

Notice of Meeting:

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

Date: Thursday 29 April 2021
Time: 9.30am
Meeting Room: Council Chamber and Audio Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Council *Kaunihera* OPEN AGENDA

Membership

Chairperson Mayor P Southgate
Heamana

Deputy Chairperson Deputy Mayor G Taylor
Heamana Tuarua

Members	Cr M Bunting	Cr A O’Leary
	Cr M Forsyth	Cr R Pascoe
	Cr M Gallagher	Cr S Thomson
	Cr R Hamilton	Cr M van Oosten
	Cr D Macpherson	Cr E Wilson
	Cr K Naidoo-Rauf	

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly – or as required

Becca Brooke
Governance Manager
Menetia Mana Whakahaere

21 April 2021

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Purpose

The Council is responsible for:

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

Terms of Reference

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

- e) Approval of the Triennial Agreement.
- f) Approval of the local governance statement required under the Local Government Act 2002.
- g) Approval of a proposal to the Remuneration Authority for the remuneration of Elected Members.
- h) Approval of any changes to the nature and delegations of the Committees.
- i) Approval of all Council and Committee Advisory Groups and their terms of reference.
- j) Appointments to, and removals from, CCO CCTO and CO boards;
- k) Approval of proposed major transactions or constitutional adjustments of CCOs, CCTOs and COs.
- l) Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO or CO.
- m) Approval of city boundary changes, including in respect of Strategic Boundary Land Use Agreements.
- n) Approval Activity Management Plans.

Oversight of Policies and Bylaws:

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

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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 whaipanga*

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 6727.

Council Report

Item 5

Committee: Council

Date: 29 April 2021

Author: Tyler Gaukrodger

Authoriser: Becca Brooke

Position: Governance Advisor

Position: Governance Manager

Report Name: Confirmation of the Council Open Minutes of 18 March 2021

Report Status	<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 18 March 2021 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Council Unconfirmed Open Minutes - 