified and, where appropriate, reported back to the Council.

9. This report is predicated on the assumption that the Council will make final decisions, following public consultation, to transfer water services to an asset-owning Council Controlled Organisation from 1 July 2026, and introduce new waters targeted rates from 1 July 2025, as per Council's preferred options resolved at the 12 December 2024 Council meeting. This is because these are the changes that would trigger a consequential amendment to the Long-Term Plan and updates to the Revenue and Financing Policy respectively. These processes take considerable time to complete, so to achieve the necessary delivery timelines staff have to work on the updates alongside the consultation. If the Council makes different decisions following consultation, staff will refocus their work accordingly.

### **Background - *Koorero whaimaarama***

10. The government's Local Water Done Well policy requires Council to meet new standards regarding financial separation and sustainability of water services and provides Council options regarding how water services are delivered.
11. At the Council meeting on 12 September 2024 ([agenda and minutes](#)), Council made a series of preliminary decisions in response to Local Water Done Well. These included a proposal to separate waters-related charges from the general rate and Uniform Annual General Charge.
12. At the 31 October 2024 Council meeting ([agenda and minutes](#)) in response to Local Water Done Well, Council resolved in principle to create new targeted rates for each of the three waters services, to be set in such a way as to ensure as close as possible alignment to the current distribution of rates between properties and on a capital value basis.
13. At the Council meeting on 12 December 2024 ([agenda and minutes](#)) Council resolved – subject to public consultation – to set up a joint CCO with Waikato District Council to deliver water services from 1 July 2026. In addition, staff were asked to update the Revenue and Financing Policy, Funding Needs Analysis, and Rating Policy to provide for separation of revenue for each of the water services into new targeted rates.
14. This report considers the implications of the decisions on 12 December 2024 in relation to Council's corporate planning processes.

### **Discussion – *Matapaki***

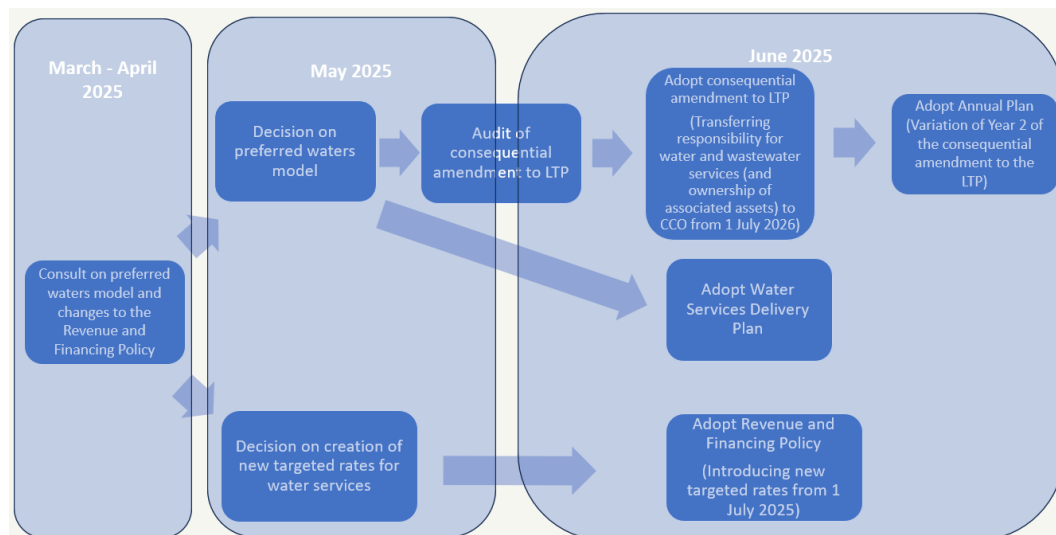
#### **Alternative consultation and decision-making process for establishing water services CCO**

15. The Local Government (Water Services Preliminary Arrangements) Act 2024 sets out the 'alternative consultation requirements' that Councils must use instead of the existing processes in the Local Government Act when deciding to join or establish a waters Council Controlled Organisation (CCO).
16. Under the alternative arrangements Council:
  - a) has no requirement to consult on changes to the 2024-34 Long-Term Plan brought about as a result of the proposed water services proposal if it has already consulted on the proposal and it is satisfied the community has a good understanding of the implications of the proposal, and understands its community's views on the proposal; and
  - b) has the option to conditionally approve an amendment to the 2024-34 Long-Term Plan subject to corresponding agreement from the other councils that are parties to a joint waters CCO.

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17. In light of legal advice received, and following decisions at the Council meeting on 12 December 2024, the steps that must be taken to give effect to these decisions (subject to the outcome of consultation) while also meeting Council's usual corporate planning requirements is set out in **Figure 1** below.

**Figure 1: Next steps and timing**



18. Subject to further legal advice, engagement with Audit NZ and the progression of the Local Government (Water Services) Bill, the sequencing of processes may need to be modified and where appropriate reported back to Council.

#### **2024-34 Long-Term Plan Amendments giving effect to future waters decision**

19. Although technically the consequential amendment to the Long-Term Plan can take place at any time before 1 July 2026 (the date on which it is proposed that the CCO would begin delivering water services), it is proposed to complete the above processes by the end of June 2025 to maintain alignment with Waikato District Council, which must adopt its Long-Term Plan by this point. It also aligns with the setting of targeted rates before the start of the 2025/26 financial year.
20. The Local Government (Water Services) Bill provides that the 2024-34 Long-Term Plan will continue to apply until a new CCO's Water Services Strategy comes into force (on 1 July 2026). The Water Services Strategy is proposed to include similar content to a long-term plan e.g. community outcomes, strategic priorities, objectives and expectations, service levels, performance measures and targets, major issues and options, proposed works and financial statements.

#### **Audit requirements**

21. The Local Government Act specifies that an audit opinion is required on whether an amended long-term plan continues to give effect to the information and assumptions underlying the forecast information in the amended long-term plan. There is nothing in the Local Water Done Well legislation to remove this requirement.
22. Our experience tells us that an audit is a significant piece of work, and staff query how valuable this requirement will be – particularly given the separate requirement for the CCO's Water Services Delivery Plan to also be reviewed by central government, and the government's express wish to streamline the process for introducing waters CCOs.

23. We have raised this issue in Council's draft submission to the select committee considering the Local Government (Water Services) Bill (see the separate Local Water Done Well report being considered at this meeting). However, the current timeframe is for Council to adopt the consequential amendment to the Long-Term Plan in June 2025, with the audit to occur in advance of that. This will likely be before the enactment of the Bill. Council's draft submission seeks removal of the requirement for audit and a solution to the timing issue.
24. However, we are planning on the assumption that the audit process will proceed as currently legislated for. Staff are discussing the audit process with Audit NZ to understand how the audit requirements can be as streamlined and efficient as possible.

#### **Creation of Water Delivery Targeted Rates (via the Revenue and Financing Policy)**

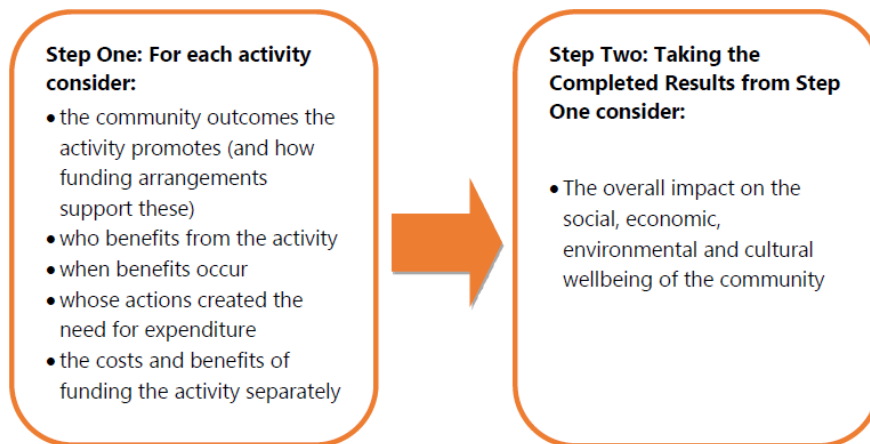
25. Council's [Revenue and Financing Policy](#) (the Policy) outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure. Rates must be set in accordance with the Policy. The Council last reviewed and adopted the Policy on 4 July 2024, alongside the 2024-34 Long-Term Plan.
26. At the Council meeting on 12 December 2024, Council staff were asked to update the Revenue and Financing Policy, Funding Needs Analysis, and Rating Policy to provide for separation of revenue for each of the water services into new targeted rates. Council also agreed to consult on Council's intention to move the funding of water activities to three new targeted rates to improve transparency and smooth the transition to a proposed new delivery model.
27. The Local Government (Water Services) Bill sets out financial principles for water service providers including that revenue and expenses must be transparent to the public. The Commerce Commission will also enforce a new ring-fencing rule, under which regulated suppliers will be required to spend the revenue from waters on providing those services.
28. Legal advice has confirmed that only a significant amendment to the Policy is required to be audited. The provision of the new targeted rates for water services without any substantive effect on the incidence of rates (as is proposed) would not be considered a significant amendment requiring audit. These changes can be made after consulting on the proposed amendments in a manner that gives effect to the requirements of [section 82](#) of the Local Government Act (which sets out principles of consultation).
29. The Policy must demonstrate how Council has complied with the funding policy process as set out in the Local Government Act. This is covered in the Funding Needs Analysis, which can be seen at **Attachment 3**, which is intended to be supporting material for the policy consultation.
30. The [Rating Policy](#) provides detail on setting rates, and provides the administrative framework for Council's application of rates. This will also need to be updated to reflect the rating changes. This policy is not legislatively required and there are no consultation requirements. The Rating Policy will be updated to reflect the proposed changes to the Policy and presented to the 20 March 2025 Council meeting.

#### **Legal considerations for Revenue and Financing Policy**

31. Sections [101](#) and [103](#) of the Local Government Act define the Revenue and Financing Policy and the Funding Needs Analysis requirements. This technical and complex legislation is essential for permitting the application of all revenue and financing income sources to activities.
32. The Funding Needs Analysis is a statutory process required to develop the Policy and is the first step of two that the Council must consider in setting the Policy. The changes proposed to the Revenue and Financing Policy require modifying the Funding Needs Analysis.

33. The funding policy process of [section 101\(3\)](#) of the Local Government Act 2002 is a two-step process, as shown in **Figure 2** below:

**Figure 2: Funding Policy Process**



34. Under the Local Government Act there is no primacy or hierarchy within these considerations where one is more important than another, as this is a policy decision for Council, but all five Step One and the Step Two matters must be demonstrably considered. Council has considerable latitude in applying its considerations.
35. The matters in Step One are subjective and not defined in law. The Council has previously addressed its interpretation of the matters in Table 1 and Table 2 in the Funding Needs Analysis. The application for each activity is documented in Schedule One of the Funding Needs Analysis.
36. The Schedule One modification to the water supply, wastewater, and stormwater activities results from paradigm changes arising from the Local Water Done Well programme. The analysis results in a preference for targeted rates driven by the need to increase transparency of the rates funding these activities.
37. The Step Two matters are listed in the Policy under the heading "Overall Funding Considerations". While extremely broad in its potential scope, matters outside of the Policy may need to be considered – especially other legislation. A Step Two modification has been added to the Policy to simplify the edits to the Policy and take a practical approach to the changes. The funding for waters is being modified in a period of change and consequential uncertainty. The modification is intended to provide flexibility in the event of further change.

#### **Future water charging (under Local Government (Water Services) Bill)**

38. The proposed shift to separate targeted rates for water services would enable a smooth transition to a CCO should that be Council's final decision. Under the Local Government (Water Services) Bill a waters organisation that is setting charges for the first time, and where ratepayers have previously been charged on basis of property valuation such as capital value, will have a five-year transition period to change the charging regime to shift away from property value-based rating such as capital value.
39. During the five-year period, the organisation must not rely entirely on a property valuation – they may use property valuation and at least one other method (for example, fixed amounts or according to water usage). The organisation must annually adjust its methods of setting charges to decrease its reliance on property valuation. At the end of the transition its charging must not be based property valuation at all. Once the Bill is enacted it will be clearer as to the expectations for new water entities.

**Proposed policy changes**

40. Staff have prepared a draft Policy and Funding Needs Analysis for public consultation. Tracked change versions of the Policy and the updated Funding Needs Analysis are provided at **Attachment 1** and **Attachment 3** respectively.
41. It is proposed this is included as part of the water delivery model consultation. After that, and with any changes arising from the consultation or law changes, the Council would adopt the Policy and Funding Needs Analysis for 2025/26.
42. A summary of the changes incorporated in the Policy and Funding Needs Analysis are:
  - i. Create three new targeted rates for water, wastewater, and stormwater, to fund these activities.
  - ii. Remove water, wastewater, and stormwater from the General Rate.
  - iii. Remove the Government Compliance rate.
  - iv. Remove the Service Use Water rate and Service Use and wastewater rate.
  - v. Insert a paragraph regarding waters activities funding policy modification.
  - vi. Replace references to 'environmental contributions' with 'Financial contributions' and provide as a source of revenue to fund capital and operational costs for the purposes identified in the Operative District Plan (refer discussion under 'Financial Contributions' heading below for further detail).
  - vii. Modify the Funding Needs Analysis for water, wastewater and stormwater to reflect the rationale for proposing the new waters targeted rates.

**Proposed rates changes to the Council Funding Impact Statement for 2025/26**

43. The Funding Impact Statement provides the reader with information about the source and application of funds both across the Council ('the whole-of-council Funding Impact Statement') and in each group of activity. The Funding Impact Statement also demonstrates to the ratepayer what rates and charges they'll be 'up for' and how these will be calculated.
44. There are two components to a whole-of-council Funding Impact Statement :
  - i. the funding disclosures (the whole-of-council rating information and the sample rates examples); and
  - ii. the financial disclosures, which set out the sources and uses of funds.
45. The Funding Impact Statement must be consistent with the Revenue and Financing Policy. The Funding Impact Statement will be included in the 2025/26 Annual Plan. The Funding Impact Statement feeds into the rates resolution and ultimately the rates invoice ratepayers will receive.
46. Within the Funding Impact Statement, the 'Commercial' and 'Other' rating category non-metered water is proposed to be renamed to 'Commercial non-metered water' and the definition updated for clarity.
47. The 'Other' category of general rates is proposed to be discontinued. This category includes rural residential properties, which do not pay for water or wastewater in general rates. These properties will now be categorised as residential.
48. The Government compliance rate is proposed to be discontinued. This rate was set on all rateable land and predominantly funded waters activities. The funding provided to the growth activity from this rate will instead be collected from the general rate.

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49. The service use water and service use wastewater rates are proposed to be discontinued. Service use properties do not pay general rates, and targeted rates were defined to allow for charging of water and wastewater. Service use properties will now pay the relevant targeted rates for water and wastewater.
50. The proposed rating definitions are set out in **Attachment 2** and indicative rates samples for 2025/26 are provided in **Attachment 4**. Both will be supporting material for the consultation.

**Public Consultation**

51. Council must consult on the proposed amendments to the Policy in accordance with the principles of consultation under [section 82](#) of the Local Government Act.
52. As the changes proposed are not significant, it is proposed this is an amendment to the existing Policy as opposed to a new policy. This is important as the information requirements for adoption of a new Policy and the amendment of an existing policy are different. An amended policy requires Council to make details of the changes available to the public. An explanation and the reasons for the proposal as well as an analysis of any reasonably practicable options including the proposal, is also required to be made publicly available.
53. Given the targeted rates are related to the proposed water delivery changes, it is proposed to include this change within the water services consultation.
54. The tracked change and clean version of the Policy and Funding Needs Analysis will be made available with the public consultation material, along with the Rating Policy, the options considered (see Options section later in this report) and the proposed definitions for the new waters targeted rates.
55. It is also planned to have online rates search function whereby ratepayers can find the proposed rates for their property. This will show the proposed targeted rates and the other applicable property rates. It is important to note that these rates will be based on 2021 rating valuations. The incidence of rates will change through the citywide revaluation that is taking place over the coming months. Final rates for 2025/26 will be based on 2024 rating valuations and will take effect from 1 July 2025. This will be made clear on the rates calculator.

**Financial Contributions (Revenue and Financing Policy / Long-Term Plan)**

56. Plan Change 12 (PC12) to the District Plan became operational on 19 December 2024. PC12 included an amendment to the District Plan that enabled Financial Contributions to be collected for works relating to offsetting the effects of intensification, including on the Waikato River (Te Ture Whaimana), from all residential development in the city excluding Peacocke. PC12 prescribes a maximum amount for Financial Contributions.
57. Financial Contributions is a method to help fund the things that off-set some of the negative effects of housing intensification, like gully and river restoration and making our streets more attractive. This is different to a development contribution, which helps fund new or expanded infrastructure and community facilities that are needed because of increased demand from the development. It means that developers may need to pay both a Financial Contributions and a development contribution for their development. However, these contributions will be used for different things.
58. Financial Contributions are currently imposed as a condition of consent where a development caused specific effects that needed to be mitigated. The new provision allows Financial Contributions to be leveraged against all residential development in Hamilton, excluding Peacocke.

59. The Independent Hearing Panel (the Panel) decision did not support Council's residential amenity component of the Financial Contributions. The Panel concluded that the residential amenity component did not meet the 'the most appropriate test' in achieving the purpose of the Resource Management Act (RMA) due to the uncertainty on what the Financial Contributions would be used for.
60. As outlined in the [12 December](#) 2024 Council report, Council has rejected the Panel's recommended removal of the residential amenity component and has requested a decision from the Minister responsible for RMA Reform (Minister Bishop) to overturn it. The decision is expected within three months. At that meeting, Elected Members requested that staff investigate whether the Revenue and Financing Policy should be expanded to include Financial Contributions, and when council could begin charging Financial Contributions.
61. Current legal advice is that Council can charge a Financial Contribution of up to \$994 per dwelling plus inflation. This is the maximum amount specified in PC12 for Te Ture Whaimana Financial Contributions. This is based on a total Te Ture Whaimana programme of works costing \$53 million, with 50% of this cost allocated to Financial Contributions. This programme of works is only partially funded in the current Long-Term Plan. PC12 allows council to collect Financial Contributions for residential development only. However, demand needs to be calculated across both residential and non-residential development as all forms of development contribute to environmental effects on the Waikato River.
62. Financial Contributions will be calculated using a bedroom-based approach. Every bedroom is 0.33 of a Projected Unit of Demand (PUD), with a three-bedroom home will pay one PUD, a two-bedroom home paying 0.66, and a one-bedroom home paying 0.33.

Key considerations:

63. Council will need to develop a programme of works for Te Ture Whaimana that is 50% ratepayer-funded and 50% funded through Financial Contributions. The Financial Contributions-funded projects should mitigate the effects of new development and intensification (i.e. growth) as opposed to improving levels of service or mitigating the effect of existing ratepayers and activity. Council needs to consider how the programme is rolled out in response to where development is occurring.
64. If Minister Bishop approves the inclusion of residential amenity in the Financial Contributions charges, Council will potentially be able to collect more Financial Contributions revenue. Residential amenity costs are only covered by residential development and, if approved, could have greater project costs allocated for collection. The maximum charge is likely to be around \$3400 per PUD based on a programme costing approximately \$41 million. The amount allocated to Financial Contributions would need to consider the proportion of the costs caused by development and intensification as opposed to existing residents.
65. Legal advice received in the development of the District Plan Financial Contributions chapter stated that Council requires a Financial Contributions Policy prior to collecting Financial Contributions. The Financial Contributions Policy would also require public consultation. Staff estimate that it would take approximately six to eight months to develop a policy, with additional time required to develop the required processes, software, and systems for implementation. There would be various touchpoints with Elected Members along the way. Staff estimate a total time of around 12 months as there is no specific resource allocated to this work, and this work would be in addition to business as usual.
66. A change to the Revenue and Financing Policy is proposed now as the current text relating to Financial Contributions is outdated and refers to repealed legislation. The draft wording is high level and enables Financial Contributions to be collected once a policy is in place.

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67. Council cannot legally collect Financial Contributions for anything for which we already collect development contributions. Staff will need to ensure that there is no overlap or any chance that council is double-dipping. Failure to do so carries a high likelihood of legal challenge.
68. Council has policy mitigations in place to reduce the high cost of development contributions in response to the current economic climate and challenges faced by the construction sector. Charges in Peacocke and Rotokauri have been capped, and charges across the city have been phased. Phasing ends on 30 June 2026 when full development contributions charges will be in place for all catchments except Peacocke and Rotokauri. The DC Policy is set to be reviewed in 2025/26 because of Local Water Done Well changes, with a new policy in place from 1 July 2026.
69. The impact of a Financial Contributions charge on construction feasibility depends on the speed at which house prices increase and/or land prices decrease. The cumulative effect of higher development contributions and an additional Financial Contributions charge will negatively impact feasibility until either house prices increase, or land prices decrease. This effect is more pronounced in challenging economic times. Over the past three months, house prices have stabilised and, in some cases, begun to increase. Anecdotally, land prices are also starting to adjust. However, the housing market and the construction sector remain under pressure and consenting activity is at a record low.
70. Staff expect conditions to begin to improve for residential development in the latter half of 2025, however, house prices are not expected to return to 2021 peak levels until 2027. Consenting activity is expected to improve in late 2025, however, over the next three years, projections remain well below the five-year average consenting rate.

Next steps:

71. Staff will develop a Financial Contributions policy, which will take approximately 12 months, to ensure Council is ready to recover Financial Contributions when funding and legal certainty is reached. The policy development will include opportunities for direction from Elected Members and public consultation.
72. Staff will establish a process for implementation and requiring Financial Contributions . A process for requiring Financial Contributions could be in place by 1 July 2026 to align with the adoption of a policy.
73. Alongside the development of a Financial Contributions Policy, staff will develop and cost a programme of work for each Financial Contributions purpose.
  - a. The programme spends Financial Contributions revenue that is already collected rather than debt funding. Timing would be estimated by revenue forecasts but actual spending will be determined by actual revenue. It is likely that funding for projects will be implemented after about five years of Financial Contributions charging.
  - b. The programme and projects must be completely independent of any project costs that are allocated to development contributions, i.e. no double dipping.
  - c. If the inclusion of residential amenity into Financial Contributions is approved by the Minister, this will have greater scope as less than half of cost of projects for Te Ture Whaimana can be recovered through Financial Contributions and would need substantial additional rates or debt funding that would need to be in the Long-Term Plan.
74. Staff will update Elected Members as the Financial Contributions policy and the process and systems for Financial Contributions implementation are developed.

## Options

75. [Section 77](#) of the Local Government Act requires decision makers to consider all reasonably practicable options and the advantages and disadvantages of the options for decision-making.

### Financial Contributions

76. Refer to the discussion immediately above regarding options for progressing the Introduction of Financial Contributions.

### Rating options

77. The following reasonably practicable options have been identified in the Table below:

<b>Option 1: Preferred Option</b> The funding approach is modified by transferring status quo rates to targeted capital value rates. The funding approach for water by meter and fees and charges is unchanged.	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>i. Separate rates increase the transparency of waters revenue as required under the Local Government (Water Services) Bill.</li> <li>ii. Separate waters rates help to meet the requirement in the Local Government (Water Services Preliminary Arrangements) Act to demonstrate financial sustainability for waters services. This must be demonstrated when Council submits a Water Services Delivery Plan to government (by 3 September 2025).</li> <li>iii. Separate rates for water services would enable a smooth transition to a new waters organisation (as per Council's preferred option for the delivery of water services).</li> <li>iv. Maintaining capital value rating minimises rate increases and decreases the redistribution of the rates for existing ratepayers.</li> </ul>	<ul style="list-style-type: none"> <li>i. Changing the funding approach is complex, with many technical matters and decision-making requirements.</li> <li>ii. There is the potential for public not to understand the changes.</li> <li>iii. The Local Government (Water Services) Bill is not yet enacted so the future charging direction is not confirmed.</li> <li>iv. Although this option would enable a smooth transition to a CCO (as per Council's preferred option for the delivery of water services), the CCO would have to further evolve the approach, given the requirements for CCOs to not charge purely based on capital value, and to reduce and ultimately remove reliance on capital value charging over a five-year period.</li> <li>v. There will be some change to the incidence of rates. Total rates for some properties will increase by more than 15.5%, while others will increase by less than 15.5%.</li> </ul>
<b>Option 2: Status Quo</b> Rate funding remains within general, government compliance, and service rates. There remains no separation of funding for water services for most properties. The funding approach for water by meter and fees and charges is unchanged.	
Advantages	Disadvantages
<ul style="list-style-type: none"> <li>i. Keeping the existing funding approach is administratively easy.</li> <li>ii. Rates and rates invoices for all ratepayers would remain consistent with previous years.</li> <li>iii. There would be no requirement to modify and consult on Revenue and Financing Policy changes.</li> </ul>	<ul style="list-style-type: none"> <li>i. Most ratepayers would not see a separation of revenue for water services. The Local Government (Water Services Preliminary Arrangements) Act and Local Government (Water Services) Bill have requirements of Council in 2025/26 that would be more difficult and less effective than the preferred option's approach.</li> </ul>

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	<ul style="list-style-type: none"> <li>ii. The lack of separation for revenue for waters services for most ratepayers goes against the direction set in the Local Water Done Well legislation to provide transparency and financial sustainability for water services.</li> <li>iii. Retaining water services in general rates is likely to simply delay a move to separate waters rates or charges – and make any subsequent change more challenging.</li> <li>iv. Retaining funding for water services in general rates makes the transition to a CCO (as per Council's preferred option for the delivery of water services) more difficult.</li> </ul>
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78. **Table 1. Options for rate funding** Additional options were considered but were not deemed reasonably practicable. These included setting fixed targeted rates for each rating unit or SUIP, either instead of using capital value, or in combination with using capital value.
79. These options would likely result in significant changes to the incidence of rates and increases for most ratepayers, and potentially trigger wider requirements such as a full Long-Term Plan Amendment and audit process. They would also place a significant burden on Council to introduce changes by 1 July 2025, which is considered inefficient given Council's preferred option is to establish a CCO to deliver water services from 1 July 2026. The Local Government (Water Services) Bill, once enacted, will make the water organisation responsible for implementing new funding approaches allowed by the legislation and supporting the new organisation's services.

### Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

80. The 'alternative requirements' for consultation and decision making as set out in the Local Government (Water Services Preliminary Arrangements) Act apply for consultation on Council's preferred water model. These arrangements replace certain consultation and decision-making requirements in the Local Government Act. In particular, the requirements around transferring ownership and control of strategic assets which would typically need to be included and consulted on as part of a long-term plan or long-term plan amendment do not apply.
81. The contents of this report comply with Council's legal requirements, noting that staff have sought external legal advice on the interaction between the Local Government Act and Local Government (Water Services Preliminary Arrangements) Act, as set out in this report.
82. The interactions between the new legislation and exiting corporate planning processes is complex and dynamic. Staff remain in close contact with external legal advisers, particularly on the implications of the most recently introduced Local Government (Water Services) Bill. Staff will provide any relevant updates at the Council meeting.

### Climate Change Impact Statement

83. Staff have assessed the recommendations against the Climate Change Policy requirements for both emissions and climate change adaptation. At this stage, no adaptation or emissions assessment is required.

### Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

84. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the four wellbeings').

85. The subject matter of this report has been evaluated in terms of the four wellbeings during the process of developing this report as outlined below. The recommendations set out in this report are consistent with that purpose.

### **Social**

86. Social wellbeing is defined as the capacity of individuals, their families, whaanau, iwi, hapuu and a range of communities to set goals and achieve them.
87. The 2024-34 Long-Term Plan indicates the projects to be funded over the next nine years. The consequential amendment to the Long-Term Plan gives effect to the delivery model and provide clarity to Hamiltonians about any changes to services being provided by Hamilton City Council.
88. The collection of rates provides Council with the funding to improve or deliver new services as required by Hamiltonians. The provision of Financial Contributions will allow Council to further reduce the impacts of intensification in neighbourhoods. The funding from both mechanisms leads to better social outcomes for Hamiltonians.

### **Economic**

89. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security.
90. Council services are fundamental to economic wellbeing, especially the provision of infrastructure. The changes include the proposed creation of new targeted rates to ensure water services are financially sustainable. This will help deliver benefits to Hamilton, including by being better equipped to deliver the investment that is required to support growth, contributing to improved economic outcomes over time.

### **Environmental**

91. Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.
92. Water services are subject to significant environmental regulation. The government's Local Water Done Well programme will introduce further regulation relating to stormwater management and will also introduce national standards for wastewater discharges.

### **Cultural**

93. Cultural wellbeing is defined as the capacity of communities to retain, interpret and express their shared beliefs, values, customs, behaviours, and identities.
94. Staff have been engaging, and will continue to engage, with mana whenua in the local area, including Waikato Tainui through the Hamilton City Council - Waikato Tainui Co-Governance Forum, particularly in relation to water services delivery. Over time other iwi and hapuu may need to be engaged should other councils within their rohe decide to join a joint Council Controlled Organisation.

### **Risks - *Tuuraru***

#### **Audit requirements**

95. There is a risk that the audit extends the timing of the overall programme with further costs incurred. This would potentially mean the consequential amendment to the Long-Term Plan cannot be adopted before the 2025/26 Annual Plan is adopted – which would impact on the preferred sequencing, as outlined in **Figure 1**.

**Legal compliance**

96. Given the process we are following is new and legalisation is either still before Parliament or enacted but untested, there is risk that legal compliance will not be achieved. As set out earlier in the report, we are mitigating this risk by seeking external legal advice, engaging with Audit NZ, and maintaining a flexible approach. We will update Council as required on any significant changes emerging from our legal advice, or our engagement with Audit NZ.

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

97. Council's [Significance and Engagement Policy](#) is the primary tool for determining significance.
98. As resolved by Council on 12 December 2024, the proposed water services delivery model and Revenue and Financing Policy changes will be subject to consultation. Staff's assessment is that the other issues being considered in this report around the sequencing of the process and audit requirements are of low significance.
99. As set out in the Legal and Policy Considerations section above, Council must consult on changes to the Revenue and Financing Policy. Our legal advice is that amendments to this policy may be undertaken as a Long-Term Plan amendment or 'in their own right' (in which case consultation is in accordance with [section 82](#) of the Local Government Act). We have proposed the latter approach – consulting on this policy separate to a Long-Term Plan Amendment. Unless there is a significant change to a revenue and financing policy an auditor's opinion is not required. It is considered the changes proposed are not significant.
100. The water service delivery arrangements will also be subject to public consultation through the 'alternative consultation requirements' that Councils must use instead of the existing processes in the Local Government Act when deciding to join or establish a waters CCO.
101. The following steps are proposed to complete the consultation and decision-making processes:

Consultation and decision-making steps	Timeframes
Council approval of draft Revenue and Financing Policy for public consultation	11 February 2025
Council to approve the Funding Needs Analysis and Rating definitions for disclosure as part of the public consultation process	
Council approval of Rating Policy for disclosure as part of the public consultation process	20 March 2025
Council approval of 2025/26 Fees and Charges for public consultation.	
Public consultation period on water service delivery and draft Revenue and Financing Policy.  Background material made available: i. Funding Needs Analysis ii. Rating definitions iii. Rating Policy	24 March - 27 April 2025
Verbal submissions	6 - 8 May 2025
Deliberations on water services delivery and Revenue and Financing Policy changes	29 - 30 May 2025
Audit process – amendment of Long-Term Plan	May - June 2025

Consultation and decision-making steps	Timeframes
Final adoption: <ul style="list-style-type: none"> <li>i. Future water services delivery model and Water Services Delivery Plan</li> <li>ii. Adoption of Revenue and Financing Policy</li> <li>iii. Adoption of Long-Term Plan Amendment that gives effect to the water delivery model; receive audit opinion.</li> <li>iv. Adoption of 2025/26 Fees and Charges</li> <li>v. Adoption of 2025/26 Annual Plan</li> <li>vi. Set rates for 2025/26 including new waters targeted rates</li> </ul>	26 June 2025

Item 12

### **Attachments - *Ngaa taapirihanga***

Attachment 1 - Revenue and Financing Policy (Draft Local Waters Done Well)

Attachment 2 - Funding Needs Analysis (Draft Local Waters Done Well)

Attachment 3 - New Rate Definitions and Other Proposed Changes to the Funding Impact Statement

Attachment 4 - Indicative Rates Samples for 2025/26

First adopted:	30 June 2004
Revision dates/version:	27 June 2025
Next review date:	30 June 2027
Engagement required:	Section 82-87 LGA 2002
Document Number:	
Associated documents:	Funding Needs Analysis
Sponsor/Group:	Chief Financial Officer

## Revenue and Financing Policy

### *Ko te Puutaketanga*

### *Purpose*

1. The policy outlines the choices Hamilton City Council (Council) has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The Policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA. The policy illustrates Council's compliance with LGA s101(3) which sets out the factors Council must consider in making these decisions. A comprehensive analysis of how Council has complied with this section of LGA s101(3) is included in the Funding Needs Analysis.
2. Deciding the best way to fund Council activities is complex. Complying with legislation takes account of many factors including, but not limited to, the following:
  - Legal
  - Social
  - Competition
  - Affordability
  - Impact of change
  - Efficiency
  - Equity
  - Cost
  - Intergenerational equity
  - Transparency
  - Accountability
  - Business
  - Strategic alignment
  - Benefit

### *Ko te Whaanuitanga*

### *Scope*

3. This Policy applies to all funding decisions made at Council.

### *Ko ngaa Whakamaaramatanga*

### *Definitions*

Term	Definition in this Policy
DC	means development contribution. It is a one-off charge imposed on new developments. It contributes to the growth-related cost of our infrastructure network and supports the city's long-term growth.
UAGC	means Uniform Annual General Charge. Is a rate set as a fixed amount per SUIP. The UAGC modifies the impact of rating on a city-wide basis.
SUIP	Means separately used or inhabited part of the rating unit as defined by Council in the Long Term Plan

### *Ko ngaa Tikanga Whakahaere Kaupapahere*

### *Principles of Policy*

4. The following guiding principles will be applied when considering our use of funding sources:
  - a) Council will adopt a prudent Financial Strategy which supports its current credit rating.
  - b) The everyday costs of running the city will be met from everyday revenues.
  - c) Council will fund maintenance and renewals as per approved Asset Management Plans.

- d) Growth cells will be completed to an approved level of service.
  - e) Council should explore external funding options for new discretionary projects whenever possible.
  - f) When a private benefit can be identified, and it is efficient to collect the revenue user charges will be considered.
  - g) Growth will pay for growth.
  - h) Asset sale proceeds will be used to pay down debt.
  - i) The main source of our everyday revenue will be general rates.
  - j) Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.
  - k) Rates certainty will be considered.
  - l) Affordability of rates will be considered.
  - m) Rates increases will consider Local Government inflation and interest cost levels to ensure a prudent financial position is maintained.
5. Balancing these principles can be challenging at times. Council must use its judgement in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

## ***Ko ngaa Tikanga Policy***

### **Funding sources for operating costs**

- 6. Operating costs are the everyday spending on services Council provides. This includes contributions to the wear and tear of assets used (depreciation), interest charged on borrowing for capital projects and overhead costs.
- 7. We must consider the funding for each activity individually. Some activities may be best funded by user charges, such as swimming pool admission fees, others with targeted rates, such as a Business Improvement District Rate, and others from the general rate, such as road maintenance.
- 8. The funding sources for operating costs are described in the following sections.

### **User charges (s 103(2)(c) under LGA 2002 fees and charges)**

9. User charges are applied to services where it is identified there is a benefit to an individual or group. User charges are a broad group of fees charged directly to an individual or entity and includes:
- |  |                       |                             |
|--|-----------------------|-----------------------------|
| • Entry fees                                   | • Regulatory charges  | • Memberships               |
| • Service charges                              | • Fines and penalties | • Planning and consent fees |
| • Hire   | • Connection fees     | • Statutory charges         |
| • Rent, lease, licences for land and buildings | • Disposal fees       | • Retail sales              |
| • Deposits                                     |                       |                             |
| • Private works                                |                       |                             |
| • Permits                                      |                       |                             |

10. The price of the service is based on a number of factors, including:
  - The cost of providing the service;
  - The estimate of the users' private benefit from using the service;
  - The impact of cost on encouraging/discouraging behaviours;
  - The impact of cost on demand for the service;
  - Market pricing, including comparability with other councils;
  - The impact of rates subsidies if competing with local businesses;
  - Cost and efficiency of collecting the user charge;
  - The impact of affordability on users;
  - Statutory limits; and
  - Other matters as determined by the Council.
11. Council's ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (e.g. the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. Council considers it appropriate to incorporate overhead charges when determining the cost of providing a service.
12. Where goods or services are sold commercially, and taking into consideration legislative limitations, Council's preference is to charge a market price. This includes leases, rents and licences for land and buildings.
13. Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.
14. Revenue from user charges is allocated to the activity which generates the revenue.

**Grants, sponsorship and subsidies (s 103(2)(i) ) under LGA 2002 grants and subsidies)**

15. Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can therefore be budgeted for.
16. Council expects to continue to receive substantial subsidies from central government or its agents for road maintenance.

**Other income**

17. Council receives a distribution of local authorities fuel tax. Fuel Tax is allocated to the transportation activity and is used to fund operating costs of maintaining roads.
18. Some other types of income are unexpected or unpredictable and may not be able to be prudently budgeted (e.g. reparation payments, civil defence and other reimbursements, legal settlements and insurance claims).

**Investment income (s 103(2)(d) ) under LGA 2002 interest and dividends from investments)**

19. Council's approach to investments is documented in its Investment and Liability Management Policy. These investments generate income such as dividends, interest, and rents.

20. Investment income funds the activity that owns the asset. The investment income is used to fund the operating costs of the activity.

~~Development contributions, financial contributions under the Resource Management Act 1991 (RMA) and environmental contributions under the Natural and Built Environment Act 2023 (NBA), proceeds from the sale of assets and lump sum contributions~~

~~21. Generally, Council does not collect revenue from these funding sources to fund operating costs.~~

~~22. Development Contributions revenue funds the interest cost on debt for growth-related capital projects.~~

Development contributions under s198 of the LGA 2002 and Financial contributions under 77E of the Resource Management Act 1991 (RMA)

21. Development Contributions revenue funds the interest on debt or capital costs for growth-related capital projects.

22. Financial Contributions revenue funds capital and operational costs for the purposes identified in Chapter 24 of the Operative District Plan.

**Reserve funds (s 103(2)(j) ) under LGA 2002 any other source)**

24-23. Council maintains a small number of cash-funded reserve funds. Some of these reserve funds may be used to meet operating costs (e.g. cemetery maintenance). Generally, reserve funds are used for the purposes that they were created for.

**Borrowing (s 103(2)(e) ) under LGA 2002 borrowing)**

24. Council's approach to borrowings is documented in the Investment and Liability Management Policy.

24-25. Borrowing is generally undertaken at a whole of Council level subject to constraints on rates increases and debt levels set by the Financial Strategy. In the instance where an activity is reflected separately to the whole of Council, borrowings will be attributed to the activity that incurs the expenditure.

25-26. Council generally plans to fund all cash operating costs from sources other than borrowing. However, in specific circumstances, where Council decides it is prudent to do so, it may fund some operating costs from borrowing.

**Regional fuel taxes under the Land Transport Management Act 2003 (s 103(2)(ia) under LGA 2002)**

26-27. A regional fuel tax provides additional funds to a region to pay for transport projects that would not otherwise be funded. Under the legislation, a regional fuel tax: applies to petrol and diesel, not CNG or LPG, and may be charged up to a maximum rate of 10 cents per litre, plus GST, for a maximum of 10

years. This tax is not being applied to the Waikato Region and is not a source of operating revenue for Council.

### **Rates**

27-28. Having appropriately exhausted all other funding sources, we fund all remaining operating expenses from rates. For many activities this is the main funding source.

28-29. The above matters are all considered when determining the funding required from general rates or targeted rates for each activity in the Funding Needs Analysis, as required by section 101(3)(a).

29-30. Council may choose to establish targeted rates to fund operating costs.

30-31. Further information on rates can be found in clauses 575-6058 and 771-941 of this policy as well as the Rating Policy, Rates Remissions and Postponements Policy and Rates Funding Impact Statement.

### **Summary of sources of funding for operating costs by activity**

31-32. Council will apply the funding source preferences noted above to each activity in its Funding Needs Analysis. Table 1 shows the degree to which (expressed as a range) each funding source is used to fund operating costs following the LGA s101(3)(a) assessment.

32-33. This s101(3)(a) assessment may be modified by the s101(3)(b) assessment. The latter assessment requires Council to consider the overall impact of any allocation of liability for revenue needs on the community. Council's consideration of s101(3)(b) is included later in this policy.

33-34. The ranges in Table 1 are expressed as a percentage of the revenue required to fund each activity and are indicative only. They may change over time as a result of changes in expenditure requirements. It is possible that actual funding sources may differ from budgeted funding sources.

**Table 1: Summary of funding sources by activity s.101(3)(a) only**

Unlikely	0%	x	GENERAL RATES	TARGETED RATES	FEES & USER CHARGES	SUBSIDIES & GRANTS	OTHER	BORROWINGS
Minimal	0% - 20%	✓						
Low	20% - 40%	✓						
Moderate	40% - 60%	✓						
High	60% - 80%	✓						
Most	80% - 100%	✓						
All	100%	✓						
<b>ACTIVITY</b>								
<b>Community Services</b>								
Aquatics			✓	x	✓	x	✓	x
Libraries			✓	x	✓	✓	✓	x
Customer			✓	x	✓	x	x	✓
<b>Governance</b>								
Democracy Services			✓	x	✓	x	x	✓
Mayor Office			✓	x	x	x	x	✓
Mayoral Support Services			✓	x	x	x	x	✓
<b>Growth</b>								
Planning Guidance			✓	x	✓	x	x	✓
Growth Funding & Analytics			✓	x	x	x	x	✓
Sustainable Communities			✓	✓	x	x	x	✓
Strategic Property			✓	x	✓	x	✓	✓
Urban & Spatial Planning			✓	x	✓	x	x	✓
<b>Parks &amp; Recreation</b>								
Cemetery & Crematorium			✓	x	✓	x	✓	x
Community Facilities			✓	x	x	x	✓	x
Nursery & Natural Areas			✓	x	✓	x	x	✓
Parks Assets			✓	x	✓	x	✓	x
Parks Contracts			✓	x	x	x	x	x
Parks Service Delivery			✓	x	✓	x	x	✓
<b>Partnerships, Communication &amp; Māori</b>								
Amorangi Māori			✓	x	x	x	x	✓
Communication & Engagement			✓	x	x	x	x	✓
Community Partnerships, Funding & Events			✓	x	✓	x	x	✓
Partnerships, Communication & Māori			✓	x	x	x	x	✓
<b>Rubbish &amp; Recycling</b>								
Resource Recovery			✓	✓	✓	✓	✓	✓
<b>Regulatory &amp; Safety</b>								
Animal Control			✓	x	✓	x	✓	✓
Building Control			✓	✓	✓	x	x	✓
City Safety Operations			✓	x	✓	✓	x	✓
Civil Defence & Emergency			✓	x	x	x	x	✓
Environmental Health Control			✓	x	✓	x	x	✓
Liquor Licensing			✓	x	✓	x	x	✓
<b>Stormwater</b>								
Stormwater			x	✓	✓	x	✓	x
<b>Transport</b>								
Transport Centre			✓	x	x	✓	✓	x
Transportation Network			✓	x	✓	✓	✓	✓
Urban Transport			x	✓	✓	x	✓	✓
<b>Venues, Tourism and Events</b>								
Claudlands Events Centre			✓	x	✓	x	✓	x
H3 Management			✓	x	✓	x	x	✓
Hamilton Gardens			✓	x	✓	x	✓	x
Museum			✓	x	✓	✓	✓	x
Stadia			✓	x	✓	✓	✓	x
Te Kaaroro (Hamilton Zoo)			✓	x	✓	✓	✓	x
Theatres			✓	x	x	x	x	✓
Tourism & Events			✓	x	x	x	x	✓
Venues, Tourism & Events			✓	x	x	x	x	✓
Visitor Services & Products			✓	x	x	x	x	✓
<b>Wastewater</b>								
Wastewater			x	✓	✓	x	✓	x
<b>Water Supply</b>								
Water Supply			x	✓	✓	x	✓	x

	GENERAL RATES	TARGETED RATES	FEES & USER CHARGES	SUBSIDIES & GRANTS	OTHER	BORROWINGS
<b>ACTIVITY</b>						
<b>Community Services</b>						
Aquatics	✓	x	✓	x	✓	x
Libraries	✓	x	✓	✓	✓	x
Customer	✓	x	✓	x	x	✓
<b>Governance</b>						
Democracy Services	✓	x	✓	x	x	✓
Mayor Office	✓	x	x	x	x	✓
Mayoral Support Services	✓	x	x	x	x	✓
<b>Growth</b>						
Planning Guidance	✓	x	✓	x	x	✓
Growth Funding & Analytics	✓	x	x	x	x	✓
Sustainable Communities	✓	✓	x	x	x	✓
Strategic Property	✓	x	✓	x	✓	✓
Urban & Spatial Planning	✓	✓	✓	x	x	✓
<b>Parks &amp; Recreation</b>						
Cemetery & Crematorium	✓	x	✓	x	✓	x
Community Facilities	✓	x	x	x	✓	x
Nursery & Natural Areas	✓	x	✓	x	x	✓
Parks Assets	✓	x	✓	x	✓	x
Parks Contracts	✓	x	x	x	x	x
Parks Service Delivery	✓	x	✓	x	x	✓
<b>Partnerships, Communication &amp; Māori</b>						
Amorangi Māori	✓	x	x	x	x	✓
Communication & Engagement	✓	x	x	x	x	✓
Community Partnerships, Funding & Events	✓	x	✓	x	x	✓
Partnerships, Communication & Māori	✓	x	x	x	x	✓
<b>Rubbish &amp; Recycling</b>						
Resource Recovery	✓	✓	✓	✓	✓	✓
<b>Regulatory &amp; Safety</b>						
Animal Control	✓	x	✓	x	✓	✓
Building Control	✓	✓	✓	x	x	✓
City Safety Operations	✓	x	✓	✓	x	✓
Civil Defence & Emergency	✓	x	x	x	x	✓
Environmental Health Control	✓	x	✓	x	x	✓
Liquor Licensing	✓	x	✓	x	x	✓
<b>Stormwater</b>						
Stormwater	✓	✓	✓	x	✓	x
<b>Transport</b>						
Transport Centre	✓	x	x	✓	✓	x
Transportation Network	✓	x	✓	✓	✓	✓
Urban Transport	x	✓	✓	x	✓	✓
<b>Venues, Tourism and Events</b>						
Claudlands Events Centre	✓	x	✓	x	✓	x
H3 Management	✓	x	✓	x	x	✓
Hamilton Gardens	✓	x	✓	x	✓	x
Museum	✓	x	✓	✓	✓	x
Stadia	✓	x	✓	x	✓	x
Te Kaaroro (Hamilton Zoo)	✓	x	✓	✓	✓	x
Theatres	✓	x	x	x	x	✓
Tourism & Events	✓	x	x	x	x	✓
Venues, Tourism & Events	✓	x	x	x	x	✓
Visitor Services & Products	✓	x	x	x	x	✓
<b>Wastewater</b>						
Wastewater	✓	✓	✓	x	✓	x
<b>Water Supply</b>						
Water Supply	✓	✓	✓	x	✓	x

## Funding sources for capital costs

34-35. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs are described in the sections that follow.

### User charges

35-36. User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

36-37. Council charges for capital works that are solely for private benefit (e.g. a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (e.g. a rural seal extension for dust suppression).

### Grants, subsidies, and other income

37-38. Council relies on significant subsidies for capital works relating to the transport activity. Grants and subsidies may be available for other activities from time to time. Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.

39. Council relies on significant grant funding for capital works from the Infrastructure Acceleration Fund (IAF). The funding will be used for critical infrastructure projects to facilitate further development in the area - including a new water reservoir and pump station, local waters upgrades and improvements.

38-40. Grants, subsidies and other income are used wherever they are available.

### Development contributions

39-41. Council collects development contributions (DCs) to fund capital costs necessary to service growth, in accordance with the Development Contributions Policy (DC Policy).

40-42. DCs are applied on an activity and catchment basis, as identified by the DC Policy. Projects identified in the DC Policy may be either completed projects (with debt yet to be repaid from future development contributions) or future projects planned in the period for which DCs may be collected.

41-43. Most contributions receipted are used to repay development contributions debt and interest on that debt. A portion may pay for capital expenditure in the year it is receipted, depending on projects.

It is important to note that, in addition to the requirements of sections 103 and 101(3), the DC Policy describes funding matters in more detail as required by section 106(2)(c).

**Financial contributions under the Resource Management Act 1991 (RMA) and ~~environmental contributions under the Natural and Built Environment Act 2023 (NBA), proceeds from the sale of assets and lump sum contributions~~**

~~42. Council collects financial and environmental contributions to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the Operative and Proposed Hamilton District Plan. Council receives most contributions as revenue by the vesting of assets although some may be paid directly to us.~~

44. Chapter 24 of the Hamilton City Operative District Plan (ODP) contains rules which enable Council to require that a financial contribution be made to Council in relation to land use activities which are permitted or subject to resource consent.

45. The purposes for which financial contributions are collected are set out in section 24.2 and 24.4 of the ODP. These are:

- a. Three waters/transport network connections;
- b. Residential amenity maintenance and improvement;
- c. Giving effect to Te Ture Whaimana

46. The level of funding for projects which achieve these purposes but are not identified as funded projects in the Long-Term Plan, will reflect actual financial contributions revenue received. Funding will not be allocated to projects until revenue is received. Such funding will be allocated in accordance with Council's Financial Contributions Policy.

47. The level of funding for projects which achieve these purposes, and are identified as funded projects in the Long-Term Plan, will be funded within or up to the level identified.

#### **Proceeds from the sale of assets**

43.48. From time to time assets are disposed of. Usually these are low value items and the revenue is received by the activity that owns the assets.

44.49. Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt, unless otherwise resolved by Council. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction (e.g. Municipal Endowments reserve).

#### **Reserve funds**

45.50. We maintain some reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for accessing the reserve.

#### **Borrowing**

46.51. Council must borrow to fund its asset programme. The amount of borrowing available is restricted by the Financial Strategy debt limits.

47.52. Borrowed funds, both the principal and interest components, are generally repaid by future rates.

[48-53.](#) Borrowing spreads the cost of a project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

[49-54.](#) Council will budget to borrow from the Housing Infrastructure Fund (HIF) in the 2024-34 Long-Term Plan to fund some capital expenditure on growth related infrastructure. This loan is treated the same as other borrowing except that it is interest free for 10 years from the date each loan is drawn down. At the end of the 10 years the loan is required to be repaid and/or refinanced by new borrowing that is subject to interest.

### **Lump sum contributions**

[50-55.](#) When undertaking a major project, Council has the option to seek lump sum contributions to the capital cost of the project from those who are identified in the “capital project funding plan”. Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

[51-56.](#) Generally, Council does not plan to seek lump sum contributions.

### **Regional fuel taxes under the Land Transport Management Act 2003 (S 103(2)(ia))**

[52-57.](#) A regional fuel tax provides additional funds to a region to pay for transport projects that would not otherwise be funded. Under the legislation, a regional fuel tax: applies to petrol and diesel, not CNG or LPG, and may be charged up to a maximum rate of 10 cents per litre, plus GST, for a maximum of 10 years. This tax is not being applied to the Waikato Region and is not a source of capital revenue for Council.

### **Rates**

[53-58.](#) Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.

[54-59.](#) Each year, Council calculates its operating cash surplus which determines the amount of rates funding available to fund capital projects or debt repayment. The greatest portion of this rates funding is allocated to pay for depreciation (which is a non-cash operating cost). These funds are used to fund capital replacement and/or renewal projects.

[55-60.](#) A portion of rates funds the capital (principal) repayments of debt.

[56-61.](#) Council may establish targeted rates to fund specific capital projects. Targeted rates are more likely to be considered where a benefit can be linked to an identifiable individual or group, either arising from the use of the asset or as a consequence of a decision. For clarity, this may include the growth portion of any project or groups of projects that are unable to be funded from a DC Policy.

### **Potential future funding sources**

### *Infrastructure Funding and Financing Act (IFF)*

[57-62.](#) The IFF, which was enacted in August 2020, enables Council to access a new off-balance sheet funding mechanism to support the delivery of infrastructure projects.

[58-63.](#) Council has not yet negotiated any IFF deals, as such, the 2024-34 Long-Term Plan does not reflect any potential off-balance sheet funding arrangements.

### *Strategic Land Agreements*

[59-64.](#) Hamilton City Council is working with neighbouring Councils on Strategic Land Agreements which may result in boundary reorganisation. An agreement with Waikato District Council has been finalised covering land around Hamilton currently in the Waikato District Council area. Council is also working with Waipa District Council to establish a similar agreement. Strategic Land Agreements are intended to provide a degree of certainty around the future expansion of Hamilton and the transfer of land to the City from the District Councils.

[60-65.](#) Strategic Land Agreements outline a clear process to initiate a transfer of land and include financial principles for any land transfer. Financial considerations will be reviewed and reported to the relevant Committee if and when parcels of land are considered for transfer.

[61-66.](#) Once transferred to the City, rates will be set by Hamilton City Council, based on the rating system at that time. Hamilton City Council would also assume responsibility for the direct costs to provide services to the land.

## **Summary of sources of funding for capital costs by activity**

[62-67.](#) As described in the Financial Strategy, Council has a challenge to manage growth, affordable rates increases and debt. To achieve the appropriate balance between these variables Council will take the following approach:

- a. Council will set the annual rate increase;
- b. The existing rating base plus an estimate for growth determines the rates income;
- c. Activity operating revenue and expenditure budgets are determined, within the rate income constraint;
- d. An amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the DC Policy;
- e. The net cash operating costs is determined (net of cash revenue budgets);
- f. This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by specific activities and is available to fund any capital costs; and
- g. Council will then set the limit on debt, which determines the maximum debt funding available for capital costs.

63-68. This process is intended to result in the following funding sources being available to fund capital costs:

- a. Cash from general rates, for use on all activities;
- b. Cash from targeted rates, for example for use on the Business Improvement District grant;
- c. Cash from development and financial/~~environmental~~ contributions, for growth projects and related interest costs;
- d. Cash from grants and subsidies, targeted to capital projects; and
- e. Cash from borrowing.

64-69. Council will use the following guidelines when considering the funding of capital projects:

- f. All projects are first funded from grants, subsidy or other income, which are budgeted as operating revenues;
- g. Growth related projects for network infrastructure to meet increased demand are funded from DCs, as allowed for under the DC Policy;
- h. Reserve funds for other purposes are considered. We have a small number of cash funded reserves available for capital costs projects;
- i. Targeted rating options may be considered; and
- j. Projects that have exhausted previous funding sources are funded from general rates and/or debt.

65-70. A single project may have a mix of each of the above funding options.

66-71. Whenever Council resolves to fund a separate project, it will consider the sources of funds above, the Revenue and Financing Policy and LGA section 101(3) to determine an appropriate funding policy for that project. Generally, Council will resolve the funding in setting the budget for the project at the time it is proposed in an Annual Plan or Long-Term Plan.

### Waters activities policy modification

72. Council is modifying its waters activities funding policy to provide supporting rates funding information for the consultation on Local Waters Done Well structural options. This transition separates the funding of the waters activities (water supply, wastewater and stormwater) from other Council activities.

73. The funding sources for operating costs remain unchanged. However, the Local Government (Water Services) Bill proposes to remove rate funding on a property value basis (land or capital value) over time.

74. The funding sources for capital costs of Water supply, wastewater, and stormwater funding will be separate from all other council activities for each activity.

75. The funding sources available for these activities for capital costs are:

- a) Cash from development and financial contributions for growth projects and related interest costs.
- b) Cash from grants and subsidies targeted to capital projects.

c) Cash from borrowing.

d) Cash from operational surpluses (including depreciation) and only from that activity.

## Overall funding consideration

67-76. Council is required by LGA s101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. This allows Council, as a final measure, to modify the overall mix of funding that would otherwise apply after the s101(3)(a) analysis.

68-77. The following applications have been made:

- a. The Financial Strategy has the guiding financial principle that those who benefit from growth pay a fair share of the cost of that growth. Growth drives both operating and capital costs. Council will use all available funding sources to ensure that those who benefit from or create growth contribute an appropriate share towards the costs of providing infrastructure to meet the demands of that growth. This includes financial/~~environmental~~ contributions, development contributions, user charges and general and targeted rates.
- b. Council has made the following adjustments to targeted rates:
  - i. A pool safety inspection rate has been introduced.
- c. Council considers the benefits of services associated with the development of land are realised from the time the development is started.
- d. Council may waive or discount fees and charges where it is considered appropriate to do so. Some matters considered in deciding whether it is appropriate to waive fees are for social reasons, the promotion of events and facilities, commercial reasons, due to poor service or to minimise risk.
- e. Council may remit rates where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policy. These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (e.g. additional or no provision of some services).
- f. Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.
- g. Council may modify the allocation of liability for growth related network infrastructure projects when considering the matters required by s106 of the LGA, in the DC Policy.
- h. Council is required by LGA section 102(3A)(a) to ensure that the Revenue and Financing Policy supports the principles set in in the Preamble to Te Ture Whenua Maori Act 1993. The Council will take the principles into account when considering funding decisions.
- h.i. Council's Local Waters Done Well programme develops legislative guidance my change.  
Council may modify funding preferences for the efficient Local Waters Done Well structural options.

## Rates

69-78. Council's final consideration of funding by rates comes:

- a. After considering how other funding sources will be used to fund operating and capital costs;
- b. After that has been applied to activities in the Funding Needs Analysis; and/or
- c. After being adjusted for the overall funding considerations.

~~70-79.~~ The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regard to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

## General rates

~~71-80.~~ The general rate will be set on the basis of capital value.

~~72.~~ A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

~~73-81.~~ The Council has determined in its Funding Needs Analysis that all or part of the following activities should be funded from the general rate and the UAGC:

- |   |   |                                  |
|---|---|----------------------------------|
| *— Amorangi Maaori                          | *— H3 Management                        | *— Te Kaaroro (Hamilton Zoo)     |
| *— Animal Control                           | *— Hamilton Gardens                     | *— Theatres                      |
| *— Aquatics                                 | *— Libraries                            | *— Tourism & Major Events        |
| *— Building Control                         | *— Liquor Licensing                     | *— Transport Centre              |
| *— Cemetery & Crematorium                   | *— Mayor's Office                       | *— Transportation Network        |
| *— City Safety Operations                   | *— Mayoral Support Services             | *— Urban & Spatial Planning      |
| *— Civil Defence & Emergency                | *— Museum                               | *— Urban Transport               |
| *— Claudelands Events Centre                | *— Nursery & Natural Areas              | *— Venue, Tourism & Major events |
| *— Communication & Engagement               | *— Park (Assets & Contracts)            | *— Visitor Services & Products   |
| *— Community Facilities                     | *— Parks Service Delivery               | *— Wastewater                    |
| *— Community Partnerships, Funding & Events | *— Partnerships, Communication & Maaori | *— Water Supply                  |
| *— Customer                                 | *— Planning Guidance                    |                                  |
| *— Democracy Services                       | *— Resource Recovery                    |                                  |
| *— Environmental Health Control             | *— Stadia                               |                                  |
| *— Growth Funding & Analytics               | *— Stormwater                           |                                  |
|   | *— Strategic Property                   |                                  |
|   | *— Sustainable Communities              |                                  |

~~74-82.~~ Council differentiates the general rate into ~~four~~three -differential rating categories based on one or more of the uses to which the land is put, the provision or availability to the land of a service provided, the activities permitted, controlled, or discretionary for the area in which the land is situated and the rules to which the land is subject under the operative district plan, and the location of the land. The categories are:

- Residential;
- Commercial; and
- BID Commercial;~~and~~
- ~~Other.~~

~~83.~~ The Other category will not be applied from 2025/26 onward. Properties previously categorised as Other will now be categorised as Residential and waters targeted rates will be applied if applicable.

~~75-84.~~ The BID Commercial category will increase to be the same as the Commercial category from 2024/25, meaning commercial properties in the central city will pay the same General rate and Government Compliance rate as commercial properties elsewhere in the city.

~~76-85.~~ The full definition of these categories is contained in the Funding Impact Statement.

~~77-86.~~ The general rate differential factors will be calculated as shown in the Funding Impact Statement.

~~78-87.~~ In setting the differential categories, and the differential factors, Council considers the requirements of the LGA and a number of other considerations, including:

- The activities funded by the general rate and the s101(3) considerations for the activities;
- The impact of any change, or rate of change to the differential;
- The views of those impacted by the differentials;
- Other reasonable options, and the advantages and disadvantages of those options; and
- The overall impact of the differential on ratepayers.

### **Uniform Annual General Charge (UAGC)**

~~79-88.~~ The level of the UAGC will be determined based on the overall impact of rates to individual ratepayers and categories. There is no direct allocation of any activity nor is there a calculation methodology for the determining the UAGC amount.

### **Targeted rates**~~Government compliance rate~~

~~80.~~ A Government compliance targeted rate was introduced to fund additional costs in the Council's water services activities as well as the cost of changing the District Plan as a result of legislation introduced by central government.

~~81.~~ The Government compliance targeted rate has been implemented to clearly identify and explain additional costs associated with water services and changes to the District Plan.

~~82.~~ The Government compliance targeted rate is applied to all rateable land on the basis of capital value, and differentiated on the same basis as the general rate.

~~83.~~ The differential bases are outlined in the Council Funding Impact Statement.

### *Pool safety inspection rate*

~~84-89.~~ A pool safety inspection rate was introduced to replace the current three yearly fee with a targeted annual rate to be administratively efficient for the triennial inspections.

~~85-90.~~ Pools are required to inspected for safety compliance every 3 years. Council considered all funding sources available and identified that charging a targeted rate would be more efficient. The targeted rate will replace the fees being charged through fees and charges.

~~86-91.~~ For more information on the rate refer to the Rating Policy, Funding Impact Statement and Rates Resolution.

### *Other targeted rates*

~~87-92.~~ Council collects other targeted rates either to fund activities as identified in the Funding Needs Analysis or as a result of overall funding considerations.

**Table 2: Targeted rate types**

Name	Activities funded	Basis for rate
<b>Central City</b>	Transport activity.	Fixed amount per Separately Used or Inhabited Part of a Rating Unit (SUIP). A SUIP is defined in the Council Funding Impact Statement.
<b>Business Improvement District (BID)</b>	Growth activity.	Fixed amount per SUIP and a rate per dollar of capital value for all properties in the BID area.
<b>Government Compliance</b>	<del>Wastewater, Water Supply, Stormwater, and Growth activities.</del>	<del>Applied to all rateable land on the basis of capital value, and differentiated on the same basis as the general rate.</del>
<b>Metered water supply</b>	Water Supply activity.	Fixed amount per water connection to rateable land supplied with water for land with a water meter or a restricted flow supply and a charge per unit of water consumed or supplied.
<b>Water</b>	<u>Water Supply activity.</u>	<u>Applied to all rateable land (excluding those with metered water) on the basis of capital value. Applied to residential properties where Council's water supply system is available and is not otherwise metered. The rate is set on the basis of capital value.</u>
<b>Wastewater</b>	<u>Wastewater activity.</u>	<u>Applied to all rateable land where Council's Wastewater system is available, set differentially on <del>on</del> the basis of capital value.</u>
<b>Citywide Stormwater</b>	<u>Stormwater activity.</u>	<u>Applied to all rateable land set differentially <del>on</del> the basis of capital value.</u>
<b>Commercial and Other Category Non-metered Water Supply</b>	Water Supply activity.	Fixed amount per rating unit <u>for Commercial properties</u> with a water connection but without a meter.
<b>Service Use water</b>	<del>Water Supply activity.</del>	<del>Fixed amount per SUIP for connected land used for certain purposes as defined in the Funding Impact Statement.</del>

<b>Service Use refuse</b>	Rubbish and Recycling activity.	Fixed amount per SUIP for connected land used for certain purposes as defined in the Funding Impact Statement.
<b>Service Use wastewater</b>	Wastewater activity.	<del>A rate per dollar of land value and a rate per dollar of capital value for connected land used for certain purposes as defined in the Funding Impact Statement.</del>
<b>Pool safety inspection</b>	Regulatory and Safety activity.	Fixed amount per rating unit for all rating units receiving a Council pool inspection.

93. The full definition of these targeted rates are contained in the Funding Impact Statement.

88-94. Council is currently phasing out the Central City targeted rate over 2 years (2024/25 and 2025/26).

89-95. Council may introduce new targeted rates when setting rates in any year as documented in the relevant year's Funding Impact Statement and Rates Resolution.

### **Ko te Aroturukitanga me te Whakatinanatanga Implementation**

### **Monitoring and**

90-96. Implementation of the policy will be monitored by the Chief Financial Officer.

91-97. Performance against this policy will be monitored and reported.

92-98. The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

### **Ko ngaa Tohutoro References**

93-99. The Local Government Act 2002. The policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA.

94-100. Funding Needs Analysis, as required by s101(3) of LGA, provides the background and analysis to explain the funding decisions Council has made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.

95-101. The DC Policy provides further analysis, as required by s106(2)(c) of the LGA. This explains why Council has chosen to use DCs to fund the capital costs needed to meet increased demand for infrastructure.

96-102. The Investment and Liability Management Policy places restrictions on the use of the proceeds from asset sales.

97-103. The Rating Policy and Rates Remissions and Postponements Policy further clarifies funding requirements by documenting matters not included in the Funding Impact Statement, rates resolutions or this Revenue and Financing Policy. It includes detailed definitions and maps for rating areas.

~~98.104.~~ The Funding Impact Statement is included in each Long-Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. This statement shows the results of the detailed rates calculation for the first year of the 2024-34 Long-Term Plan.

~~99.105.~~ The Preamble to Te Ture Whenua Maori Act 1993 includes the principles that the policy must support as required by s102(3A)(a) of the LGA.

~~106.~~ Together the above documents form the necessary components to lawfully charge under the LGA for Council's revenue requirements. Council must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

~~107. Council plans to modify the Revenue and Financing Policy and Funding Needs Analysis for Local Water Done Well programme. At the time of this update, the Government had repealed Three Waters Reform legislation, enacted the Local Government (Water Services Preliminary Arrangements) Act 2024 and introduced the Local Government (Water Services) Bill. announced the Local Government Water Services Bill would have its first reading in December 2024.~~

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Associated documents:	Revenue and Financing Policy
Sponsor/Group:	<a href="#">Director of Finance</a> <a href="#">Chief Financial Officer</a>

## Funding Needs Analysis

### *Ko te Puutaketanga*

### Purpose

1. The Funding Needs Analysis (FNA) provides the background and analysis to explain the funding decisions made by the Council.
2. To comply with section 101(3) Council must determine the appropriate sources of funding for each activity. In determining this, Council must take into consideration the matters listed in s101(3)(a):
  - a) The community outcomes to which the activity primarily contributes.
  - b) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
  - c) The period in or over which those benefits are expected to occur.
  - d) The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
  - e) The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
3. Having completed the above analysis Council must then consider, under section 101(3)(b):  
“The overall impact of any allocation of liability for revenue needs on the community.”
4. The legislation places no more or less weight or priority on any one of the factors listed in section 101(3)(a).
5. The following sections document the matters and approaches Council has taken to determine the funding needs of an activity and how that translates into Council’s decision on the appropriate funding sources to be used.

### *Ko te Whaanuitanga*

### Scope

6. This Policy applies to all funding decisions made at Council.

### *Ko ngaa Tikanga Whakahaere Kaupapahere*

### Principles of Policy

7. The following guiding principles will be applied when considering our use of funding sources:
  - a) Council will adopt a prudent Financial Strategy which supports its current credit rating.
  - b) The everyday costs of running the city will be met from everyday revenues.
  - c) Council will fund maintenance and renewals as per approved Asset Management Plans.
  - d) Growth cells will be completed to an approved level of service.
  - e) Council should explore external funding options for new discretionary projects whenever possible.

- f) When a private benefit can be identified, and it is efficient to collect the revenue user charges will be considered.
  - g) Growth will pay for growth.
  - h) Asset sale proceeds will be used to pay down debt.
  - i) The main source of our everyday revenue will be general rates.
  - j) Targeted rates could be used to fund the council portion of new projects where the costs of these activities can be easily identified.
  - k) Rates certainty will be considered.
  - l) Affordability of rates will be considered.
  - m) Rates increases will consider Local Government inflation and interest cost levels to ensure a prudent financial position is maintained.
8. Balancing these principles can be challenging at times. Council must use its judgement in assessing many options in the development of budgets or acquisition of assets and the choice of funding sources to enact these.

## ***Ko ngaa Tikanga Policy***

### **Funding sources for operating costs**

- 9. Operating costs are the everyday spending that maintains the services delivered by Council. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and corporate overheads.
- 10. The Council must consider the funding for each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges such as swimming pool entry fees, others with Targeted Rates such as the Business Improvement District (BID) Rate and others from a General Rate such as road maintenance. Distinct funding enables ratepayers or payers of user charges to assess more readily whether the cost of the service provided to them either directly or indirectly represents good value. They can also more easily determine how much money is being raised for the service and spent on the service, which promotes transparency and accountability.
- 11. The funding sources for operating costs include:
  - a) User charges.
  - b) Grants, sponsorship, subsidies and other income.
  - ~~c)~~ Investment income.
  - ~~e)~~d) Financial Contributions.
  - ~~d)~~e) Development Contributions.
  - ~~e)~~f) Reserve funds.
  - ~~f)~~g) Borrowings.
  - ~~g)~~h) Rates:
    - i) General Rate
    - ii) Targeted Rates
    - ~~iii)~~
- 12. Each funding source and how Council prefers to use that funding source for operating expenses is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

**Table 1: Consideration of legal requirements for operating expenses**

Headings-s.101(a) reference	Matters Council might consider
<b>Community outcomes - s.101(3)(a)(i)</b>	Council determines which of its community outcomes an activity contributes to. Council has not established a strong link between community outcomes and funding requirements for an activity.
<b>Distribution of benefits - s.101(3)(a)(ii)</b>	The distribution of benefits is given consideration by Council having regard to the small geographic area of the City and Council's preference for a simple rating system. Council has considered how the benefit of activity applies to households, businesses and the community as a whole.
<b>Period of benefit- s.101(3)(a)(iii)</b>	For most operational expenses, the benefit is received in the year the expense is incurred.  For most activities, the Council cash funds depreciation (a non-cash operating expense) from revenue sources and this, along with other surplus cash flow will be used to fund capital costs for either asset renewal or debt repayments.  Some operational expenses (provisions) may have a benefit over multiple years and so Council may choose to fund the activity over that period.
<b>Who creates the need- s.101(3)(a)(iv)</b>	Some activities the Council must do because the actions or inactions of individuals or groups create the need to undertake the activity.  Council may choose to target these people or organisations through, charges or rates.
<b>Separate funding- s.101(3)(a)(v)</b>	Council must consider the practicalities of separate funding along with transparency and accountability.  In some cases, while it may be desirable to charge individuals there may be no practical way of doing so.  With regard to the rates contribution, Council is of the view that separate rating mechanisms for separate activities is not feasible, and would in any event make a complex rating system which is expensive to maintain and becomes confusing to interpret. In Council's opinion, this does not contribute to improved transparency and accountability.

**Analysis for operating costs by activity**

13. Schedule 1 analyses each activity against the requirements of section 101(3)(a).

**Funding sources for capital costs**

14. Capital costs are those costs associated with the purchase and improvement of assets and for the repayment of debt. The funding sources for capital costs include:

- a) User charges.
- b) Grants, sponsorship, subsidies and other income.
- c) Investment income.
- d) Financial contributions.
- e) Development contributions.

- f) Proceeds from the sale of assets <sup>1</sup>.
  - g) Reserve funds.
  - h) Borrowings.
  - i) Rates
    - i) General Rate
    - ii) Targeted Rates
15. Each funding source and how Council prefers to use that funding source for capital expenditure is described in detail in the Revenue and Financing Policy and is based on the analysis set out in this document.

#### Analysis for capital costs by activity

16. Council does not fund its capital costs on an activity-by-activity basis.
17. As described in the Financial Strategy, Council has a challenge to manage growth, affordable rate increases and debt. To achieve the appropriate balance between these variables, Council takes the following approach:
- a) Council sets the annual rate increase.
  - b) The existing rating base plus an estimate for growth determines the rates income.
  - c) Activity operating revenue and expenditure budgets are determined, within this constraint.
  - d) An amount is budgeted for development contributions payments, which is set aside to fund growth projects or growth debt and interest, as determined by the Development Contributions Policy.
  - e) The net cash operating costs is determined (net of cash revenue budgets).
  - f) This leaves the funded portion of operating costs. A small amount may be held in a cash funded reserve; otherwise the funds are available for capital costs. This amount largely represents rate funded depreciation but may include operating surpluses from some activities and accounting provisions not held in reserve funds. This funding is not held by activity and is available to fund any capital costs.
  - g) Council sets the limit on debt, which determines the maximum debt funding available for capital costs.
18. Consequently, despite the potential availability of the funding sources in paragraph 13, this process results in the following funding available for capital costs:
- a) Cash from General Rates for use on all activities.
  - b) Cash from Targeted Rates for use on Business Improvement District (BID) improvements (Activity: Urban and Spatial Planning ).
  - c) Cash from development and financial contributions, for growth projects and related interest costs.
  - d) Cash from grants and subsidies, targeted to capital projects.
  - e) Cash from borrowing.

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<sup>1</sup> The Investment and Liability Management Policy states: “  
*Proceeds from the sale of assets or investments will in the first instance be used to repay outstanding borrowings unless otherwise specifically authorised by Council. The exception to this is in relation to the sale of endowment properties where any surplus cash is held in the Municipal Endowment Fund to be used to reinvest on behalf of the fund. If assets are subject to legislative restrictions, the proceeds are used in accordance with the provisions of the appropriate legislation.*”

19. The following guidelines are used when considering the funding of capital projects:
- a) All projects are first funded from grants, subsidy or other income, which are budgeted as operating revenues.
  - b) Growth projects for network infrastructure to meet increased demand are funded from development contributions, to the extent provided for in the Development Contributions Policy.
  - c) Reserve funds for other purposes are considered. A small number of cash funded reserves are available for capital costs projects.
  - d) Targeted rate options may be considered.
  - e) Projects that have exhausted previous funding sources are funded from the surplus cash available from general rates and debt.
20. A single project may have a mix of each of these funding options.
21. Whenever Council resolves to consider a separate funding policy, it will consider the sources of funds above, the Revenue and Financing Policy and section 101(3) to determine the appropriate funding sources for the project. Generally, Council will resolve the funding in setting the budget for the project at the time the project is proposed in an Annual Plan or Long-term Plan. In making its decision it shall have regard to the matters in Table 2.

**Waters activities funding policy modification**

22. Council is modifying its waters activities funding policy to provide supporting rates funding information for the consultation on Local Waters Done Well structural options. This transition separates the funding of the waters activities (water supply, wastewater and stormwater) from other Council activities.
- ~~21-23.~~ The funding sources for operating costs remain unchanged. However, the Local Government (Water Services) Bill proposes to remove rate funding on a property value basis (land or capital value) over time.
- ~~22-24.~~ The funding sources for capital costs of Water supply, wastewater, and stormwater funding will be separate from all other council activities for each activity.
- ~~23-25.~~ The funding sources available for these activities for capital costs are:
- a) Cash from financial contributions for level of service, growth projects and related interest costs.
  - ~~a)b)~~ Cash from development ~~and financial~~ contributions for growth projects and related interest costs.
  - ~~b)c)~~ Cash from grants and subsidies targeted to capital projects.
  - ~~c)d)~~ Cash from borrowing.
  - ~~d)e)~~ Cash from operational surpluses (including depreciation) and only from that activity.

**Table 2: Consideration of legal requirements for capital expenses**

Headings-s.101(a) reference		Matters Council might consider
Community outcomes	s.101(3)(a)(i)	- A capital project is expected to contribute to the community outcomes in the same way as the activity from which its consequential operating costs are funded, unless Council resolves otherwise.

<b>Distribution of benefits - s.101(3)(a)(ii)</b>	<p>The distribution of benefits is expected to be the same as that for the operating costs of the activity from which it is funded, unless Council resolves otherwise.</p> <p>Council may target those people or organisations who primarily benefit through financial and development contributions, lump sum options or Targeted Rates.</p>
<b>Period of benefit- s.101(3)(a)(iii)</b>	<p>For most capital projects, the benefit is received over the life or the capacity life of the asset. Council will have regard to the equitable distribution of costs to each generation for the building and renewal of the asset.</p>
<b>Who creates the need- s.101(3)(a)(iv)</b>	<p>Some capital costs Council spends because of the actions or inactions of individuals or groups create the need to undertake the activity.</p> <p>Council may choose to target these people or organisations through financial and development contributions or Targeted Rates.</p>
<b>Separate funding- s.101(3)(a)(v)</b>	<p>Council must consider the practicalities of separate funding along with transparency and accountability.</p> <p>In some cases, while it may be desirable to charge individuals, there may be no practical way of doing so.</p>

24-26. Note that for growth- related network infrastructure a separate s.101(3) analysis is required in the Financial and Development Contributions Policy, as required by s106.

### Funding bands

25-27. After considering the section 101(3)(a) components, Council considers to what extent each of the funding sources is able to fund each activity. This policy is intended to be in place for the next three years before it is reviewed and because things change over time, it is not possible to precisely determine the percentage allocated. For this reason, Council has decided to band the percentages into the categories listed in Table 3.

26-28. The assessment in Schedule 1 identifies the most likely sources of funding an activity is budgeted to receive. In all cases , rates fund the balance of the activity after all other sources have been maximised. It is likely that from time to time Council will be able to secure additional funding that may be become available.

27-29. Budgets will normally be set within these ranges. These ranges are expressed as a percentage of the cost of the activity and are indicative only. They may change over time because of changes in expenditure rather than changes in revenue. It is also likely that actual funding sources will be different from budgeted funding sources.

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**Table 3: Funding bands**

Name	Percentage range
None	0%
Minimal	0% - 20%
Low	20% - 40%
Moderate	40% - 60%
High	60% - 80%

Most	80% -100%
All	100%

## Funding sources and rationale

~~28-30.~~ This column of Schedule 1 identifies which of the funding sources Council plans to use in budgeting to fund the operating costs of each activity. It is determined by Council after consideration of each clause of section 101(3)(a).

~~29-31.~~ The assessment of the funding sources is a complex matter of weighing up the requirements of section 101(3)(a) with the available sources and Council's preferences for using these sources. Council has documented its rationale for choosing each the funding source in this Funding Needs Analysis and the Revenue and Financing Policy.

~~30-32.~~ The funding source for an activity may be modified by Council when it considers the requirements of section 101(3)(b). If this has occurred it is considered as part of the overall funding considerations set out in the Revenue and Financing Policy.

## Previous reviews

~~31-33.~~ The Council last reviewed the FNA in 2021 in conjunction with the development of the 2021-31 Long-Term.

~~34.~~ The review in 2024 is based on the 2021 policy. Changes have been made reflecting the considerations of Council as it reviewed the funding of activities in developing the 2024-34 Long-Term Plan.

~~32.~~

## Ko te Aroturukitanga me te Whakatinanatanga Implementation

## Monitoring and

~~33-35.~~ Implementation of the policy will be monitored by the Chief ~~Executive~~ Financial Officer.

~~34-36.~~ Performance against this policy will be monitored and reported.

~~35-37.~~ The policy will be reviewed in response to any issues that may arise, every three years, at the request of Council or in response to changed legislative and statutory requirements (whichever occurs first).

## Ko ngaa Tohutoro References

~~36-38.~~ The Local Government Act 2002. The policy is a required by s101(3) of LGA, provides the background and analysis to explain the funding decisions Council has made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.

~~37-39.~~ The Revenue and Financing Policy. The policy is a requirement under s102(2)(a) of the LGA along with s103(2)(a)-(j) which notes the sources referred to in s103(1) of the LGA.

~~40.~~ The Preamble to Te Ture Whenua Maori Act 1993 includes the principles that the policy must support as required by s102(3A)(a) of the LGA.

~~—~~ [Council plans to modify the Revenue and Financing Policy and Funding Needs Analysis for Local Water Done Well programme. At the time of this update, the Government had repealed three waters](#)

reform legislation, enacted the Local Government (Water Services Preliminary Arrangements) Act 2024 and introduced the Local Government (Water Services) Bill. announced that the Local Government Water Services Bill would have its first reading in December 2024.

38.

## Schedule One: Activity Funding Needs Analysis 101(3)(a) – operating costs

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Water Supply</b>							
<b>Water Supply</b>	A green city	<p>The primary benefit of having a safe and adequate volume of water, an outstanding water reticulation network and demand management is to households and business.</p> <p><u>Council considers that each household receives a similar benefit from a safe, reliable, and adequate storage of water. 1700 properties outside the district are supplied with water.</u></p> <p><u>Business non-developed and out of district water users have variable benefit from different water consumption from connection to connection.</u></p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	Very limited impact of the actions or in actions of others.	<p><u>Council considers that there is little benefit of separate funding. Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.</u></p>	<p><b>HIGHMOST</b></p> <p><u>General rates</u></p> <p><b>LOW</b></p> <p>Targeted rates</p> <p><b>MINIMAL</b></p> <p><u>Fees &amp; user charges</u></p> <p><b>UNLIKELY</b></p> <p><u>All other funding sources</u></p>	<p><u>General and</u> Targeted rates are the appropriate funding source for households as they are easy to administer, users receive a similar benefit from the quality and quantity of supply and users receive the same benefit from the supply of water including the benefits of demand management.</p> <p>Metered Water Rates (Targeted Rates) are appropriate for funding business and rural consumers. Where bulk water or out of district water is supplied it is charged on a User Charges basis.</p>
<b>Wastewater</b>							
<b>Wastewater</b>	A green city	<p><u>The treatment and disposal of wastewater are primarily a benefit to the whole community.</u></p> <p><u>The collection of wastewater is primarily a benefit to households and business that are connected to the schemes by removing the waste from properties.</u></p> <p><u>The protection of the environment is a benefit to the serviced.</u></p>	<u>The benefit of most operating costs is expected to arise in the year the funding is sourced.</u>	<u>Some businesses have an adverse impact greater than most users due to the volume or nature of the waste produced.</u>	<u>Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well.</u>	<p><b>MOST</b></p> <p>Targeted rates</p> <p><b>MINIMAL</b></p> <p>Fees &amp; user charges</p> <p>Other</p> <p><b>UNLIKELY</b></p> <p>All other funding sources</p>	<p><u>In most cases it is not practicable to measure the quantity of individual's contribution to the wastewater system.</u></p> <p><u>There are some businesses that produce abnormal wastewater where direct charging is appropriate. This is required by the Trade Waste Bylaw 2016 (amended 2023) in addition to the Targeted Rate. Their share of costs is recovered by way of trade waste</u></p>

Council considers that each household and business receives a similar benefit from the treatment and disposal of wastewater.

user charges.  
The community benefits from the safety and environmental effects of sewage treatment and disposal.  
Targeted rates are the appropriate funding source for households and business as they receive the same benefit from wastewater collection.

Activity	Community wellbeing priority/Distribution of benefits	Period of benefit	Where art creates a separate funding need	Funding source and bands	Rationale
<b>Wastewater</b>					
<b>Wastewater</b> – A green city	<p>The treatment and disposal of wastewater are primarily a benefit to the whole community, by</p> <p>removing the health risks.</p> <p>The collection of wastewater is primarily a benefit to households and business that are connected to the schemes by removing the waste from properties.</p> <p>The protection of the environment is a benefit to the serviced communities.</p> <p>Council considers that each household and business receives a similar benefit from the treatment and disposal of wastewater.</p>	<p>The benefit of most operating costs is expected to arise in the</p> <p>year the funding is sourced.</p>	<p>Some businesses have an adverse impact greater than</p> <p>most users due to the funding volume or nature of the waste produced.</p>	<p><u>Separate funding is necessary to meet transparency, compliance, in accordance with Local Water Done Well.</u> Council considers that there is little benefit of separate</p> <p><b>MINIMAL</b> Targeted rates Fees &amp; user charges Other</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>In most cases it is not practicable to measure the quantity of individual's contribution to the wastewater</p> <p>system.</p> <p>There are some businesses that produce abnormal wastewater where direct charging is appropriate. This is required by the Trade Waste Bylaw 2016 (amended 2023) in addition to the General or Targeted Rate. Their share of costs is recovered by way of trade waste user charges.</p> <p>The community benefits from the safety and environmental effects of sewage treatment and disposal.</p> <p>General and Targeted rates are the appropriate funding source for households and business as they receive the same benefit from wastewater collection.</p>

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Stormwater</b>							
<b>Stormwater</b>	A green city	<p>Stormwater collection benefits households and business by minimising and removing stormwater from properties. This benefit extends to the wider community in public spaces.</p> <p>Stormwater treatment provides a community benefit particularly in improving river health.</p> <p>Council considers that each household and business receives approximately the same benefit from the stormwater network.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact	<a href="#">Separate funding is necessary to meet transparency compliance, in accordance with Local Water Done Well. Council considers that there is little benefit of separate funding.</a>	<p><b>MOST</b> <a href="#">Targeted rates</a> <a href="#">General rates</a></p> <p><b>MINIMAL</b> <a href="#">Targeted rates</a> Fees &amp; user charges Other</p> <p><b>UNLIKELY</b> All other funding sources.</p>	<p>There is no practical way to charge individuals or groups for any direct benefit.</p> <p><a href="#">TargetedGeneral</a> rates is the appropriate funding source for households and business as they are easy to administer and users receive the same benefit from the stormwater network.</p>
<b>Transport</b>							
<b>Transport Network</b>	A city that's easy to live in	<p>The transport network serves the whole city and everyone benefits directly in their personal use and indirectly through the supply of goods and services to businesses.</p> <p>Council considers that each household and business receives approximately the same benefit from the transport network.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	<p>There is an impact of the actions or inactions of others.</p> <p>Costs are driven by traffic volumes and size. Large vehicles, wear roads out more quickly than motorcars.</p>	Council considers that there is little benefit of separate funding.	<p><b>MOST</b> General rates</p> <p><b>MINIMAL</b> Subsidies &amp; grants Fees &amp; user charges Other Borrowings</p> <p><b>UNLIKELY</b> All other funding sources.</p>	<p>While individuals benefit by using the transport network there is no practical means available to charge for this. Subsidies sourced from Waka Kotahi New Zealand Transport Agency (NZTA) are available to fund both operating and capital costs.</p>

<b>Urban Transport</b>	A city that's easy to live in	Parking provides a direct benefit to users. Having parking available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of parking management.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by volumes and time parked.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<b>HIGH</b> Fees & user charges  <b>LOW</b> Other  <b>MINIMAL</b> Borrowings Targeted rates  <b>UNLIKELY</b> All other funding sources	Balancing user charges, demand management and the impact of businesses is challenging and requires close monitoring.  There are well established user charges methodologies for city parking that assist in demand management. Fines revenue is included in user charges and results in this activity operating at a surplus.
<b>Transportation Centre</b>	A city that's easy to live in	The transportation centre provides a direct benefit to users. Having the transportation centre available in business areas provides an indirect benefit to businesses. Council considers that users receive the primary benefit of the transportation centre.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	There is an impact of the actions or inactions of others. Demand is driven by users using public transport.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<b>MOST</b> General rates  <b>MINIMAL</b> Subsidies & grants Other  <b>UNLIKELY</b> All other funding sources	While individuals benefit by using the transport centre there is no practical means available to charge for this.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Rubbish and recycling</b>							
<b>Resource Recovery</b>	A green city	<p>Removal of refuse provides a benefit to households.</p> <p>Introducing new options for refuse collection enable better environmental management of waste and contribute to waste minimisation goals.</p> <p>The whole community benefits from action in this area to minimise the negative impacts of waste and the responsible management and monitoring of closed landfills</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	<p>Some households create more waste than others. This is managed by rules on volumes of waste.</p> <p>Refuse varies across business. This is managed by the Council not providing service and leaving pricing to market forces.</p> <p>The actions of most individuals or groups have a minor impact.</p>	<p>Council considers that there is little benefit of separate funding.</p>	<p><b>HIGH</b> General rates</p> <p><b>MINIMAL</b> Targeted rates Subsidies &amp; grants Fees &amp; user charges Other Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	General rates are the appropriate funding source for households as they are easy to administer and users receive a similar benefit.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Venues, Tourism and Events</b>							
<b>Claudlands Event Centre</b>	A fun city with lots to do	<p>Claudlands event centre provides venues for events that are attended by large numbers of people including high performance sport, conferences, functions, concerts and shows.</p> <p>The community is enriched by the range of events and activities at the venue.</p> <p>Events provide direct and indirect benefits to businesses.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each sport has their own specifications and requirements for stadia.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p><b>MOST</b> General Rates</p> <p><b>LOW</b> Fees &amp; user charges</p> <p><b>MINIMAL</b> Other</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>Fees &amp; User Charges are made for hireage, events and retail sales.</p> <p>Fees &amp; User Charges do not fully recover the cost of the private benefit and rates funding is required ensure cost-effective access to this service can be provided.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from Claudlands events centre.</p>
<b>H3 Management</b>	A fun city with lots to do	<p>H3 provides marketing and management of events that are attended by large numbers of people including high performance sport, conferences, functions, concerts and shows.</p> <p>Primary benefits are to the community which is enriched by events and performances.</p> <p>Businesses benefit indirectly from these events.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have minor impact on this activity.	Council considers that there is little benefit of separate funding.	<p><b>HIGH</b> General rates</p> <p><b>MINIMAL</b> Fees &amp; user charges Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from H3.</p>

<b>Stadia</b>	A fun city with lots to do	<p>FMG Stadium Waikato provides a venue for high performance sport and events attended by large numbers of people. The benefit to households of being able to attend live high-performance sport is reflected in the importance of sport to our cultural and social wellbeing.</p> <p>Seddon Park provides a venue for high performance sport (primarily cricket) and events attended by large numbers of people. The benefit to households of being able to attend</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. Each sport has their own specifications and requirements.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p><b>MOST</b> General rates</p> <p><b>MINIMAL</b> Fees &amp; user charges Other</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>Fees &amp; user charges are made for admission, events and retail sales.</p> <p>Fees &amp; user charges do not fully recover the cost of the private benefit and rates funding is required ensure cost-effective access to this service can be provided.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the stadium.</p>
<b>Theatres</b>	A fun city with lots to do	<p>The Theatre activity provides funding to other parties to provide events and performing arts venues that assist in celebrating our arts and culture. The Founders Theatre is closed for the foreseeable future.</p> <p>Primary benefits are to the community which is enriched by events and performances.</p> <p>Businesses benefit indirectly from these events.</p>	The benefit of most to other parties to provide events and performing arts venues that assist in celebrating our arts and culture. The year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	There is no practical means for Council to charge individuals or groups.	<p><b>MOST</b> General rates</p> <p><b>MINIMAL</b> Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the theatres.
<b>Venue, Tourism &amp; Events</b>	A fun city with lots to do	<p>Events promotes Hamilton as a tourism destination including supporting events which attract visitors.</p> <p>Tourism &amp; Events provides benefits to all businesses while referrals and bookings provide direct benefits to business.</p> <p>The community is enriched by national and regional events</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have minor impact on this activity.	Council considers that there is little benefit of separate funding.	<p><b>MOST</b> General rates</p> <p><b>MINIMAL</b> Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.

<b>Tourism &amp; Events</b>	A fun city with lots to do	<p>Events promotes Hamilton as a tourism destination including supporting events which attract visitors.</p> <p>Tourism &amp; Events provides benefits to all businesses while referrals and bookings provide direct benefits to business.</p> <p>The community is enriched by national and regional events</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have minor impact on this activity.	Council considers that there is little benefit of separate funding.	<p><b>MOST</b> General rates</p> <p><b>MINIMAL</b> Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
<b>Hamilton Gardens</b>	A fun city with lots to do	<p>The gardens are for the recreational enjoyment of the amenity by visitors. They are the region's largest visitor attraction.</p> <p>The households benefit for the recreation and amenity of the gardens.</p> <p>Business benefits from the visitor activity created by the attraction.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact.	Council considers that visitors are getting considerable benefit from the visitor attractions.	<p><b>MODERATE</b> General rates Fees &amp; user charges</p> <p><b>MINIMAL</b> Other</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>A small amount of user charges is achievable for private use of the facility such as weddings, festivals and retail sales.</p> <p>Charges to access the themed gardens are appropriate for non-resident visitors.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.</p>
<b>Museum</b>	A fun city with lots to do	<p>The museum provides for exhibitions and use of the archives by visitors to the museum.</p> <p>Businesses benefit from this visitor attraction.</p> <p>The community benefits from a collective sense of history due to preservation of collections of regional significance and the contribution of the museum to the regional visitor and tourism economy.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p><b>MOST</b> General Rates</p> <p><b>MINIMAL</b> Fees &amp; User Charges Grants &amp; subsidies Other</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.</p> <p>Fees &amp; user charges set at an appropriate level to promote and provide access to a range of experiences which celebrate the arts and history of the region.</p>

<b>Te Kaaroro (Hamilton Zoo)</b>	A fun city with lots to do	<p>The primary benefit of the Hamilton Zoo is to users. An indirect benefit to business occurs as the zoo attracts regional tourism.</p> <p>Zoological activities assist the international protection species.</p> <p>Regional visitor uses the facilities providing indirect benefits to business.</p> <p>Council considers that households receive a similar benefit from the Zoo.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p><b>HIGH</b> General rates</p> <p><b>LOW</b> Fees &amp; User Charges</p> <p><b>MINIMAL</b> Grants &amp; subsidies Other</p> <p><b>UNLIKELY</b> All other funding sources.</p>	<p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit of the Hamilton Zoo.</p> <p>Fees &amp; user charges are made for admission, events and retail sales. Fees &amp; user charges do not fully recover the private benefit and rates funding is required ensure the viability of the facilities.</p>
<b>Visitor services &amp; products</b>	A fun city with lots to do	<p>Visitor services and products provides services to visitors and promotes Hamilton.</p> <p>General promotion provides benefits to all businesses while referrals and bookings provide direct benefits to business.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of the Council's expenditure on this activity.	<p><b>MOST</b> General rates</p> <p><b>MINIMAL</b> Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.</p>

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Parks and Recreation</b>							
<b>Community Facilities</b>	A fun city with lots to do	Community facilities provide spaces for the community to use.  The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community facilities.	<b>MOST</b> General rates  <b>MINIMAL</b> Other  <b>UNLIKELY</b> All other funding sources	There is no practical way to collect revenues from private benefit of using these facilities.  Tenancies which meet the Community Use Policy may be charged for their use and tenancies outside this policy would be charged for their private benefit.  General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.
<b>Parks Assets</b>	A fun city with lots to do	Parks create amenity with green spaces and playgrounds throughout the city for the community to use.  Users benefit directly from having the parks available.  The whole community benefits from the amenity values, the health and wellbeing benefits.	The benefit of operating costs is expected to arise in the year the funding is sourced	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for park assets.	<b>MOST</b> General rates  <b>MINIMAL</b> Fees & user charges Other  <b>UNLIKELY</b> All other funding sources	There is no practical way to collect revenues from private benefit of using these parks.  General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.

<b>Parks Contracts</b>	A fun city with lots to do	<p>Parks create amenity with green spaces and playgrounds throughout the city for the community to use.</p> <p>Users benefit directly from having the parks available.</p> <p>The whole community benefits from the amenity values, the health and wellbeing benefits.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for park assets.	<p><b>ALL</b> General rates</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>There is no practical way to collect revenues from private benefit of using these parks.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.</p>
<b>Parks Service Delivery</b>	A fun city with lots to do	<p>Parks service delivery includes mowing and maintenance of the parks throughout the city for the community to use.</p> <p>Users benefit directly from having the services available.</p> <p>The whole community benefits from the amenity values, the health and wellbeing benefits</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for parks service delivery.	<p><b>HIGH</b> General Rates</p> <p><b>LOW</b> Fees and user charges</p> <p><b>MINIMAL</b> Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>There is no practical way to collect revenues from private benefit of using these parks.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community parks.</p>
<b>Nursery &amp; Natural areas</b>	A fun city with lots to do	<p>Nursery provides trees and plants which create amenity throughout the city.</p> <p>Users benefit directly from having the tree and plant available.</p> <p>The whole community benefits from the amenity values, the health and wellbeing benefits.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for nursery.	<p><b>HIGH</b> General rates</p> <p><b>MINIMAL</b> Fees and user charges Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>There is no practical way to collect revenues from private benefit of planting trees and plants throughout the city.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from nursery.</p>

<b>Cemeteries &amp; Crematorium</b>	A fun city with lots to do	<p>The provision of burial facilities and services is for individuals.</p> <p>The city in turn has available green space, protecting public health by ensuring the safe disposal of human remains, and in maintaining cemeteries and cemetery records for future generations to locate their ancestors' burial plots/sites.</p> <p>The crematorium is a regional facility and benefits those who choose cremation.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of some individuals or groups have some impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<p><b>HIGH</b> Fees &amp; User charges</p> <p><b>LOW</b> General rates</p> <p><b>MINIMAL</b> Other</p> <p><b>UNLIKELY</b> All other funding sources.</p>	<p>Individuals pay user charges for the initial acquisition and use of a burial site (burial fees and plot charges) or the crematorium.</p> <p>The Cemetery Plot Maintenance in Perpetuity Reserve Fund contributes to maintenance costs.</p>
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Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Community Services</b>							
<b>Customer</b>	A city that's easy to live in	The customer services supports resilient and readiness of communities. All members of the community benefit from these activities.	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for community services.	<b>HIGH</b> General rates  <b>MINIMAL</b> Fees & charges Borrowings  <b>UNLIKELY</b> All other funding sources	<p>This activity includes grants administration on behalf of others. This shows as an income and expense.</p> <p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from community development.</p>
<b>Libraries</b>	A city that's easy to live in	<p>The primary benefits from libraries are to those that borrow and use library material and resources.</p> <p>Waikato ratepayers get the benefit of free access, which is funded from the Waikato District Council.</p> <p>The libraries attract visitors which benefit local businesses.</p> <p>The community is enriched by the preservation of collections of regional significance and the contribution of the library to a well-informed and literate community.</p>	The benefit of most operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<b>MOST</b> General Rates  <b>MINIMAL</b> Fees & User Charges Subsidies & Grants Other  <b>UNLIKELY</b> All other funding sources	<p>Some private good component of library activities is recovered through user charges, and fines.</p> <p>High levels of user charging results in a considerable drop-off in usage and has proven to not be cost-effective. User recovery is also constrained by s.142 of the Local Government Act 2002.</p> <p>Waikato residence use is paid for by agreement with the Waikato District Council.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the libraries.</p>

<b>Aquatics</b>	A city that's easy to live in	<p>The primary benefits from the leisure facilities are to the users of the pools for recreation, social, sporting, educational, and water safety purposes.</p> <p>Regional visitors use the facilities providing indirect benefits to business.</p> <p>Council considers that households receive a similar benefit from the availability of leisure facilities.</p>	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have some impact on this activity. There is a correlation between the numbers of people using the pool and operating costs.	Identifying separate user pays funding assists in the accountability and transparency of Council's expenditure on this activity.	<p><b>HIGH</b> General Rates</p> <p><b>LOW</b> Fees &amp; User charges</p> <p><b>MINIMAL</b> Other</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>Fees &amp; User Charges are made for casual recreation, programmes, swim school, and retail sales.</p> <p>Fees &amp; User Charges do not fully recover the private benefit and rates funding is required to ensure the viability of the facilities.</p> <p>General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from pool facilities.</p>
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Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Regulatory and Safety</b>							
<b>Animal Control</b>	A city where our people thrive	Dog registration is a service that benefits dog owners by allowing legal ownership of dogs and enabling lost / impounded dogs to be traced to their owners. Dog ranging, pound keeping and response to animal complaints are activities that protect the public from the negative effects of the actions or inactions of dog owners.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions or inactions of animal owners create costs for this activity and negatively impact on the community. The negative impacts affect the whole community.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<b>MODERATE</b> General rates Fees & User charges  <b>MINIMAL</b> Other Borrowings  <b>UNLIKELY</b> All other funding sources	Fees & User Charges recognise that the benefits of registration activities are to dog owners and the costs of responding to complaints about dogs and wandering stock are driven by the actions or inactions of animal owners.  General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from animal control.
<b>Environmental Health Control</b>	A city where our people thrive	The benefits of inspection and licensing of premises (including food premises, camping grounds, hairdressers, offensive trades and funeral directors) accrue mostly to the business owner. The protection of public health by ensuring standards are met is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact.  The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<b>MODERATE</b> General rates  <b>LOW</b> Fees & User Charges  <b>MINIMAL</b> Borrowings  <b>UNLIKELY</b> All other funding sources	Fees & User Charges recognise the benefits to people who apply for licences. General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.
<b>Liquor Licensing</b>	A city where our people thrive	The benefits of inspection and licensing of premises trading with alcohol accrue partly to the business owner. The protection of public health ensuring standards are met is a benefit to the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups have some impact.  The actions or inactions of organisations monitored by this activity have the greatest impact on the activity.	Identifying separate funding assists in the accountability and transparency of the Council's expenditure on this activity.	<b>MOST</b> Fees & User Charges  <b>MINIMAL</b> General rates Borrowings  <b>UNLIKELY</b> All other funding sources	Fees & User Charges recognise the benefits to people who apply for licences. Charges are restricted by regulation.

<b>City Safety Operations</b>	A city where our people thrive	The protection of public health by ensuring standards are met is a benefit both households and business creating a better environment for the community.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals or groups are primarily the reason for this activity.	There is no practical way to charge the individuals and groups creating the need for this activity.	<b>MOST</b> General rates <b>MINIMAL</b> Fees & user charges Subsidies & grants Borrowings <b>UNLIKELY</b> All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from a safer community.
<b>Civil Defence &amp; Emergency</b>	A city where our people thrive	Civil defence activities are provided for the benefit of the whole community.	The benefit of operating costs is in having plans in the event of an emergency at some time in the future.  The annual operating costs ensure there are up to date plans and staff and volunteers are trained. These costs are incurred in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Council considers that there is little benefit of separate funding for emergency management.	<b>MOST</b> General rates <b>MINIMAL</b> Borrowings <b>UNLIKELY</b> All other funding sources	In the event of activation, Council may be entitled to subsidies for some Civil Defence costs such as welfare. Council does not budget for this income or the expense. The planning for an emergency benefits the whole community and is fully rate-funded.
<b>Building Control</b>	A city where our people thrive	Individuals that apply for consents and use the other services in this area directly drive the majority of the costs.  Building control activities also provide the public passing and entering a building and future owners and occupiers of the building with the benefits arising from compliance with standards at the time of construction.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<b>MOST</b> Fees & user charges <b>MINIMAL</b> General rates Targeted rates Borrowings <b>UNLIKELY</b> All other funding	User Charges are favoured for those that apply for building consents, code compliance certificates, PIMs or LIMs. Some other income is collected in commissions.

Activity	Community wellbeing priority	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Growth</b>							
<b>Urban &amp; Spatial Planning</b>	A city where our people thrive	Urban & Spatial Planning provides professional resource management advice and leadership to Council, the community and the development industry; to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	<b>MOST HIGH</b> General rates <b>LOW</b> <del>Targeted rates</del> <b>MINIMAL</b> Fees & User Charges Borrowings <b>UNLIKELY</b> All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from City Planning.  <del>The Targeted rates portion of funding is for the compliance-related component of the District Plan review.</del>
<b>Planning Guidance</b>	A city where our people thrive	Individuals that apply for consents and use the other services in this area are the predominant beneficiaries of this activity. Through their actions they directly drive the majority of the costs.  These activities also provide benefit to persons other than the applicant such future owners and occupiers of the land (a property-based benefit). The whole community benefits as this activity aims to protect Hamilton's unique environment and residents' quality of life as the city grows and develops.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Identifying separate funding assists in the accountability and transparency of Council's expenditure on this activity.	<b>MODERATE</b> Fees & user charges General rates <b>MINIMAL</b> Borrowings <b>UNLIKELY</b> All other funding sources	Fees & user charges recognise the benefits to people who apply for resource consents. General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from city planning.
<b>Growth Funding &amp; Analytics</b>	A city where our people thrive	Growth funding & analytics provides management advice to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	<b>HIGH</b> General Rates <b>LOW</b> Borrowings <b>UNLIKELY</b> All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from growth programmes.

<b>Sustainable Communities</b>	A city where our people thrive	Growth programmes provides management advice to facilitate the planned and sustainable growth of Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	<p><b>HIGH</b> General Rates</p> <p><b>LOW</b> Targeted rates</p> <p><b>MINIMAL</b> Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	<p>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from growth programmes.</p> <p>The Targeted rates portion of funding is for the Business Improvement District.</p>
<b>Strategic property</b>	A city where our people thrive	Strategic property provides management of property in Hamilton City. The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of most individuals or groups have a minor impact on this activity.	Individuals or groups can undertake private plan changes for their benefit, where separate funding would be appropriate.	<p><b>HIGH</b> Other</p> <p><b>MINIMAL</b> General Rates Fees and user charges Borrowings</p> <p><b>UNLIKELY</b> All other funding sources</p>	Rental income is the main source of income through renting out the properties.

Activity	Community priority	wellbeing	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Governance</b>								
<b>Democracy Services</b>	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	<b>MOST</b> General rates  <b>MINIMAL</b> Fees and user charges Borrowings  <b>UNLIKELY</b> All other funding sources	General Rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.  A small amount of income is received every three years for providing election services to other organisations.
<b>Mayor Office</b>	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	<b>MOST</b> General rates  <b>MINIMAL</b> Borrowings  <b>UNLIKELY</b> All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.
<b>Mayoral Support Services</b>	A city where our people thrive		The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is sourced.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for this activity.	<b>MOST</b> General rates  <b>MINIMAL</b> Borrowings  <b>UNLIKELY</b> All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from this activity.

Activity	Community wellbeing	Distribution of benefits	Period of benefit	Whose act creates a need	Separate funding	Funding source and bands	Rationale
<b>Partnerships, Communication &amp; Maaori</b>							
<b>Partnerships, Communication &amp; Maaori</b>	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	<b>MOST</b> General rates <b>MINIMAL</b> Borrowings <b>UNLIKELY</b> All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
<b>Amorangi Maaori</b>	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	<b>MOST</b> General rates <b>MINIMAL</b> Borrowings <b>UNLIKELY</b> All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
<b>Communication &amp; Engagement</b>	A city where our people thrive	The whole community benefits from this activity.	The benefit of operating costs is expected to arise in the year the funding is source.	The actions of individuals and groups drive the costs in this activity.	Council considers that there is little benefit of separate funding for the activity.	<b>MOST</b> General rates <b>MINIMAL</b> Borrowings <b>UNLIKELY</b> All other funding sources	General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.
<u>Community Partnerships, Funding &amp; Events</u>	<u>A city where our people thrive</u>	<u>The whole community benefits from this activity.</u>	<u>The benefit of operating costs is expected to arise in the year the funding is source.</u>	<u>The actions of individuals and groups drive the costs in this activity.</u>	<u>The benefit of operating costs is expected to arise in the year the funding is source.</u>	<b>MOST</b> General rates <b>MINIMAL</b> Fees & user charges Borrowings <b>UNLIKELY</b> All other funding sources	<u>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.</u>

<del>Community Partnerships, Funding &amp; Events</del>	<del>A city where our people thrive</del>	<del>The whole community benefits from this activity.</del>	<del>The benefit of operating costs is expected to arise in the year the funding is source.</del>	<del>The actions of individuals and groups drive the costs in this activity.</del>	<del>Council considers that there is little benefit of separate funding for the activity.</del>	<del><b>MOST</b> General rates</del>	<del>General rates are the appropriate funding source for households and business as they are easy to administer and it recognises the benefit from the activity.</del>
						<del><b>MINIMAL</b> Fees &amp; user charges Borrowings</del>	
						<del><b>UNLIKELY</b> All other funding sources</del>	

## Attachment 3

**Proposed rates changes to the Council Funding Impact Statement for 2025/26**

New targeted rates are proposed for water, wastewater, and citywide stormwater. Defined below.

Commercial and Other category non-metered water is proposed to be renamed to Commercial non-metered water and the definition updated for clarity. Defined below.

The Other category of general rates is proposed to be discontinued. This category includes rural residential properties, which do not pay for water or wastewater in general rates. These properties will now be categorised as residential.

The Government compliance rate is proposed to be discontinued. This rate was set on all rateable land and predominantly funded waters activities. The funding provided to the growth activity from this rate will instead be collected from the general rate.

The service use water and service use wastewater rates are proposed to be discontinued. Service use properties do not pay general rates and targeted rates were defined to allow for charging of water and wastewater. Service use properties will now pay the relevant targeted rates for water and wastewater.

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Figures in this statement include GST unless otherwise stated.

Rates for 2025/26 will be set and assessed on 2024 rating valuations, which are not yet available. All rates in this document that are set on a rating valuation are indicative figures only based on 2021 rating valuations.

**Targeted rates****Commercial non-metered water**

1. The rate is set and assessed on all rating units:
  - i. connected to Council's water supply system without a metered connection; and
  - ii. defined as Commercial or BID Commercial for the general rate; or
  - iii. defined as Service Use Category and not used for a residential purpose; or
  - iv. defined in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly speaking, land owned or used by societies for arts or sports).
2. The rate is a fixed amount of \$537.60 per rating unit.
3. The rate provides funding to the Water Supply activity.
4. The total revenue sought is \$315,037.

**Water**

5. The rate is set and assessed on the capital value of all rating units, except for rating units:
  - i. where Council's water supply system is not available for connection; or
  - ii. with a metered connection to Council's water supply system; or
  - iii. defined as Commercial or BID Commercial for the general rate; or
  - iv. defined as Service Use Category and not used for a residential purpose; or
  - v. defined in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly speaking, land owned or used by societies for arts or sports).

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6. The rate is \$0.00050134 per dollar of capital value.
7. The rate provides funding to the Water Supply activity.
8. The total revenue sought is \$27,125,668.

### Wastewater

9. The rate is set and assessed on the capital value of all rating units, except where Council's wastewater system is not available for connection.
10. The rate is set on a differential basis on the categories of land identified below. The differential bases are the use to which the land is put, the activities permitted, controlled, or discretionary for the area in which the land is situated and the rules to which the land is subject under the operative district plan.
11. The rate provides funding to the Wastewater activity.
12. The total revenue sought is \$54,669,991.
13. The rate is set and assessed on a differential basis as follows:

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL WASTEWATER RATES	RATE PER DOLLAR OF CAPITAL VALUE (GST INCL)	RATES REVENUE (GST INCL)
Wastewater rate	Commercial	3.4638	41.48%	0.00191096	\$22,677,010
	Residential	1.0000	58.52%	0.00055169	\$31,992,982

### Wastewater rate categories

WASTEWATER RATE CATEGORY	DESCRIPTION
<b>Commercial</b>	<p>All rating units:</p> <ol style="list-style-type: none"> <li>i. used solely or principally for commercial or industrial purposes; or</li> <li>ii. used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hospital care facilities, hostels, visitor accommodation. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average length of stay not exceeding three months; or</li> <li>iii. used as a chartered club, for any area used for restaurant, bar, or gaming machines; or</li> <li>iv. used as a mixed-use development, for any area used commercially; or</li> <li>v. where land is developed or under development for a commercial use; or</li> <li>vi. where a commercial development is marketed for sale or lease, but where works have not yet commenced; or</li> <li>vii. where vacant land is within any District Plan zone that is predominantly used for commercial or industrial purposes; or</li> <li>viii. used as show homes; or</li> <li>ix. where resource consents require the rating units can only be used for a commercial purpose.</li> </ol>
<b>Residential</b>	<p>All rating units:</p> <ol style="list-style-type: none"> <li>i. that do not meet the definition of the Commercial rate category; or</li> <li>ii. defined as Service Use Category connected to Council's wastewater system; or</li> <li>iii. defined in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly speaking, land owned or used by societies for arts or sports).</li> </ol>

Citywide stormwater

- 14. The rate is set and assessed on the capital value of all ratable land.
- 15. The rate is set on a differential basis on the categories of land identified below. The differential bases are the use to which the land is put, the activities permitted, controlled, or discretionary for the area in which the land is situated and the rules to which the land is subject under the operative district plan.
- 16. The rate provides funding to the Stormwater activity.
- 17. The total revenue sought is \$28,135,178.
- 18. The rate is set and assessed on a differential basis as follows:

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL CITYWIDE STORMWATER RATES	RATE PER DOLLAR OF CAPITAL VALUE (GST INCL)	RATES REVENUE (GST INCL)
Citywide stormwater rate	Commercial	3.4638	45.26%	0.00094119	\$12,735,126
	Residential	1.0000	54.74%	0.00027172	\$15,400,052

Citywide stormwater rate categories

CITYWIDE STORMWATER RATE CATEGORY	DESCRIPTION
Commercial	<p>All rating units:</p> <ul style="list-style-type: none"><li>i. used solely or principally for commercial or industrial purposes; or</li><li>ii. used solely or principally for commercial residential purposes, including, but not limited to, hotels, boarding houses, rest homes, motels, residential clubs, hospital care facilities, hostels, visitor accommodation. Commercial residential purposes are where a property is being provided for residential accommodation at a fee with the average length of stay not exceeding three months; or</li><li>iii. used as a chartered club, for any area used for restaurant, bar, or gaming machines; or</li><li>iv. used as a mixed-use development, for any area used commercially; or</li><li>v. where land is developed or under development for a commercial use; or</li><li>vi. where a commercial development is marketed for sale or lease, but where works have not yet commenced; or</li><li>vii. where vacant land is within any District Plan zone that is predominantly used for commercial or industrial purposes; or</li><li>viii. used as show homes; or</li><li>ix. where resource consents require the rating units can only be used for a commercial purpose; or</li><li>x. used as utility networks.</li></ul>
Residential	<p>All rating units:</p> <ul style="list-style-type: none"><li>i. that do not meet the definition of the Commercial rate category; or</li><li>ii. defined in Part 2 Schedule 1 of the Local Government (Rating) Act 2002 (broadly speaking, land owned or used by societies for arts or sports).</li></ul>

**Indicative Rates Samples for 2025/26**

Including GST

Rates for 2025/26 will be set and assessed on 2024 rating valuations, which are not yet available.

All rates in this document that are set on a rating valuation are indicative figures only based on 2021 rating valuations.

			2024/25 RATES					2025/26 RATES								
General rate differential category	Separate parts (SUIPs)	2021 capital value	Uniform Annual General Charge	General rate	Other rates	Government compliance rate	Total rates	Uniform Annual General Charge	General rate	Other rates	Water rate	Wastewater rate	Citywide stormwater rate	Total rates	Total rates change (\$)	Total rates change (%)
Residential - water available - wastewater available																
Residential (median)	1	830,000	749	2,425	0	131	3,306	865	1,864	0	416	458	226	3,829	523	15.8%
Residential (5th percentile)	1	500,000	749	1,461	0	79	2,289	865	1,123	0	251	276	136	2,650	361	15.8%
Residential (95th percentile)	1	1,475,000	749	4,310	0	234	5,293	865	3,313	0	739	814	401	6,132	839	15.8%
Residential	1	2,000,000	749	5,844	0	317	6,910	865	4,492	0	1,003	1,103	543	8,006	1,096	15.9%
Residential (with pool)	1	1,000,000	749	2,922	79	158	3,909	865	2,246	82	501	552	272	4,518	609	15.6%
Residential	4	1,200,000	2,996	3,507	0	190	6,693	3,460	2,695	0	602	662	326	7,745	1,052	15.7%
Residential	12	2,950,000	8,988	8,621	0	467	18,076	10,380	6,625	0	1,479	1,627	802	20,913	2,837	15.7%
Residential - water by meter or unavailable - wastewater unavailable																
Residential	1	830,000	749	1,795	0	97	2,641	865	1,864	0	0	0	226	2,955	313	11.9%
Residential (with pool)	1	1,000,000	749	2,162	79	117	3,108	865	2,246	82	0	0	272	3,464	357	11.5%
Residential	1	1,800,000	749	3,892	0	211	4,852	865	4,042	0	0	0	489	5,396	544	11.2%
Residential	1	12,000,000	749	25,950	0	1,406	28,104	865	26,949	0	0	0	3,261	31,075	2,970	10.6%
Commercial - water by meter or not connected - wastewater available																
Commercial (median)	1	1,000,000	749	8,698	0	471	9,918	865	7,779	0	0	1,911	941	11,496	1,578	15.9%
Commercial (5th percentile)	1	500,000	749	4,349	0	236	5,334	865	3,889	0	0	955	471	6,181	847	15.9%
Commercial (95th percentile)	1	8,978,000	749	78,090	0	4,231	83,070	865	69,839	0	0	17,157	8,450	96,311	13,241	15.9%
Commercial	1	830,000	749	7,219	0	391	8,359	865	6,457	0	0	1,586	781	9,689	1,329	15.9%
Commercial	4	2,580,000	2,996	22,441	0	1,216	26,653	3,460	20,070	0	0	4,930	2,428	30,888	4,236	15.9%
Commercial	10	9,100,000	7,490	79,152	0	4,288	90,930	8,650	70,788	0	0	17,390	8,565	105,393	14,463	15.9%
BID Commercial (median)	1	1,000,000	749	8,698	410	471	10,329	865	7,779	425	0	1,911	941	11,921	1,593	15.4%
BID Commercial	1	830,000	749	7,219	405	391	8,764	865	6,457	419	0	1,586	781	10,108	1,344	15.3%
BID Commercial	10	9,100,000	7,490	79,152	4,073	4,288	95,003	8,650	70,788	4,219	0	17,390	8,565	109,612	14,609	15.4%
Commercial - water connected but no water meter - wastewater available																
Commercial	1	1,000,000	749	8,698	518	471	10,437	865	7,779	0	538	1,911	941	12,034	1,597	15.3%
BID Commercial	1	1,000,000	749	8,698	929	471	10,847	865	7,779	425	538	1,911	941	12,459	1,612	14.9%

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Attachment 4

## 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. Confirmation of the Elected Member Closed Briefing Notes 11 December 2024	) Good reason to withhold ) information exists under ) Section 7 Local Government	Section 48(1)(a)
C2. Waikato Regional Theatre	) 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.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial activities without disadvantage to enable Council to carry out negotiations	Section 7 (2) (h) Section 7 (2) (i)

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# Council Report

**Committee:** Council **Date:** 11 February 2025  
**Author:** James Clarke **Authoriser:** Blair Bowcott  
**Position:** Corporate Planning & Advocacy Manager **Position:** General Manager Strategy, Growth and Planning  
**Report Name:** 2025/26 Annual Plan Draft Budget

<b>Report Status</b>	<i>Open</i>
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## Purpose - *Take*

1. To seek the Council's approval of changes to Year Two (2025/26) of the 2024-34 Long-Term Plan, for inclusion as the draft 2025/26 Annual Plan budget.

## Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:
  - a) receives the report;
  - b) approves the 2025/26 Annual Plan draft budget, noting this reflects Council's resolutions of 12 December 2024 regarding water services delivery and changes to interest and inflation assumptions, as well as other changes (including the inclusion of indicative water levies) since the adoption of the 2024-34 Long-Term Plan;
  - c) considers which of the following possible additional changes it wishes to include in the 2025/26 Annual Plan draft budget:
    - i. additional funding for 2025 Local Body Elections;
    - ii. addressing illegal dumping;
    - iii. Smart Bin trial;
    - iv. Local Alcohol Policy; and
    - v. Development Contribution grant for small-scale community development;
  - d) notes that, without the inclusion of any of the possible addition changes in c) above, the draft budget includes the following results against our financial strategy measures:
    - i. net debt of \$1,282 million;
    - ii. debt-to-revenue ratio of 262%; and
    - iii. a balancing the books deficit of (\$22 million);
  - e) notes that staff currently expect to balance the books for residual Council in Year Three (2026/27) with operating surpluses in subsequent years, as projected in the 2024-34 Long-Term Plan (assuming water services are delivered by an asset owning Council Controlled Organisation from 1 July 2026 as per the preferred option for community consultation) – although this is inevitably subject to uncertainty at this stage, dependent on actual market outcomes for key assumptions including the valuation of assets;

- f) notes the financial strategy results in d) and projection in e) above are predicated on maintaining the average rates increase to existing ratepayers for 2025/26 of 15.5% projected for Year Two in the 2024-34 Long-Term Plan, with the proposed new waters targeted rates being funded from within the total amount, rather than being additional to it;
- g) notes that work is ongoing with Waikato District Council in relation to the funding of establishment costs of a potential Council Controlled Organisation;
- h) approves the change to the drinking water non-financial service performance measures as required by the Department of Internal Affairs; and
- i) notes the progress on the work requested in Council resolutions during and subsequent to the development of the 2024-34 Long-Term Plan.

### Executive Summary - *Whakaraapopototanga matua*

3. This report has been prepared using an exceptions-based approach, with minor variations to the Year Two operating and capital programme from the 2024-34 Long-Term Plan (Long-Term Plan), reflecting the agreed approach as approved by Elected Members at the 12 December 2024 Council meeting ([agenda and minutes](#)). It presents a draft 2025/26 Annual Plan budget that incorporates decisions made at the aforementioned Council meeting, including changes to key Long-Term Plan assumptions regarding interest rates and inflation.
4. This limited change approach to Year Two enables Council to focus on the substantive issues of water reform and the NZTA subsidy changes to the transport programme, and consequential impact to the capital programme.
5. The draft budget includes the proposed new levies from the Commerce Commission for economic regulation, and the Water Services Authority – Taumata Arowai for the regulation of drinking water safety and environmental standards. The total budget impact of these levies, based on the recent public consultation material and therefore subject to change, is \$950,405 (exclusive of GST) or \$1,092,965 (inclusive of GST) per annum.
6. Five possible additional changes to the draft Annual Plan budget were deferred at the 12 December 2024 Council meeting until this meeting, pending further information from staff. That additional information is set out in **Attachment 1: Possible additional changes**.
7. The financial strategy measures in 2025/26, without the possible additional changes referenced immediately above, are projected as follows:
  - i. the net debt is \$1,282 million against a forecast in the Long-Term Plan of \$1,385 million;
  - ii. the debt-to-revenue position is 262% against a forecast in the Long-Term Plan of 271%; and
  - iii. the balancing the books deficit of (\$22 million) is in line with the Long-Term Plan forecast of (\$22 million).
8. Should Council establish an asset-owning Council Controlled Organisation (CCO) as per Council's preferred option for community consultation, a neutral balancing the books position for residual Council is expected in 2026/27 (Year Three), with operating surpluses in subsequent years. This projection is inevitably subject to uncertainty at this stage, dependent on actual market outcomes for key assumptions including the valuation of assets.
9. The above financial strategy results and projections are predicated on the average rate increases to existing ratepayers remaining at 15.5%, as set out for Year Two of the Long-Term Plan, with the proposed new waters targeted rates being funded from within the total amount, rather than being additional to it. However, as set out later in this report, there will be some variation to the actual change in rates individual ratepayers experience.

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10. Affecting this Annual Plan but not considered fully in this report is work with Waikato District Council regarding the establishment costs of a waters CCO (being Council's preferred option for community consultation), including preparatory work for water meters. This does not affect the projected balancing the books performance of Council as CCO establishment costs are an excluded item within the strategic measure, and have already been provided for in net debt funding. Staff will update Council on this as required at the 20 March 2025 Council meeting.
11. Since the adoption of the 2024-34 Long-Term Plan, the mandatory non-financial service performance measures relating to the provision of drinking water have been amended by the Department of Internal Affairs. It is proposed to report on the existing and new measures until such time as water services are removed from the Long-Term Plan or the measure is corrected in the 2027-37 Long-Term Plan. An amendment to the Long-Term Plan is not required to enact this change.
12. The progress of matters raised by Elected Members during and subsequent to the development of the Long-Term Plan is provided by way of update attached to this report, in **Attachment 2: Other matters during and subsequent to the Long-Term Plan**. This includes a substantive update on affordable housing, brought forward from the 20 February 2025 Strategic Growth and District Plan Committee.
13. As noted at the 12 December Council meeting, the items being considered in this report are of low-medium significance, and are not materially different to Year Two of the Long-Term Plan. The decision made at that meeting to adopt an 'inform' approach to communication of the Annual Plan remains valid.
14. Staff consider that the recommendations comply with the Council's legal requirements.

### Background - *Koorero whaimaarama*

#### Annual Plan process

15. Council approved the 2024-34 Long-Term Plan on 4 July 2024. This set Council's direction for the succeeding ten years, with a focus on the first three years.
16. Council is required to set an annual plan each year. The starting point for the 2025/26 Annual Plan is the plans set out and consulted on for Year Two (2025/26) of the Long-Term Plan. The Annual Plan provides the annual budget and funding impact statements for the year and identifies any variation from the budget and funding impact statements included for that year in the Long-Term Plan. Council can make adjustments to the plans to account for changes in priority or circumstances as part of the annual plan process.
17. At the 12 December 2024 Council meeting, updated assumptions on inflation and interest costs underpinning the Annual Plan were approved by Council. Council requested staff prepare a draft Annual Plan budget for consideration that reflects these changes, and provide further information on the five possible additional changes:
  - i. additional funding for 2025 Local Body Elections;
  - ii. Local Alcohol Policy;
  - iii. Development Contribution grant for small-scale community development;
  - iv. addressing illegal dumping; and
  - v. smart bin trial.
18. This report seeks decisions to finalise the draft 2025/26 Annual Plan. A revised draft 2025/26 Annual Plan budget will be presented to Council on 26 June 2025, when Council will make final decisions on any additional implications arising from capital programme adjustments and consider any final budget adjustments.

**Other matters**

19. At the time of adopting the Long-Term Plan, the Department of Internal Affairs was in the process of consulting on new water supply safety performance measures but had not yet finalised the new measures. The Long-Term Plan therefore includes the now superseded version of the performance measure. The current water supply safety performance measures and the updated water supply safety performance measures are provided as **Attachment 3: Water supply safety performance measures**.
20. Staff are currently working on the 2025/26 Fees and Charges schedule, which will be presented to Council at the 20 March 2025 Council meeting for consideration, and approval to consult.
21. This report also provides updates on matters raised by Elected Members during and subsequent to the development of the 2024-34 Long-Term Plan:
  - i. Capital Programme Review;
  - ii. Consenting Review;
  - iii. Emerging Areas Review;
  - iv. Affordable Housing Fund;
  - v. Municipal Building;
  - vi. Fairfield/Enderley;
  - vii. Rates Working Group; and
  - viii. Central City Activation.

**Discussion - *Matapaki*****Annual Plan budget**

22. This report has been prepared using an exception-based approach. It is primarily concerned with matters that require variation from the Year Two budget previously approved in the Long-Term Plan.
23. Without taking into account possible additional changes covered later in this report, operating budgets by Priority and Activity Group are as set out in **Table 1: 2025/26 operational expenditure** below. For more detail, see pages 36 - 111 in the [2024-34 Long-Term Plan](#) containing the prospective funding impact statements for the ten years of the Long-Term Plan (in particular, Year Two 2025/26), high-level descriptions of the Activities, and levels of service committed to the community.

**Table 1: 2025/26 operational expenditure**

Priority and Groups of Activities	Year Two (2025/26) \$000
A city that's easy to live in	
- Community Services	28,435
- Transport	109,157
- Support Services	74,377
- Support Unit	1,594
Total	213,563
A city where our people thrive	
- Governance	3,720
- Growth	16,805
- Partnerships, Communication and Maaori	9,324
- Regulatory and Safety	14,481
Total	44,330

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A fun city with lots to do	
- Venue, Tourism and Events	58,396
- Parks and Recreation	39,115
Total	97,511
A green city	
- Water Supply	36,237
- Wastewater	62,123
- Stormwater	20,793
- Rubbish and Recycling	13,102
Total	132,254

24. There are five categories of change to the proposed Annual Plan budget, as outlined below:
- changes previously agreed (included in draft budget);
  - changes arising from new information (included in draft budget);
  - capital programme adjustments (included in draft budget);
  - changes arising from application of accounting approaches (included in draft budget); and
  - possible additional changes (not currently included in draft budget).

#### Changes previously agreed

25. At the 12 December 2024 meeting, Council approved updated assumptions on inflation (operating and capital) and interest costs compared to what was applied in the Long-Term Plan. We will continue to monitor these assumptions to ensure the Annual Plan budget is built on the most robust assumptions possible.
26. At the same meeting, it was noted that the draft budget included cost adjustments reflecting increases in gas and electricity prices.
27. As presented at Finance and Monitoring Committee on 15 October 2024, NZTA approved a programme of works lower than anticipated in the Long-Term Plan, resulting in a negative impact in the balancing the book calculation related to renewal subsidies. This has been offset by a reduced capital programme associated with local share contributions offsetting the reduction from a cash perspective. This does not affect the balancing the books calculation in the short-term.

#### Changes arising from new information

28. The Water Services Authority – Taumata Arowai, has been consulting on the proposed design for a levy to fund its work regulating drinking water suppliers for safety and quality, and for overseeing the environmental performance of drinking water, stormwater, and wastewater networks. Further information is available here: [Water Services Authority levies](#).
29. In addition, the Ministry of Business, Innovation and Employment (MBIE) has been consulting on levy funding for the Commerce Commission's delivery of economic regulation and consumer protection for the 2025/26 financial year and beyond. Further information is available here: [MBIE Consultation Commerce Commission costs](#).
30. Initial indicative costs for Council for Year Two, which have now been included in the draft budget, are in **Table 2: Indicative water levies**.

**Table 2: Indicative water levies**

Commerce Commission	\$227,470
Taumata Arowai	\$722,935
TOTAL	\$950,405 (excluding GST)

31. In Council's submissions to Taumata Arowai and MBIE, it was noted that a combined total indicative cost of \$1,092,965 (inclusive of GST) for both levies equates to an additional \$16.80 per property across our 65,000 rating units. It was further noted that this is expected to increase in subsequent years due to regulatory activities for which a levy is payable being added, and as water charges are implemented in place of rates and unconnected rural properties are no longer charged.
32. Currently there are no proposed economic regulation levies for stormwater. There is no guidance on what the split between drinking water and wastewater would be, so staff have assumed a 50:50 split for the purposes of budgeting. The proposed split of the Taumata Arowai levy between the different water activities is clearer, but still subject to change.
33. The assumed budgetary impact of the proposed levies is as shown in **Table 3: Indicative water levies split**.

**Table 3: Indicative water levies split**

	Taumata Arowai % split		Commerce Commission % split		Total
Drinking water	75	542,201.25	50	113,735.00	655,936.25
Wastewater	21	151,816.35	50	113,735.00	265,551.35
Stormwater	4	28,917.40	0	-	28,917.40
		722,935.00		227,470.00	950,405.00

34. Assuming an asset-owning waters CCO is established as per Council's preferred option for community consultation, drinking water and wastewater levies would be the responsibility of the CCO from 1 July 2026. It is proposed that Council would retain ownership of stormwater assets and contract the CCO to provide stormwater services. Therefore, depending on the final record of agreement with the CCO on this point, any stormwater-related levies could be paid either by the CCO on behalf of Council, or by Council directly as the asset owner.

**Capital programme adjustments**

35. The following table (**Table 4: Capital programme adjustments**) outlines the revised capital programme, taking into consideration existing changes approved through Finance and Monitoring Committee, and forecast rephasing. For more detail, see the capital projects tables by Activity between pages 36 - 111 in the 2024-34 [2024-34 Long-Term Plan](#), particularly Year Two (2025/26).
36. Due to reporting deadlines, the capital programme adjustments exclude the full impact of the deferral changes from the 2024/25 financial year. In addition, the capital programme that will be presented to Finance and Monitoring Committee on 27 February 2025 will contain differences to what is presented here, due to further data analysis of the deferrals number that is taking place. Updated deferral changes will be incorporated into the updated draft Annual Plan budget before it is presented for adoption in June 2025.

**Table 4: Capital programme adjustments**

\$ million	2024/25	2025/26	2026/27
Capital Programme as per 2024-34 Long Term Plan	344.38	317.05	432.82
<b>Previously approved through Finance and Monitoring Committee</b>			
2023/24 deferrals	55.29		
2024/25 approved to date deferrals	-21.79	16.60	3.09
NZTA changes (as approved at October 2024 meeting)	-14.98	-17.87	-12.02
<b>Proposed change through the 2025/26 Annual Plan</b>			
Forecast deferrals from 2024/25	-130.00	90.00	40.00
Software as a Service transfer to operational expenditure		-4.49	-3.44
<b>Reforecasted capital programme</b>	<b>232.90</b>	<b>401.29</b>	<b>460.45</b>

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**Changes arising from application of accounting approaches**

37. There are four accounting change adjustments that affect the Year Two balancing the books position, as described in the following paragraphs and provided in **Table 5: Accounting change adjustments**.
38. **Software as a Service** costs previously budgeted as capital expenditure within the Long-Term Plan are now treated as operating costs, causing a mismatch between cost recognition and funding. The Long-Term Plan assumes in 2025/26 that these would be capitalised and rated for over a number of subsequent years. Although this results in a negative accounting adjustment in the 2025/26 balancing the books position, it will be offset by a benefit in future years based on the removal of accounting for depreciation, which will then align with existing rating projections. It does not result in any change in the planned cash / net debt position.
39. Within the Annual Plan process we have provided for an additional accounting adjustment to reflect the depreciation on **Fair Value Assessment / Revaluation of Assets** based on assumed price indices on an annual basis with subsequent depreciation to smooth the impact of three-year revaluations as provided for in the Long-Term Plan. Though this change in accounting approach negatively affects accounted cost in 2025/26, it is not anticipated to result in any change in the planned capital renewal programme, nor the resulting cash / net debt position.
40. Whilst there is no change to the underlying expected cash receipts, revenue received for the **Waste Minimisation Levy** not spent in the year it is received is moved to reserves and has been removed from the balancing the books calculation as it is not available for general Council expenditure and must be released in future years against the permissible operational or capital expenditure.
41. A review in the capitalisation methodology, following finalisation of the Future Fit changes, resulted in a shift in the accounted **labour capitalisation** rates compared with the method within the Long-Term Plan. As with the revaluation above, this will be offset by positive depreciation impacts in subsequent years against the Long-Term Plan and does not result in any change in the planned cash / net debt position.

**Table 5: Accounting change adjustments**

Accounting measure adjustment	2025/26 (\$ million)
Software as a Service expensed rather than capitalised	4.09
Annual allowance for cost indexed asset revaluation adjustments	1.36
Reserves accounting for waste minimisation levy	0.47
Labour capitalisation change	0.42
<b>TOTAL</b>	<b>6.34</b>

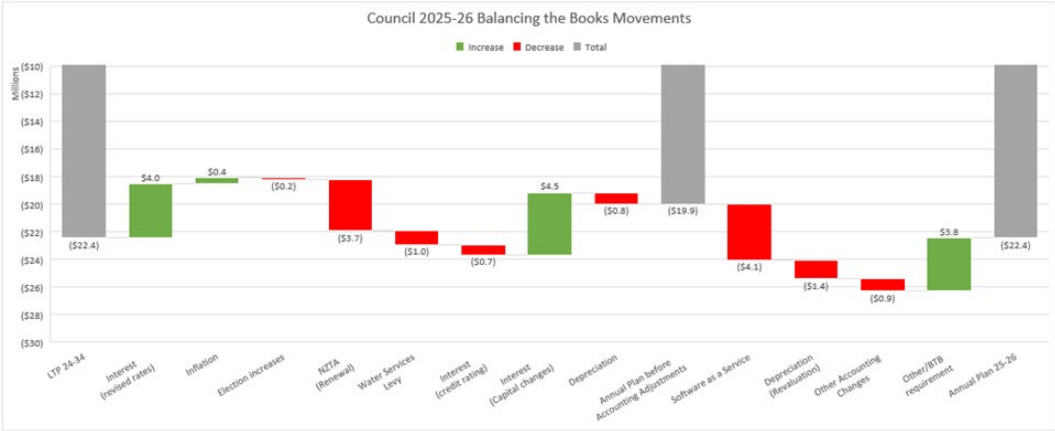
42. A proportional offset of \$3.4 million has been provided for within the draft Annual Plan budget presented in this paper, offsetting the above accounting adjustments, to return the balancing the books performance measure to be in line the Long-Term Plan forecast. Management will continue to review the Annual Plan measures including allocation of this offset prior to the revised draft Annual Plan budget being presented to Council on 26 June 2025.

**Financial strategy impact**

43. Based on all of the changes covered above, but not the possible additional changes covered in the next section, the projected financial strategy results for Year Two, are:
  - i. net debt of \$1,282 million against a forecast in the Long-Term Plan of \$1,385 million;
  - ii. a debt-to-revenue position of 262% against a forecast in the Long-Term Plan of 271% as forecast in the Long-Term Plan; and

- iii. a balancing the books deficit of (\$22 million) in line with the Long-Term Plan forecast of (\$22 million) as shown in **Figure 1: ‘Waterfall’ of Year Two balancing the books changes since the Long-Term Plan**

Figure 1: ‘Waterfall’ of Year Two balancing the books changes since the Long-Term Plan



- 44. The full projections for each of the financial strategy measures across the 2024-34 Long-Term Plan are provided in the graphs below:

Figure 2: Net debt

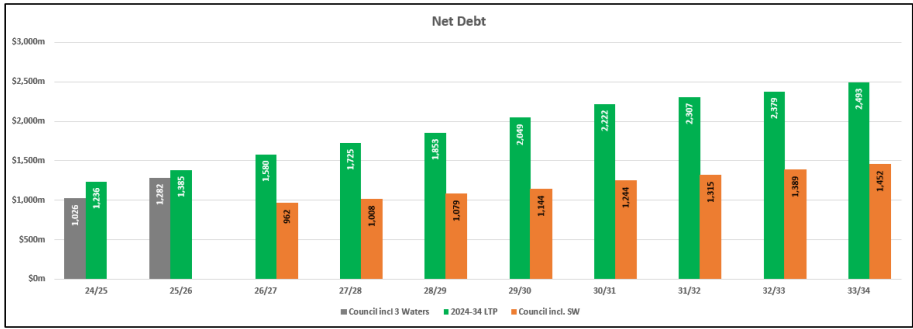
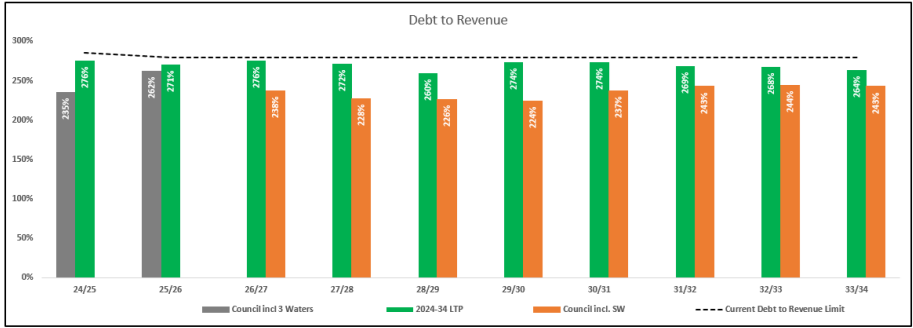
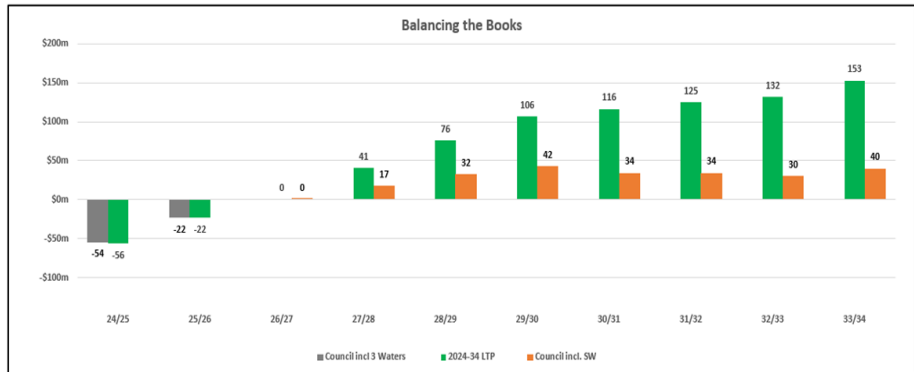


Figure 3: Debt-to-revenue



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Figure 4: Balancing the Books



45. Comparison between the projected financial strategy measures in the graphs above against the Long-Term Plan does not reflect a like for like basis. The Long-Term Plan assumption reflects Council’s performance, incorporating water supply and wastewater, whereas the updated projections for 2026/27 to 2033/34 exclude those activities on the basis they are assumed for planning purposes to be delivered through a Council Controlled Organisation.
46. As shown in Figure 4, should Council establish an asset-owning Council Controlled Organisation, as per Council’s preferred option for community consultation, a neutral balancing the books position for residual Council is expected in 2026/27 (Year Three), with operating surpluses in subsequent years. This projection is inevitably subject to uncertainty at this stage, dependent on actual market outcomes for key assumptions including the valuation of assets.
47. The above results are predicated on the average rate increases to existing ratepayers in Year Two remaining at 15.5% as set out in the Long-Term Plan, with the proposed new waters targeted rates being funded from within the total amount, as opposed to being additional to it. However, there will be some change to the total rates for individual properties.
48. For properties with water and wastewater available the average rates increase would be 15.8%. This equates to around \$10 more per year for the median residential property. Properties that don’t have wastewater or water available would generally see a rates increase of less than 15.5%.
49. Our three-yearly citywide revaluation is currently underway, and the new values will be used to set rates from 1 July 2025. The new values will not change the total amount of rates collected but will change the rates for individual properties depending on how their values change.

Possible Additional Changes

50. At the 12 December 2024 Council meeting, it was resolved that staff would provide further information at this meeting concerning five possible additional changes. Additional information is provided in **Attachment 1**.
51. The following **Table 6: Possible additional changes** outlines the financial impact of approving the potential additional changes over Year Two and the remaining years of the Long-Term Plan:

**Table 6: Possible additional changes**

Change	2025/26 \$ increase	\$ increase over the Long-Term Plan	Additional rates increase to balance the books in 2026/27 ( <i>less than 0.1% = negligible</i> )
	Operational expenditure unless otherwise stated		
Additional funding for 2025 Local Body Election	170,000	170,000	0.1%
Addressing Illegal Dumping	317,000	2,853,000	0.2%
Smart Bin Trial	Opex: 2,500 Capex: 90,000	Opex: 22,500 Capex: 90,000	Negligible
Local Alcohol Policy	20,000	50,000	Negligible
Development Contribution Grant for Small-Scale Community Development	40,000	360,000	Negligible
Total	Opex: 549,500 Capex: 90,000	Opex: 3,455,500 Capex: 90,000	

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52. Should Elected Members resolve to include all of the possible additional changes in the draft budget, the Year Two (2025/26) average rates increase to existing ratepayers would need to increase from 15.5% to 15.8% to ensure we remain on track to balance the books in Year Three as projected in the Long-Term Plan.

### Other matters

#### Water supply safety performance measure

53. The Department of Internal Affairs (DIA) mandatory performance measures are prescribed for water supply. Following public consultation, these were updated on 21 August 2024 to provide an update to Performance Measure 1 (safety of drinking water).
54. Until this change, Performance Measure 1 (safety of drinking water) referred to the Drinking-Water Standards for New Zealand 2005. These standards were repealed in 2022 and replaced with the Drinking Water Quality Assurance Rules 2022 by Taumata Arowai. The performance measure change removed references to the revoked 2005 standards and replaced them with the equivalent measures in the new regulatory framework.
55. The Long-Term Plan was adopted prior to the DIA finalising the new measures, and therefore included the now-superseded performance measure.
56. The current Long-Term Plan measure and the updated performance measures related to the safety of drinking water are attached as **Attachment 3**.
57. As the current Long-Term Plan performance measures do not directly align with the new measures, approval is sought to include the revised water safety performance measures in the Annual Plan. As this is not changing the Level of Service and relates to a mandatory performance measure, the Long-Term Plan does not need to be formally amended to accommodate this change.
58. The suggested approach is to continue to report on the current and updated measures in Council's quarterly and annual reporting from 2025 Quarter 1. This would continue until such time as water services have been removed from the Long-Term Plan (from 1 July 2026) or the measure is corrected in the 2027-37 Long-Term Plan.

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**Fees and charges**

59. There is a requirement to consult when introducing or amending a charge in certain circumstances, for example resource consent fees set under the Resource Management Act 1991. The special consultative procedure in the Local Government Act 2002 is required to be followed. This will be run at the same time as, but separately to, the Local Water Done Well consultation. For simplicity and best practice, staff recommend a statement of proposal that includes the full schedule of Fees and Charges.
60. Staff are currently preparing the Year Two Fees and Charges schedule to be presented at the 20 March 2025 Council meeting for consideration, and approval to consult.

**Establishment costs of CCO**

61. There is one further matter affecting this Annual Plan that staff need to work through with Waikato District Council: the funding of establishment costs for the CCO, as per Council's preferred option for community consultation, including preparatory work for water meters. This does not affect the projected balancing the books performance as CCO establishment costs are an excluded item within the strategic measure and have already been provided for in net debt funding. Staff will update Council on this as required at the 20 March 2025 Council meeting.

**Long-Term Plan matters**

62. In response to resolutions during and subsequent to the development of the Long-Term Plan, **Attachment 2** provides a summary update of the following matters:
  - i. capital review;
  - ii. consenting review;
  - iii. emerging areas review;
  - iv. affordable housing fund;
  - v. Municipal Building;
  - vi. Fairfield/Enderley;
  - vii. rates working group; and
  - viii. central city activation.

**Legal and Policy Considerations - *Whaiwhakaaro-aa-ture***

63. Section 95 of the Local Government Act 2002 requires Council to adopt its 2025/26 Annual Plan before 30 June 2025. Prior to adoption, Council must consult according to the principles of consultation in section 82 of the Act, unless the Annual Plan does not include significant or material differences from the contents of the Long-Term Plan. The significance and materiality assessment for the Annual Plan is addressed in the Significance and Engagement section below.

**Climate Change Impact Statement**

64. Staff have assessed the recommendations against the Climate Change Policy requirements for both emissions and climate change adaptation. At this stage, no adaptation or emissions assessment is required, however commentary on the emissions and adaptation impact is provided based on staff expertise and outputs from other programmes of work.
65. The changes in the transport budget because of reduced NZTA funding will result in slowing of projects that would influence greenhouse gas emissions. The impact of these changes, as well as other emissions reduction policies, will be assessed following the second Emissions Reduction Plan by the Minister for Climate Change.

## Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

66. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental and cultural wellbeing of communities in the present and for the future ('the four wellbeings').
67. The subject matter of this report has been evaluated in terms of the four wellbeings during the process of developing this report as outlined below.
68. The draft 2025/26 Annual Plan budget will be a continuation of the 2024-34 Long-Term Plan direction, which gives effect to Council's five priorities. These priorities, which represent the five community outcomes that underpin the Long-Term Plan, are aimed at improving the wellbeing of Hamiltonians. All the activities we carry out contribute to the achievement of our community outcomes. If we achieve all the expectations that we have set for our service delivery, we will be making progress on achieving all five priorities.
69. The subject matter of this report has been evaluated in terms of the four wellbeings during the process of developing this report as outlined below. The recommendations set out in this report are consistent with that purpose.

### Social

70. Social wellbeing is defined as the capacity of individuals, their families, whaanau, iwi, hapuu and a range of communities to set goals and achieve them.
71. Council services collectively contribute to social wellbeing. Annual plans provide details about our work programmes for the year and where our resources are being allocated. The 2025/26 Annual Plan will be consistent with the direction set out in the 2024-34 Long-Term Plan by maintaining agreed levels of service and keeping average rates increases consistent with what was forecast for Year Two in the Long-Term Plan.

### Economic

72. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security.
73. Council services are fundamental to economic wellbeing, especially the provision of infrastructure.

### Environmental

74. Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.
75. As noted in the report for the 12 December 2024 Council meeting, NZTA has reduced the funding available for transport programmes. Activities and projects completed within the transport programme provide travel options and stormwater management, which reduce communities' negative impact on the environment.

### Cultural

76. Cultural wellbeing is defined as the capacity of communities to retain, interpret and express their shared beliefs, values, customs, behaviours, and identities.
77. Waikato-Tainui have been informed of the progress of the annual plan through the Co-Governance Forum, and will continue to be engaged with for the remainder of the process as appropriate.

**Item 13**

**Risks - *Tuuraru***

78. As noted earlier in the report, financial projections are inevitably subject to uncertainty 18 months out from the end of 2025/26 – and two and a half years out from the end of 2026/27. Given this, there is a risk that the balancing the books position may change (positively or negatively) in Year Two or beyond. In particular, should asset revaluations of stormwater assets materially exceed the indexed revaluation projections, the depreciation could have a material negative impact on the balancing the books position for Council. However, ELT remain committed to delivering as close as possible to the LTP projections, including balancing the books in Year Three, and expect to do so based on current assumptions.
79. The draft budget includes an assumption about what the potential water levies from the Commerce Commission and Taumata Arowai may be. There is a risk that these levies are greater than anticipated. We expect to have more information on the levies in time for the 26 June 2025 Council meeting at which we will present an updated draft budget for adoption in the 2025/26 Annual Plan.

**Significance & Engagement Policy - *Kaupapa here whakahira/anganui***

80. As noted in the 12 December 2024 Council meeting, staff have applied an assessment of significance and materiality on the changes in the Annual Plan and sought external legal advice on this. The result was that the Annual Plan is of low-medium significance.
81. Given the low-medium level of significance determined, consultation is not required. At the 12 December 2024 meeting, Council agreed to adopt an inform approach to communication of the Annual Plan.
82. For maximum impact, staff recommend informing the community on the specific matters within the Annual Plan, including rates increases, at appropriate times such as project milestones or ahead of Committee meetings.

**Attachments - *Ngaa taapirihanga***

Attachment 1 - Possible additional changes

Attachment 2 - Other matters during and subsequent to the Long-Term Plan

Attachment 3 - Water supply safety performance measures

Title of Change Proposal	Additional Funding for 2025 Local Body Elections															
Rationale for change and timing	<p>At the 29 August 2024 Extraordinary Council <a href="#">meeting</a>, Elected Members requested via resolution a proposal for additional funding aimed at increasing voter turnout, and given additional communication needs for the 2025 Maaori Ward referendum.</p> <p>This was included in the report for the 12 December 2024 <a href="#">meeting</a> to the 2025/26 Annual Plan.</p> <p><b>Table 2: Additional changes for consideration</b></p> <table><tr><th rowspan="2">Title</th><th rowspan="2">Project Description</th><th rowspan="2">Reason for Change (opportunity &amp; Risk)</th><th colspan="2">\$ Increase (opex unless stated)</th></tr><tr><th>(2025/26)</th><th>Across the LTP</th></tr><tr><td>2025 Local Body Election: 'Be the vote that makes Kirikiriroa count'</td><td>To increase voter turnout in the 2025 local body election via adopting an inclusive and innovative approach.</td><td><p>This follows a resolution of <a href="#">Council</a> at the Extraordinary meeting on 29 August 2024.</p><p>The project seeks to increase voter engagement via a campaign leading up to and including the 2025 election with options for a wider programme of 'walk up voting sites' around the city, and education campaigns on the Maaori Ward Referendum.</p><p>Staff across the Partnerships, Communication and Maaori Group have developed a low/medium/high scenario that was presented to Elected Members in a previous information session.</p></td><td>170,000</td><td>170,000</td></tr></table> <ul style="list-style-type: none"><li>• Total amount requested at the 12 December meeting was: <b>\$170,000</b>. This was made up of:<ul style="list-style-type: none"><li>○ Casual staff approximately \$60,000<ul style="list-style-type: none"><li>▪ Casual staff are required to support the recommended "Vote phase" engagement initiatives.</li><li>▪ Voting runs 9 September – 11 October (32 days), and time would be needed to train casual staff leading up to the commencement of voting</li><li>▪ The funding would cover 11 casual staff full time (40 hours) for five weeks at the Council minimum wage (noting that there may be a greater number of people part-time to cover resource intensive phases, such as the last week of voting).</li></ul></li><li>○ Election phases: approximately \$100,000, as follows:<ul style="list-style-type: none"><li>▪ Enrol (February to October 2025) approximately \$7,500</li><li>▪ Stand (June/July 2025) approximately \$20,000</li><li>▪ Vote (August-October 2025) approximately \$72,500</li></ul></li><li>○ Representation review – Pulse Survey approximately \$10,000: A limited number of questions on representation arrangements could be included as part of a regular Pulse survey from the current survey budget. As outlined in a previous briefing paper,</li></ul></li></ul>				Title	Project Description	Reason for Change (opportunity & Risk)	\$ Increase (opex unless stated)		(2025/26)	Across the LTP	2025 Local Body Election: 'Be the vote that makes Kirikiriroa count'	To increase voter turnout in the 2025 local body election via adopting an inclusive and innovative approach.	<p>This follows a resolution of <a href="#">Council</a> at the Extraordinary meeting on 29 August 2024.</p> <p>The project seeks to increase voter engagement via a campaign leading up to and including the 2025 election with options for a wider programme of 'walk up voting sites' around the city, and education campaigns on the Maaori Ward Referendum.</p> <p>Staff across the Partnerships, Communication and Maaori Group have developed a low/medium/high scenario that was presented to Elected Members in a previous information session.</p>	170,000	170,000
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## Attachment 1

## Item 13

	including representation arrangement questions in the referendum may be confusing at election time and risks interfering with clarity on the Maaori Ward referendum.														
Where is the budget being allocated from?	Although there is budget allocated to the elections, this is an additional budgetary request that cannot be reallocated from other budgets.														
Cost and impact on rates increase	<p>Elected Members further requested a breakdown of the communication and engagement activities for the Vote phase, which is provided below:</p> <table> <tr> <th>Tactic</th><th>Estimated cost</th></tr> <tr> <td> <b>Walk-up voting at Council facilities and shopping malls (activities associated with this e.g. hireage of space e.g. within malls.)</b> <ul style="list-style-type: none"> <li>Estimate for activities at Council facilities: the <b>seven Hamilton City Libraries branches</b>: (Central, Te Kete Aronui, Garden Place, Hillcrest, Glenview, Dinsdale, Chartwell) at \$1000 each = approximately <b>\$7000</b> for sausage sizzles with promotional material outside the libraries</li> <li>Estimate for mall activations: <i>depends on concept, estimate only</i>. Four <b>malls</b> at <b>\$1500-\$2,000 per month per location</b> (Centre Place, Chartwell, The Awa, Made) = approximately <b>\$7,000</b></li> </ul> </td><td>\$14,000</td></tr> <tr> <td> <b>Mobile voting van (skinning an existing van with orange branding as a high-visibility mobile billboard)</b> <ul style="list-style-type: none"> <li>Estimate to skin a vehicle</li> </ul> </td><td>\$3,000</td></tr> <tr> <td> <b>Drive-through voting (activities associated with this – e.g. sausage sizzles, music etc.)</b> <ul style="list-style-type: none"> <li>Approximately \$1000 for sausage sizzles</li> <li>Approximately \$1000 for a band</li> </ul> </td><td>\$2,000</td></tr> <tr> <td><b>Polling day event (large-scale family-friendly event)</b></td><td>\$18,500</td></tr> <tr> <td> <b>Design and advertising (print, radio, digital etc.) for a six-week campaign</b> <ul style="list-style-type: none"> <li>T-shirts</li> <li>Print</li> <li>Radio</li> <li>Digital</li> <li>Billboards</li> <li>Bus backs</li> <li>Bus shelters</li> </ul> </td><td>\$22,250</td></tr> <tr> <td><b>Public activations (pop-up sausage sizzles, working with community groups/ community houses, other Council events etc.)</b></td><td>\$12,750</td></tr> </table>	Tactic	Estimated cost	<b>Walk-up voting at Council facilities and shopping malls (activities associated with this e.g. hireage of space e.g. within malls.)</b> <ul style="list-style-type: none"> <li>Estimate for activities at Council facilities: the <b>seven Hamilton City Libraries branches</b>: (Central, Te Kete Aronui, Garden Place, Hillcrest, Glenview, Dinsdale, Chartwell) at \$1000 each = approximately <b>\$7000</b> for sausage sizzles with promotional material outside the libraries</li> <li>Estimate for mall activations: <i>depends on concept, estimate only</i>. Four <b>malls</b> at <b>\$1500-\$2,000 per month per location</b> (Centre Place, Chartwell, The Awa, Made) = approximately <b>\$7,000</b></li> </ul>	\$14,000	<b>Mobile voting van (skinning an existing van with orange branding as a high-visibility mobile billboard)</b> <ul style="list-style-type: none"> <li>Estimate to skin a vehicle</li> </ul>	\$3,000	<b>Drive-through voting (activities associated with this – e.g. sausage sizzles, music etc.)</b> <ul style="list-style-type: none"> <li>Approximately \$1000 for sausage sizzles</li> <li>Approximately \$1000 for a band</li> </ul>	\$2,000	<b>Polling day event (large-scale family-friendly event)</b>	\$18,500	<b>Design and advertising (print, radio, digital etc.) for a six-week campaign</b> <ul style="list-style-type: none"> <li>T-shirts</li> <li>Print</li> <li>Radio</li> <li>Digital</li> <li>Billboards</li> <li>Bus backs</li> <li>Bus shelters</li> </ul>	\$22,250	<b>Public activations (pop-up sausage sizzles, working with community groups/ community houses, other Council events etc.)</b>	\$12,750
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<b>Public activations (pop-up sausage sizzles, working with community groups/ community houses, other Council events etc.)</b>	\$12,750														

	<ul style="list-style-type: none"><li>- Approximately \$750 per location for:<ul style="list-style-type: none"><li>- 11 community centres</li><li>- Aged persons event</li><li>- Youth event</li><li>- Ethnic communities event</li><li>- Maaori community event</li><li>- Pasifika community event</li><li>- Disabled community event</li></ul></li></ul>							
		<b>Total: \$72,500</b>						
	<table><tr><th colspan="2">\$ Increase (opex unless stated)</th></tr><tr><th>2025/26</th><th>Across the LTP</th></tr><tr><td>170,000</td><td>170,000</td></tr></table> <p>The additional rates increase required in 2025/26 to offset the unfavourable impact of increased expenditure on the balancing the books position in 2026/27 is 0.1%.</p>		\$ Increase (opex unless stated)		2025/26	Across the LTP	170,000	170,000
\$ Increase (opex unless stated)								
2025/26	Across the LTP							
170,000	170,000							
Options for funding	No.							
Current Level of Service	The current level of service is meeting our legislative obligations under the Local Electoral Act 2001 to hold elections, with funding of \$50,000 to promote the stand and vote phases of elections, and additional information (for example, the STV decision and in 2025, the Maaori Ward referendum).							
Impact on Levels of Service	The additional funding seeks to lift the level of service provided to the community during the Local Body Elections. If funding is not increased, tactics and community engagement will be similar to previous elections and is unlikely to achieve the increased voter turnout sought.							
Consequences if not approved	The consequence is a campaign that is similar to previous elections and has the additional resource demand of communicating information regarding the Maaori Ward referendum.							
Other comments	In line with Elected Member feedback at the 12 December Council meeting, the \$72,500 mentioned above would be focused solely on the Vote phase.							

## Attachment 1

## Item 13

Title of Change Proposal	<b>Addressing Illegal Dumping</b>	
Rationale for change and timing	<p>At the 26 September 2024 <a href="#">meeting</a> of the Infrastructure and Transport Committee, Elected Members resolved that a business case be put forward to the Annual Plan.</p> <p>The change is an increase in level of service to address illegal dumping. It will include additional staff, increased costs of illegal dumping collection and disposal and proactive communication/education campaigns.</p> <p>Additional information on illegal dumping options were discussed at the <a href="#">26 September 2024</a> and <a href="#">28 November 2024</a> meetings of the Infrastructure and Transport Committee.</p>	
Where is the budget being allocated from?	There is currently no funding allocated to increase levels of service as outlined. Approving this request would require additional funding. In addition, there would be additional operating expenditure costs required in future years.	
Cost and impact on rates increases	<b>\$ Increase (opex unless stated)</b>	
	<b>2025/26</b>	<b>Across the LTP</b>
	\$317,000	\$2,853,000
	The additional rates increase required in 2025/26 to offset the unfavourable impact of increased expenditure on the balancing the books position in 2026/27 is 0.2%.	
Options for funding	There is currently no funding allocated to increase levels of service and reprioritisation of funding is not appropriate. The Waste Levy allocated to Hamilton City Council from the Ministry for the Environment is not able to be used to offset this activity as it does not meet the levy funding criteria set out in the Waste Minimisation Act. Approving this request would require additional funding.	
Current Level of Service	<p>There is a 0.5 staff FTE (\$50,000) to investigate and undertake enforcement actions. This is a reactive response to notified reports of illegal dumping where there is evidence available to identify offenders.</p> <p>Illegal dumping removal and disposal budget for 2024/25 is \$215,000, by way of a contracted service.</p>	
Impact on Levels of Service	The request is for an increased level of service. If the additional funding is not approved, current levels of service will be retained.	
Consequences if not Approved	If the additional funding is not approved there will be no increased levels of service, however current levels of service will be retained.	
Other comments	The Waste Levy allocated to Hamilton City Council from the Ministry for the Environment is not able to be used to offset this activity as it does not meet the levy funding criteria set out in the Waste Minimisation Act.	

Title of Change Proposal	<b>Smart Bin Trial</b>								
Rationale for change and timing	<p>At the 26 September 2024 <a href="#">meeting</a> of the Infrastructure and Transport Committee, Elected Members resolved that a business case be put forward to the Annual Plan to trial smart bins. It is intended to trial this system over 10 sites with a smart bin system. There is an initial capital expenditure cost plus ongoing software charges per bin per annum. It is intended that this would be a trial for 12 months, however, infrastructure is required to be installed with ongoing operational costs.</p> <p>Additional information on Smart Bin Trial options were discussed at the <a href="#">26 September 2024</a> and <a href="#">28 November 2024</a> meetings of the Infrastructure and Transport Committee.</p>								
Where is the budget being allocated from?	There is currently no funding allocated to this project. Approving this request would require additional funding. In addition, there would additional operating expenditure costs required in future years.								
Impact on rates increases	<table border="1"> <thead> <tr> <th colspan="2">\$ Increase (opex unless stated)</th></tr> <tr> <th>2025-26</th><th>Across the LTP</th></tr> </thead> <tbody> <tr> <td>Opex: 2,500</td><td>Opex: 22,500</td></tr> <tr> <td>Capex: 90,000</td><td>Capex: 90,000</td></tr> </tbody> </table> <p>The additional rates increase required in 2025/26 to offset the unfavourable impact of increased expenditure on the balancing the books position in 2026/27 is less than 0.1% (negligible).</p>	\$ Increase (opex unless stated)		2025-26	Across the LTP	Opex: 2,500	Opex: 22,500	Capex: 90,000	Capex: 90,000
\$ Increase (opex unless stated)									
2025-26	Across the LTP								
Opex: 2,500	Opex: 22,500								
Capex: 90,000	Capex: 90,000								
Options for funding	There is currently no funding allocated to this project and reprioritisation of funding is not appropriate. Approving this request would require additional funding.								
Impact on Levels of Service	The trial would not impact current levels of service.								
Consequences if not Approved	The Smart Bins trial would not be implemented, and the current levels of service would be maintained.								
Other comments	The Waste Levy allocated to Hamilton City Council from the Ministry for the Environment is not able to be used to offset this activity as it does not meet the levy funding criteria set out in the Waste Minimisation Act.								

## Attachment 1

## Item 13

Title of Change Proposal	Local Alcohol Policy							
Rationale for change and timing	<p>Elected Members have requested staff investigate the process and considerations for developing a Local Alcohol Policy (LAP) for Hamilton City. If development of a LAP is to progress, funding is required for anticipated legal and advice costs. This is due to the complex nature of the policy and the anticipated legal rigour required to manage submissions from affected parties.</p> <p>Council previously developed a <i>Provisional</i> LAP in 2016, however this did not proceed past 2018 due to mounting legal costs associated with the appeals process.</p> <p>In 2023 <a href="#">The Sale and Supply of Alcohol (Community Participation) Amendment Act 2023</a> made it easier for councils to adopt a LAP by removing the right for parties to appeal, meaning that a policy can be adopted by Council immediately after deliberations. However, there are still avenues for legal challenge post adoption.</p>							
Where is the budget being allocated from?	This is new work and there is no existing budget to cover this work.							
Impact on rates increases	<table><tr><th colspan="2">\$ Increase (opex unless stated)</th></tr><tr><th>2025/26</th><th>Across the LTP</th></tr><tr><td>20,000</td><td>50,000</td></tr></table> <p>Operating expenditure of \$20,000 in 2025/26 and \$30,000 in 2026/27 (noting the split of this into two years rather than \$50,000 in 2025/26 as per the original proposal).</p> <p>2025/26 includes pre-consultation work, including targeted engagement with local councils, key partners (including mana whenua and maata waka) and other stakeholders to define initial scope, and legal review of the draft policy.</p> <p>2026/27 includes legal support for Council’s response to submissions, and legal review of final draft.</p> <p>The additional rates increase required in 2025/26 to offset the unfavourable impact of increased expenditure on the balancing the books position in 2026/27 is less than 0.1% (negligible).</p>		\$ Increase (opex unless stated)		2025/26	Across the LTP	20,000	50,000
\$ Increase (opex unless stated)								
2025/26	Across the LTP							
20,000	50,000							
Options for funding	The cost has been spread over two years. The policy and bylaw work programme has been slowed where practical to accommodate the work without increasing resource.							
Impact on Levels of Service	No impact on current levels of service.							
Consequences if not Approved	For staff to begin development of a LAP the work is required to be included in the draft Annual Plan. If this is not approved the LAP will not progress.							
Other comments	Estimated costs are for legal costs during the policy development and consultation stage only. There are no costs budgeted for any further legal requirements.							

	<p><b>What is required to develop a LAP?</b></p> <p>If Council wishes to develop a LAP, under <a href="#">section 78(1)</a> of the Act, it must prepare a draft LAP, having regard to:</p> <ul style="list-style-type: none"> <li>• the objectives and policies of its District Plan;</li> <li>• the number of licenses of each kind held for premises in its district, and the location and opening hours of these premises;</li> <li>• any areas in which bylaws prohibiting alcohol in public places are in force;</li> <li>• the demography of the district’s residents (of those visiting the district);</li> <li>• the overall health indicators of the district’s residents; and</li> <li>• the nature and severity of alcohol-related problems arising in the district.</li> </ul> <p>Under the Act (<a href="#">Section 78(4)</a>), in preparing the draft LAP, Council must consult with Police, Licensing Inspectors and Medical Officers of Health.</p> <p>An LAP needs to reflect community preferences regarding the sale and supply of alcohol in the city. If Council resolves that a LAP should be developed, the next steps will involve extensive community engagement (including discussions with mana whenua and maata waka and other stakeholders) to assess community preferences prior to a draft being made for consideration. A full timeline of the LAP process is detailed below.</p> <p><b>How is a LAP used?</b></p> <p>LAPs provide a mechanism and framework to enhance community influence into local alcohol regulation, while also playing a harm minimisation role. This can be achieved by:</p> <ul style="list-style-type: none"> <li>• enabling alcohol licensing decisions to reflect community preferences;</li> <li>• providing provisions for addressing alcohol availability, including trading hours, and location of licensed premises;</li> <li>• providing provisions regarding the location of licensed premises in relation to sensitive sites (such as schools and playgrounds);</li> <li>• enabling one way door restrictions;</li> <li>• providing clear direction for DLC and license applicants regarding Council’s intentions for alcohol licensing; and</li> <li>• enabling greater consistency in licensing decisions, by giving the DLC a point of reference which they must ‘have regard to’.</li> </ul> <p><b>Timeline</b></p> <p>The estimated timeframe to develop and consult on the draft LAP is just over 12 months, with work beginning in August 2025.</p>
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Attachment 1

	August 2025 – February 2026 - <i>Pre-consultation and information gathering</i>
	February 2026 – <i>Briefing to Council</i>
	April 2026 – <i>Draft LAP</i>
	May 2026 – June 2026 – <i>Consultation on draft LAP</i>
	August 2026 – <i>Hearings</i>
	Once adopted, a LAP must be reviewed every six years.

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Title of Change Proposal	<b>Development Contribution Grant for Small-Scale Community Development</b>						
Rationale for change and timing	At the 31 October 2024 Council <a href="#">meeting</a> , Elected Members requested via resolution to include a Development Contributions Community Grant with a total funding pool of \$40,000 per annum (from the 2025/26 Financial Year) for consideration in the development of the Draft 2025/26 Annual Plan. This is a new initiative from Elected Members following advocacy from community organisations.						
Where is the budget being allocated from?	There is currently no funding allocated to this project. Approving this request would require additional funding.						
Impact on rates increases	<table border="1"> <thead> <tr> <th colspan="2">\$ Increase (opex unless stated)</th></tr> <tr> <th>2025/26</th><th>Across the LTP</th></tr> </thead> <tbody> <tr> <td>40,000</td><td>360,000</td></tr> </tbody> </table> <p>The additional rates increase required in 2025/26 to offset the unfavourable impact of increased expenditure on the balancing the books position in 2026/27 is less than 0.1% (negligible).</p>	\$ Increase (opex unless stated)		2025/26	Across the LTP	40,000	360,000
\$ Increase (opex unless stated)							
2025/26	Across the LTP						
40,000	360,000						
Options for funding	<p>There is currently no funding allocated to this project and reprioritisation of funding is not appropriate.</p> <p>As outlined in the report for the 31 October 2024 Council <a href="#">meeting</a>, the amount could be reduced, although this potentially impacts outcomes. \$30,000 would work reasonably well in most years, although there is likely to be the odd challenging case. Staff recommend no less than \$20,000 per year.</p>						
Impact on Levels of Service	Although there would be no impact on current levels of service, the lack of funding would mean the Community Grant would be unable to be progressed.						
Consequences if not Approved	The status quo would continue whereby community groups will need to fund the costs of development contributions for small-scale community developments.						
Other comments	It is expected that the full amount of the fund would not be allocated over the 10-year period. Staff expect a total of \$100,000 - \$200,000 to be allocated, with the rest of the funding being unspent. This is because it is unlikely that the grant fund will be fully subscribed each year, but the total annual amount needs to be high enough to be equivalent to a DC charge incurred by an organisation (or it defeats the purpose of the grant).						

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## Item 13

Title	Resolution	Future Work Programme
<b>1. Capital Programme Review</b>	requests the following work relating to capital expenditure, concern over which was a clear theme of submissions, to feed into the 2025/26 Annual Plan and/or Long-Term Plan Amendment; <ul style="list-style-type: none"> <li>i. develop scope statements for our significant capital projects and undertake further independent scope and cost reviews on significant projects; and</li> <li>ii. a review of capital spending, looking specifically at the underlying drivers of the cost of capital projects and options to address these;</li> </ul>	<p>This was requested through the 4 June 2024 Council meeting (<a href="#">agenda/minutes</a>).</p> <p>A workshop was held with Elected Members in September 2024. A further report will go to the 20 March 2025 Council meeting. Full detail of the work being undertaken can be found in at the end of this table under '<b>1. Capital Review</b>'.</p>
<b>2. Consenting Review</b>	requests the establishment of a working group consisting of the Deputy Mayor O'Leary (Lead) and Cr Thomson, Cr Donovan, Cr Bydder and staff to engage with developers to address issues with development consenting and approval processes, and to report to the Strategic Growth and District Plan Committee;	<p>This was requested through the 4 June 2024 Council meeting (<a href="#">agenda/minutes</a>).</p> <p>Staff are holding a meeting with relevant Elected Members on 25 February 2025. This will include a selection of developer representatives and confirmation of scope and process. Progress will be reported to the Strategic Growth and District Plan Committee as appropriate.</p>
<b>3. Emerging Areas Review</b>	Requests that staff report to the Strategic Growth and District Plan Committee with a review of Council's approach to emerging areas, including analysis of: <ul style="list-style-type: none"> <li>i. The whole-of-life costs of new growth areas and how these costs can be met through new or existing financial levers;</li> <li>ii. the long-run economic efficiencies of Council not actively managing urban growth in these areas and instead allowing these areas to be urbanised under the control of neighbouring Council's; and</li> <li>iii. the spatial planning and 'place making' implications benefits and disbenefits of actively managing growth in emerging areas compared to being inactive.</li> </ul>	<p>This was requested through the 4 June 2024 Council meeting (<a href="#">agenda/minutes</a>).</p> <p>The emerging areas has been incorporated into the Fast Track consenting programme. Comprehensive updates were provided to the Strategic Growth and District Plan Committee in the period July and November 2024.</p> <p>Staff are compiling a progress update for the 20 February 2025 Strategic Growth &amp; District Plan Committee, and more detailed updates will be presented to the subsequent committee meetings as detailed discussions with developers proceed.</p>

		<p>PwC work is commissioned to understand whole-of-life costs for new growth areas considered as part of Fast-track and emerging areas. This will inform HCC's and Future Proof's engagement with developers. It will identify funding level or approaches (such as, level of rates, targeted rates, asset vesting to councils) for individual development areas. This will address (i) and (ii).</p> <p>Regarding (iii), the SGDP Committee have already confirmed through resolution on 7 November 2024 that it seeks staff to take a proactive approach with developers in fast-track and specific emerging areas.</p>
<b>4. Affordable Housing Fund</b>	That the Council requests staff investigate with the Housing Working Group an investment in an Affordable Housing Fund to be reported back to the Council for consideration in the 2025-26 Annual Plan.	<p>This was requested through the 28 November 2023 Council meeting (<a href="#">agenda/minutes</a>).</p> <p>The work to date on this topic and preliminary staff comments are provided at the end of this table under '<b>4. Affordable Housing Fund</b>'. This matter will be further discussed at the Housing Working Group and Strategic Growth and District Plan Committee.</p>
<b>5. Municipal Building</b>	<p>That the Council:</p> <ul style="list-style-type: none"> <li>a) requests that staff consider reconfiguration of appropriate vacant areas of the Municipal Building, where funds and resource prioritisation are available, to provide space for community use at no net overall cost to Council and to provide updates to the Economic Development Committee;</li> <li>b) notes that subject to the Council's staffing requirements, operational needs, allocation of budget, and availability of space in the Municipal Building tower, the Chief Executive investigates the viability of progressively withdrawing from levels 1, 2 and 3 of the Caro Wing and making the</li> </ul>	<p>This was requested through the 4 June 2024 Council meeting (<a href="#">agenda/minutes</a>).</p> <p>Staff will investigate options for the future use of the municipal building as part of their considerations for how the residual council operates, post-waters reform. Staff will examine opportunities for making space available for community purposes in the Municipal Building once the impact of waters-reform on occupancy and utilisation is clearly understood. Any opportunities for community use that are identified will be managed by the Facilities Team in conjunction with Community Facilities.</p>

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	<p>space available for alternative community, quasi-community or commercial leasing; and</p> <p>c) notes that the Municipal Building is a strategic property asset and delegates governance oversight of the property, and authority to approve development proposals where applicable, to the Economic Development Committee.</p>	
<b>6. Fairfield/Enderley</b>	<p>That the Council requests staff report to the Strategic Growth &amp; District Plan Committee:</p> <p>a) consider determining Fairfield/Enderley as the second priority area for intensification behind central city/Stage One area; and</p> <p>b) scope the time, cost and resourcing of the associated work programmes to undertake the next phase of urban regeneration planning and investment required to enable development in this locality.</p>	<p>This was requested through the 4 June 2024 Council meeting (<a href="#">agenda/minutes</a>).</p> <p>A report is scheduled to come to the 20 February 2025 Meeting of the Strategic Growth and District Plan Committee.</p>
<b>7. Rates Working Group</b>	<p>That the Council:</p> <p>a) notes that in developing this long-term plan process staff and Elected Members identified a number of rates funding option that were not reasonably practicable to implement at this time.</p> <p>b) requests staff develop a plan to:</p> <p>i. identify the cost and implications of developing new rates (e.g. district plan changes)</p> <p>ii. review the matters listed in C.</p> <p>iii. workshop staff advice and provide feedback from Elected Members, as required.</p> <p>iv. complete the process in a timely manner to allow for consultation on any proposed changes to rates and associated policies or long-term plan amendment for the 2025/26 Annual Plan.</p> <p>c) notes matters to be considered, in the context of increasing the rating base:</p>	<p>This was requested through the 28 November 2023 Council meeting (<a href="#">agenda/minutes</a>).</p> <p>This has been incorporated into the work programme of the Waters and Rates Working Group. Any outstanding issues will be considered as part of the 2027-37 Long-Term Plan.</p>

	<ul style="list-style-type: none"> <li>i. Underdeveloped Land – including new subdividable land and vacant land and underdeveloped commercial land.</li> <li>ii. Short-term accommodation with district plan alignment.</li> <li>iii. Equity of rates on land with multiple separately used and inhabited parts of a rating unit.</li> <li>iv. Assessment of exceptional land use for example high users or negative impacts.</li> </ul> <p>d) notes that the above process will be completed within the existing budget.</p>	
<b>8. Central City Activation (through reduction of red tape)</b>	<p>a) requests Creative Waikato, as the strategic delivery agency for creative arts in the Waikato, develop with staff an Integration of Art in Infrastructure Policy;</p> <p>b) notes the proposed policy must include the following principles:</p> <ul style="list-style-type: none"> <li>i. Proactive integration – start early and work with artists</li> <li>ii. Budget for art – budget specifically set aside for arts integration</li> <li>iii. Durability and maintenance</li> <li>iv. Safety and accessibility</li> </ul> <p>c) requests staff present a draft policy to Elected Member at an information session by the end of 2024;</p> <p>d) adopts the Creative Waikato Arts Navigator (WAN) prepared by Creative Waikato as the Regional Arts Strategy;</p> <p>e) adopts the Waikato Performing Arts Strategy (WPAS), prepared by Creative Waikato, as a supporting strategic framework;</p>	<p>This request came through the Community and Natural Environment Committee on 10 September 2024 (<a href="#">agenda/minutes</a>) rather than the LTP process.</p> <p>Staff are working with Hamilton Central Business Association, Creative Waikato, and others in the arts community to prepare two draft policies (an Events Policy and Art in Infrastructure Policy) and a Draft Arts Action Plan.</p> <p>In December 2024 a workshop with representatives from the arts and events community members was held to identify key issues and explore opportunities.</p> <p>An Elected Member briefing (including key arts stakeholders) outlining initial community feedback and a proposed direction for the two draft policies/action plan is scheduled for 12 February 2025.</p>

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	<p>f) requests staff work together with Creative Waikato to develop a draft Hamilton Arts Action Plan, outlining outcomes of both the WAN and WPAS, and Council's Long-Term Plan 2024 – 2034 Five Priorities;</p> <p>g) notes it's willingness to make it easier for the creative sector and event organisers to establish and run events in the city, particularly the Central City;</p> <p>h) requests staff work with the arts and event stakeholders that will include Creative Waikato and Hamilton Central Business Association to understand exactly what the barriers are;</p> <p>i) requests staff develop a draft policy that reduces red tape and enables arts and events to happen easier; j) requests staff report back to Elected Member at a information session by the end of 2024 with the results and feedback from stakeholders, and suggested principles for a new policy; and</p> <p>k) notes that stakeholders are to be invited to participate in the elected member information session referenced in j) above.</p>	<p>A report requesting to consult on the draft policies/action plan will go to Community and Natural Environment Committee later in the year.</p>
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**1. Capital Programme Review**

1. Council passed this resolution as part of developing the 2024-34 Long Term Plan (Long-Term Plan):

*...requests the following work relating to capital expenditure, concern over which was a clear theme of submissions, to feed into the 2025/26 Annual Plan and /or Long Term-Plan*

- i. *develop scope statements for our significant capital projects and undertake further independent scope and cost reviews on significant projects: and,*
  - ii. *a review of capital spending, looking at the underlying drivers of the cost of capital projects and options to address these.*
2. An Elected Member briefing was held as part of the Risk and Assurance Workshop on 3 September 2024.
3. A review of the submissions was undertaken post the Long-Term Plan, looking at any themes relating to capital expenditure (**Annex 1**). This review identified a broad range of issues including the following themes which were quite general in nature:
  - i. don't waste money/cut pet projects/no nice to haves/keep to the basics;
  - ii. reduce spending on transport capital projects (with a focus on cycle lanes, speed humps and in lane bus stops; and
  - iii. reduce capital spend.
4. There were some submissions requesting Council to maintain investment in transport capital projects.
5. Council addressed these submissions through their decisions on the Long-Term Plan by:
  - i. considering the capital programme on a line by line basis to determine which projects they thought were not "nice to haves"; and
  - ii. making further reductions in the transport capital programme over 10 years, aligned with the New Zealand Transport Agency (NZTA) decisions on co-funding.
6. At the briefing in September 2024, Elected Members also agreed a list of significant capital projects it would like independently reviewed. The list agreed included (dates are construction dates and estimates are uninflated);
  - i. Wastewater Bulk Storage - mid section; (2028/30 : estimate \$41.4 million)
  - ii. Ruakura Water Supply 21 ML Reservoir; (2029/31 : estimate \$83.4 million)
  - iii. Ruakura Eastern Transport Corridor; (2027/29: estimate \$75.2 million plus land)
  - iv. Arthur Porter Drive Realignment; (2032/34 : estimate \$15.7 million)
  - v. Pukete Wastewater TP Upgrade; (continuous 10 year programme: \$409.9 million)
7. Following the briefing, Bond Construction Management Ltd, a company which specialises in independent cost reviews, was engaged to undertake independent reviews of the first four

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projects. Their report was received immediately prior to Christmas. Staff have reviewed the report and are reconciling differences to be able to report fully back to Elected Members, including proposed actions in response.

8. The full findings will be reported to the 20 March 2025 Council meeting. The emerging themes of the independent reviews are:
  - i. the estimates used to inform the Long-Term Plan funding requests are not overstated and if anything, are understated i.e. increased funding should be considered for each of the projects as the scope is refined;
  - ii. estimates produced for the Long-Term Plan process are, by necessity, often compiled well ahead of any confirmed scope or design information being available:
    - a) the scope will represent a snapshot in time on what was known then;
    - b) project timelines are often fluid and move forward or back in time based on needs that become apparent post approval of the Long-Term Plan;
    - c) budgets can also be managed through movements of projects within the capital portfolio via the appropriate council committee and in line with the approved Long-Term Plan assumptions on capital expenditure forecasting;
  - iii. greater consistency in estimating methodologies would be desirable, noting that there is a wide range of project types, scope certainty and risks across the Long-Term Plan portfolio; and
  - iv. a common basis for assessing typical and expected cost risks for the different stages of project development and scope certainty would be desirable.
9. Staff had already started reviewing its approach to cost estimating and, taking the independent review comments on board, has revised its cost estimate manual, which will standardise how council approaches estimating.
10. Further discussions in regard to the fifth project, being the Pukete Wastewater Treatment Plant upgrade, determined that a Bond Construction Management Ltd review would not achieve much, as the Long-Term Plan is for a continuous programme of upgrades and the scope of the upgrades will be more determinate on the funding that is being programmed.
11. The Detailed Business Case for Pukete has already been subject to independent reviews and the report back to Council will focus on these reviews.
12. At the September 2024 briefing, Elected Members were advised of the following cost drivers for the capital programme:
  - i. land use planning and zoning;
  - ii. land access (including acquisition);
  - iii. Scope definition; whole of life costing;
  - iv. project planning including procurement and delivery;
  - v. external influences (escalation/market availability)
  - vi. compliance; and
  - vii. project scope, cost and risk management
13. The full report in March 2025 will advise on how each of these cost drivers is managed.

**Annex 1- Submission Themes****Capital expenditure**

*Report prepared by Piper Shields; Research and Insights Advisor; Partnerships, Communication and Maaori*

Council's spending on capital projects was discussed during the 2024-34 Long-Term Plan (Long-Term Plan) process earlier this year. This report details the most common themes relating to capital expenditure in the Long-Term Plan consultation.

**Individual responses***How we plan to manage our city's finances*

We asked respondents for feedback on managing the city's finances, which included a proposed average rates increases of 19.9% (\$11 per week for a median-value residential property) in 2024/25, and 15.5% for the following four years (2025/26 to 2028/29).

The most common themes relating to capital expenditure were:

- Don't waste money/cut pet projects/no nice-to- haves (420 comments)  
*"For too long council has wasted money. The money spent on pet projects that most people don't want. Keep to the basics."*
- Reduce spending on transport capital projects (348 comments)  
*"Stop spending on your crazy bike lanes and humps. Stop wasting money on changing bus stops."*
- Capital spend\* should be reduced (18 comments)  
*"Council also need to re-look at capital spend and try to strip out all improving level of service projects to reduce debt and any growth projects that are not required."*

\*Responses to this question which contained the word "cap" (i.e. capital costs, spending or projects) were extracted and analysed for any further insights. Note that most members of the community do not use jargon like "capital" - therefore, this count is not an exhaustive analysis of those discussing capital expenditure.

*Services to reduce, remove or retain*

We asked respondents what services they would suggest Council reduces or removes, as well as what services they would not want to see reduced or removed. We provided respondents with a list (and brief description) of Council's community services and back-office functions to inform their submissions.

739 respondents would like to see services related to capital expenditure reduced. The themes from these comments were:

- Reduce transport capital projects (660 comments)  
*"Wasteful spending on pet projects like cycle lanes, speed humps, in lane bus stops, none of which the community want."*
- Reduce other capital spending (76 comments)  
*"Stop wasting money on projects like the Founders theatre- just sell it off it's an ugly eye sore."*

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- Reduce capital spending on parks and recreation (52 comments)  
*"Slow down on the building of playgrounds - there are plenty of amazing playgrounds already in the city, and new playgrounds need to be maintained which have a cost!"*
- Reduce asset maintenance/management (35 comments)  
*"I think we should push pause on upgrading swimming pools and the proposed new pool in Rototuna. In fact, I think we should delay anything that is not essential for a year to maybe recalibrate the finances."*

159 respondents would like to see services related to capital expenditure maintained. The themes from these comments were:

- Maintain investment in transport capital projects (86 comments)  
*"Want to maintain the impetus on cycleways (shared paths) - with capital works mainly focused on joining disparate connections (where cyclists have to re-join an active road lane) and more maintenance of existing cycleways"*
- Maintain investment in asset maintenance/management (64 comments)  
*"Maintenance on existing building and structures. To many old council buildings that have fallen into disrepair or close to it."*
- Maintain capital spending on parks and recreation (18 comments)  
*"Do not stop creating community spaces like parks and riverside "hang out" areas"*

*Any other comments relating to our plans for the next 10 years?*

We invited respondents to leave any other comments relating to our plans for the next 10 years.

The most common themes relating to capital expenditure were:

- Don't waste money/cut pet projects/no nice-to- haves (475 comments)  
*"Stop wasting money - We will leave Hamilton and return to Auckland if we keep being used as cash cow to fund vanity projects."*
- Reduce spending on transport capital projects (288 comments)  
*"Stop the wasteful spending at a time you are telling us you are under financial pressure. No speed humps in stupid areas??? No in lane bus stops??? No prioritizing cyclists over all other road users???"*
- Supportive of transport capital projects/call for more traffic infrastructure (114 comments)
  - *"Council should keep funding public transport, cycling, walking, and micro-mobility improvements to the city as much as possible. This is critical to both the city's climate response and the wellbeing of its community members. I was disappointed to see so many of these projects unfunded in the new Long Term Plan."*
- Keep assets maintained/do not under-invest (99 comments)
  - *"Concentrate more money on maintaining and rejuvenate existing council buildings. Alot of these council buildings seem to be central so this might bring more people into the CBD if it was more attractive place to be."*
- Comment on Victoria St/Regional Theatre (26 comments)

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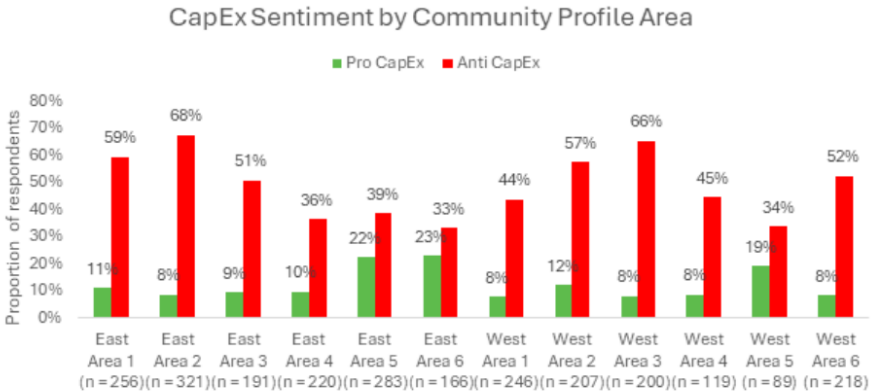
- 20 were disapproving of the theatre
- 6 were supportive of the theatre

Across all questions

Across all questions, 1381 respondents expressed dissatisfaction or opposition to capital expenditure, costs or projects at least once in their submission. 332 respondents expressed support for capital expenditure, costs or projects. Having analysed the sentiments expressed in their submissions, respondents have been sorted into “pro CapEx” and “anti CapEx” buckets; that is to say, respondents who expressed support for CapEx at least once in their submission were labelled the former, and those who opposed CapEx at least once in their submission were labelled the latter. Using this sorting method, the demographics of the population in each category can be extracted, to identify any trends.

Location

Two in three respondents from East Area 2 (Callum Brae, Huntington, Rototuna, Rototuna North, St James) and West Area 3 (Aberdeen, Dinsdale, Temple View) opposed capital expenditure at least once in their submission. Close to a quarter of respondents from East Area 6 (Hillcrest, Ruakura, Riverlea, Silverdale) were supportive of capital expenditure.



See table below for a list of suburbs in each community profile areas.

Community Profile Area	List of suburbs
East Area 1	Flagstaff
East Area 2	Callum Brae, Huntington, Rototuna, Rototuna North, St James
East Area 3	Chartwell, Chedworth, Harrowfield, Queenwood
East Area 4	Enderley, Fairfield, Fairview Downs
East Area 5	Claudelands, Hamilton East, Peachgrove

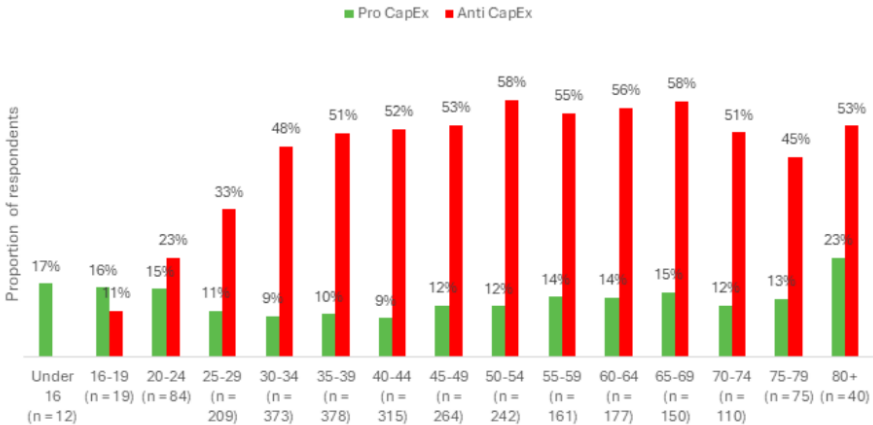
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East Area 6	Hillcrest, Ruakura, Riverlea, Silverdale
West Area 1	Avalon, Beerescourt, Forest Lake, Pukete, St Andrews, Te Rapa
West Area 2	Crawshaw, Grandview Heights, Newton, Rotokauri, Western Heights, Baverstock
West Area 3	Aberdeen, Dinsdale, Temple View
West Area 4	Frankton, Maeroa
West Area 5	Hamilton Central, Hamilton Lake, Whitiara
West Area 6	Bader, Deanwell, Fitzroy, Glenview, Melville, Peacocke

Age

Opposition to capital expenditure increased with age, up until around 70 years old.

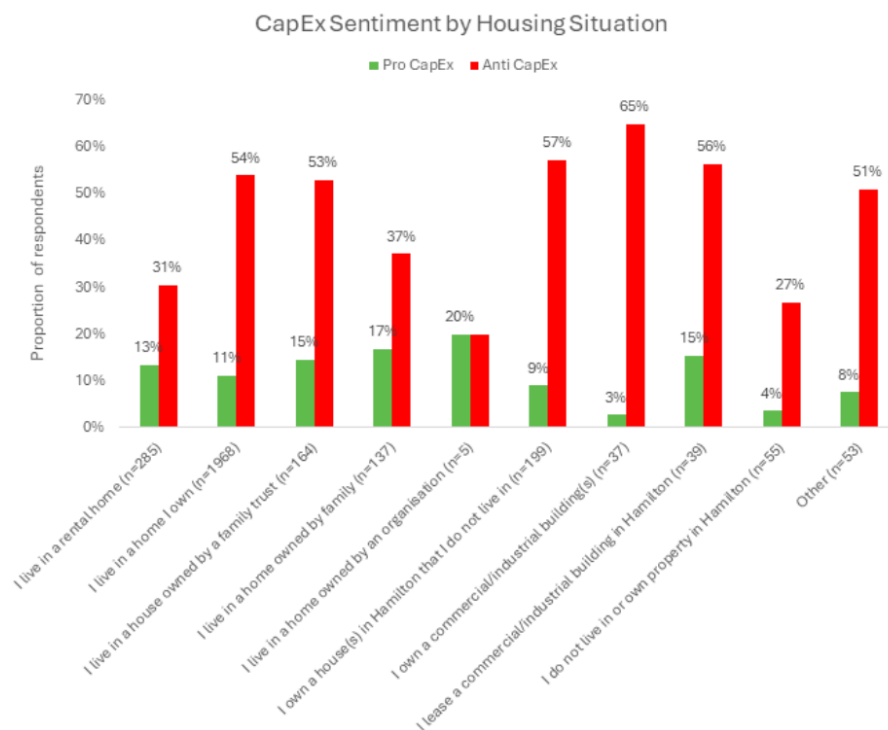
CapEx Sentiment by Age Group



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Housing situation

Opposition to capital expenditure was greatest amongst those who owned commercial or industrial buildings in Hamilton.



## Feedback from businesses, organisations, and groups

### *Opposed to capital expenditure*

Across all 137 submissions from organisations, 11 organisations explicitly spoke negatively about capital expenditure. The themes from their submissions were:

- Council should reduce spend on transport capital projects (9 comments)
  - Arts for Health Community Trust
  - Fabrik
  - Goldsmith Gallery Jewellers
  - Habitat for Humanity Central
  - Melville Junior Rugby
  - Ngaa Uri o Maahanga Trust
  - NZCDI
  - Tristram Marine
  - Waikato Chamber of Commerce
- Capital expenditure should be reduced in general (2 comments)
  - Parents of Vision Impaired (NZ) Inc
  - Adare Company Ltd
- Believe current spending is wasteful/spent on 'vanity projects' (2 comments)

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- NZCDI
- Da-Silva Builders Ltd

*Supportive of capital expenditure*

Three organisations showed support for capital expenditure:

- People, Cities and Nature program, University of Waikato – regarding NITC capital program
- Waikato Community Lands Trust - regarding their own funding
- Taitua Arboretum - regarding their own funding

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#### 4. Affordable Housing Fund

In response to the request from Elected Members at the 7 November 2024 Strategic Growth and District Plan Committee meeting, this summary provides a comprehensive overview of the various actions Council is taking, which together aim to address housing affordability in the city. Council has set out the high-level approach and priorities in the Hamilton Housing Strategy.

The housing system is complex, with many of the factors which influence house prices sitting outside Council's control. However, Council wields significant control over local housing and development policy and infrastructure provision. Council also has opportunities to influence housing affordability through land disposal, investment, and developer agreement processes.

#### Housing and Development Policy

##### Existing District Plan Affordability Provisions

Council has reached agreements with developers in Te Awa Lakes and Rotokauri North regarding affordable housing. These agreements have been embedded in the District Plan through policies and rules which establish affordable housing quotas. In both these areas, at least 10% of homes must be sold to first home buyers at a price no more than 90% of the average Hamilton city residential house value. In Te Awa Lakes this requirement applies to the total development yield. In Rotokauri North the requirement applies to developments of 15 or more housing units or fee simple sections. The inclusion of these policies provides a useful framework for how future developer agreements could be retained through the District Plan, even if the land is sold. This also sets a precedent for requiring similar controls in new greenfield areas. For example, Plan Change 15 Tuumata could involve more explicit controls on affordable housing.

##### Consenting

Council's Planning Guidance Unit (PGU) carries out a proactive approach towards the consenting journey. It aims to deliver quality advice in a timely manner which shapes all developments to their best potential. Pre-application is encouraged as part of the consenting process to ensure any high-level issues are resolved upfront before the consent is lodged. The pre-application stage is often when Council can influence changes as the consenting application is still within the concept design stage. PGU does not have any different process for affordable housing, but most are reviewed at the pre-application stage. PGU can encourage affordable housing to be provided throughout Hamilton, but does not have the mandate to require them as this is not required under the operative district plan.

The exception to this is applications in the IAF incentives agreement which go through a priority consenting service, some of which might be considered affordable. The service makes provision for the Unit Director and Principal Planner to oversee, triage issues and resolve any roadblocks for the application. The Unit Director or Principal Planner have regular and ongoing meetings with the applicant and ensure information requests are appropriate and proportionate.

Cussen Street build-to-rent (long term rental) scheme by Homes by Bakery is one example where PGU has worked closely with an affordable housing developer and development application through to receiving resource consent approval. This scheme provides a good typology in Hamilton as 47 one bedroom/studio units are proposed, a typology which is currently lacking in the city.

##### Plan Change 12

Attachment 2

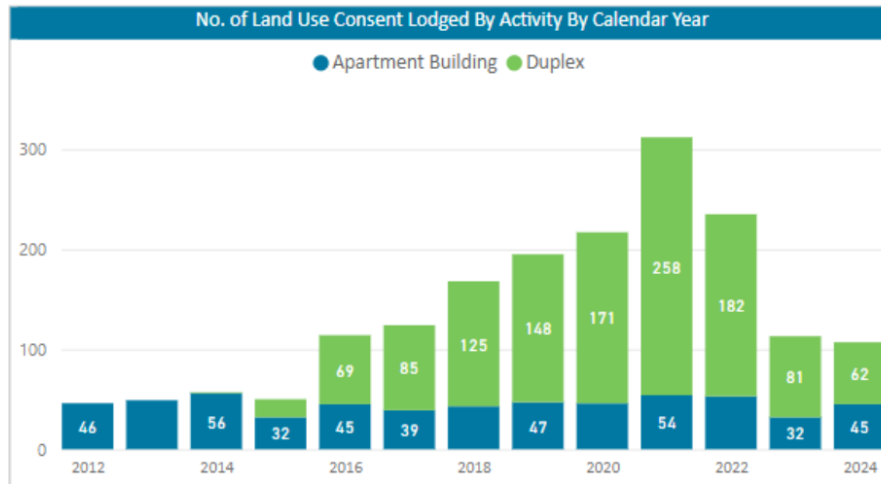
Plan Change 12 is a change to the District Plan triggered by central government policy to increase housing supply. The plan change involves changes to zoning, activity statuses and standards. Together, these changes make the District Plan more permissive of housing, increasing the number of homes that can be built in the city. Some of the key changes include:

- Focusing intensification in the walkable catchment of amenities and employers – this reduces transport costs and could mean households only need to own one or no car.
- Allowing residential activities above the ground floor in commercial areas – this enables more homes, and more homes close to useful amenities.
- Making duplexes a permitted activity – this eliminates the need for resource consent, shortening the cost and time needed to bring homes to market.
- Reducing minimum site sizes and dwelling sizes – this enables a higher yield per land area, it also enables smaller, lower-cost dwellings.
- Increasing the number of homes which can be built without resource consent (subject to standards) across the city – this shortens the cost and time needed to bring homes to market.

The changes also make it easier to build smaller and higher-density dwellings which are typically sold at a lower price point and add diversity to the city's housing stock. Increased supply and smaller units throughout the city have a positive impact on housing affordability.

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This builds on previous work, such as the 2012 duplex policy which created a more enabling policy environment for duplexes. Following the introduction of this policy in the District Plan in 2015, there was a large increase in resource consent application for duplexes across the city. This dramatically increased the supply of smaller and more affordable dwellings across many residential areas of the City.



**Development Contributions Remissions**

Council's development contributions policy supports affordable housing outcomes through development contribution remissions for community housing projects and papakainga. Changes to support these forms of housing were introduced in the 2024 update to the Development

Contributions Policy. Community housing developments are eligible for a 100% remission, provided they meet certain criteria. Similarly, papakainga are eligible for a 50% remission. This approach to development contribution remissions reduces development costs for certain types of not-for-profit affordable housing development. This may improve feasibility of some affordable housing projects.

#### **Fast Track**

The fast track areas provide a unique opportunity to increase the supply of housing while also leveraging commercial terms to seek a specific portion of homes are sold at an affordable rate. The commercial terms were updated in November 2024 to include the following terms related to housing affordability:

- 10% of the residential dwellings within the Fast-track area, in each stage of development, will be provided as affordable housing across a mix of typologies – affordable housing is defined as no more than 5x median Hamilton household income, linked to house typology.

Council has deliberately kept the methods for providing this portion of affordable housing flexible. This will allow developers to innovate in providing affordable dwellings across a range of typologies.

#### **Infrastructure Investment**

##### **Infrastructure Acceleration Fund**

The Infrastructure Acceleration Fund invests in infrastructure to increase housing supply and improve affordability. Hamilton City Council's investment through the fund enables 4,140 homes by 2035 in central city and surrounds (800m walkable catchment). Approximately a quarter of these homes will be "lower cost dwellings" as defined by Kāinga Ora. So far 235 homes have been developed, which includes approximately 35 public homes. We have Housing Outcomes Agreements with developers for approximately 2,000 of the 4,140 homes. The following developments are currently in the consenting or pre-application phase of development:

- 728-750 Victoria Street – Apex Properties
- 143 Clarence Street – Apex Properties
- 19 High Street - Cavendish
- 8 Liverpool Street and 250 Ulster Street – Pragma

##### **Municipal Endowment Fund**

The Municipal Endowment Fund is Council's investment tool for generating income that benefits Hamiltonians. Projects Council invests in should provide financial benefits, while also aligning with Council's vision and values.

Council has invested \$10 million into one affordable housing project in the city using the MEF – Hinemoa Apartments being developed by Bridge Housing Trust. The project will produce 42 affordable apartments of one and two bedrooms in the central city. If successful, the Hinemoa Apartment model of private, public and philanthropic actors coming together to provide affordable housing in a mix of tenures could be repeated by others across the city once proven.

##### **Reactive Infrastructure Funding**

Council has included additional budget for three-waters capital expenditure. Each of the three-waters (wastewater, stormwater and potable supply) has an annual budget of \$700-900,000. This is a

reactive fund for upsizing developer-led infrastructure across the city. This will support the supply of housing in brownfield areas.

A similar budget exists for the central city area using funding from the Infrastructure Acceleration Fund. This funding is focused on the mid- to later year of the Long-Term Plan. This will support the enablement and supply of apartments and town houses in the central city and walkable catchment.

#### Other actions

##### Area Q

Area Q is 8,470m<sup>2</sup> portion of surplus land, leftover after the development of community facilities in Rototuna North. A sales agreement is being finalised with a developer following a request for proposal process which emphasised the provision of affordable housing. The developers proposal, which has been accepted by Council (but is still subject to final documentation and as a result remains commercially confidential) will provide 67 units, ranging from one to three bedrooms. Of these, the following affordable provisions are made:

- A minimum of 10% of homes as enduring affordable rentals, being rented to residents at a reduced rental rate.
- A minimum of 30% of homes as “affordable”, being below 90% of the local median house price (currently \$732,241)
- 80% of homes below the Hamilton median house price (currently \$813,602)
- 100% of homes below the Rototuna North median house price (circa \$1 million)

##### Waikato RPS Inclusionary Zoning Appeal

Waikato Regional Council included provisions enabling local councils to investigate inclusionary zoning in response to housing unaffordability in the notified version of Proposed Change 1 of the Regional Policy Statement. This provision was removed following notification. Council lodged an appeal to the Environment Court to this change, seeking its re-inclusion. Sub-regionally policies which support affordable housing supply are important in order to address the housing affordability need and, therefore having this method recognised at a regional level is an important part of this.

##### Waikato Housing Initiative

Council is a partner to the Waikato Housing Initiative (WHI), a multi-sector working group concerned with housing affordability in the region. WHI works toward a vision: *“Every person and every family in the Waikato region is well-housed living in sustainable, flourishing and connected communities.”* Council is part of the WHI leadership team and regularly contributes to the organisation’s work.

#### On the horizon

- Plan Change 16: a potential plan change relating to inclusionary zoning into the District Plan. This could be to introduce a universal affordable housing requirement into the District Plan (e.g. requiring a portion of affordable units in developments over a certain size). PC16 could also be used to embed new developer agreements in the District Plan (e.g. agreements with fast track developers).
- Granny flat reform: central government has committed to enabling small dwellings, known as granny flats, on most sites in urban areas. Hamilton is already relatively enabling of granny

flats, however some changes to the District Plan rules may be required to align with central government reform.

#### **Affordable Housing Fund**

In 2023, staff worked with a consultant to explore a funding mechanism for affordable housing in Hamilton city and/or the wider region. The vision for this fund was to provide the finance required to initiate or unlock, manage and complete multiple housing projects that deliver community and economic benefits. The fund would work best as a regional entity with buy-in from local regional and territorial authorities, alongside philanthropic actors.

After careful consideration, staff recommend against Council establishing its own affordable housing fund. Council efforts would be better spent influencing policy and plans which it has significant control over. The scale of the fund required would fall outside the scope of what Council can deliver and would be outside core business for the Council. It is noted that this year the government will amend the Local Government Act 2002 removing the '4 wellbeings' to focus Councils back to core business, particularly infrastructure development and maintenance. Establishing such a fund would also require a scale of work and level of specialist expertise which current Council resourcing could not support. Staff efforts at this time are best spent working within the sphere of direct Council control: development/housing policy and infrastructure provision.

In 2023 the Bay of Plenty has established a 'Housing Equity Fund' to tackle regional housing inequalities, with \$40 million provisionally invested from Bay Trust, Tauranga City Council, Rotorua Trust and the Whakatane-based Trust Horizon. The fund has a minimum initial goal of \$100 million, including borrowing, but it is hoped to grow this by producing enough return to attract more investors.

Currently no active fund of this nature resides in the Waikato region that is able to focus on and finance affordable housing projects, especially multiple projects of the scale required. Achieving a fund of at least \$30 million would enable 3-4 housing projects per year that could deliver 60-80 new houses that have an 'affordable' profile. Currently, any additional funds which could be used for affordable housing would be better spent supporting enabling infrastructure in the city, rather than directly funding the development of housing.

Accordingly, staff do not recommend Council lead the establishment of the fund. However, Council could provide support to other organisations who might choose to lead the establishment of an affordable housing fund. Support from Council could be political, through land sales or other partnership arrangements.

## Attachment 3

## Item 13

Current non-financial performance measure (as approved within the 2024-34 Long-Term Plan):

What you can expect from us	What we will measure	Latest result (2022/23)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
The water we supply is safe to drink	The extent to which Council’s drinking water supply complies with the relevant parts of the Water Services (Drinking Water Standards for New Zealand) Regulations 2022 and Drinking Water Quality Assurance Rules 2022 for bacteria. Our report on the compliance of our drinking water supplies in our annual reports will include specifically reporting against the following:					
	i. The number of days E.coli detected in Hamilton Supply Zone	New Measure	0 days	0 days	0 days	0 days
	ii. The number of compliant months for Temple View zone.	New Measure	0 days	0 days	0 days	0 days
	iii. The number of compliant months for Claudelands Grandstand Tap zone.	New Measure	0 days	0 days	0 days	0 days
	The extent to which Council’s drinking water supply complies with the relevant parts of the Water Services (Drinking Water Standards for New Zealand) Regulations 2022 and Drinking Water Quality Assurance Rules 2022 for protozoa. Our report on the compliance of our drinking water supplies in our annual reports will include specifically reporting against the following:					
i. Number of protozoa log removal credits achieved.++	New Measure	>3.0 log removal credits	>3.0 log removal credits	>3.0 log removal credits	>3.0 log removal credits	

The following performance measures are proposed to meet the revised mandatory non-financial performance reporting requirements:

What you can expect from us	What we will measure	Latest result (2022/23)	Targets			
			2024/25	2025/26	2026/27	By 2033/34
The water we supply is safe to drink	The extent to which Council’s drinking water supply complies with the Drinking Water Quality Assurance Rules 2022, part 4.10.1 T3 Bacterial Rules:					
	i. Number of non-compliant days	New Measure	0 days	0 days	0 days	0 days
	The extent to which Council’s drinking water supply complies with the Drinking Water Quality Assurance Rules 2022, part 4.10.2 T3 Protozal Rules:					
	i. Number of protozoa log removal credits achieved.++	New Measure	>3.0 log removal credits	>3.0 log removal credits	>3.0 log removal credits	>3.0 log removal credits
	The extent to which Council’s drinking water supply complies with the Drinking Water Quality Assurance Rules 2022, part 4.11.5 D3.29 Microbiological Monitoring Rule:					
	i. The number of compliant months for Hamilton City zone.	New measure	12 Months	12 Months	12 Months	12 Months
	ii. The number of compliant months for Temple View zone.	New measure	12 Months	12 Months	12 Months	12 Months
	iii. The number of compliant months for Claudelands Grandstand Tap zone.	New measure	12 Months	12 Months	12 Months	12 Months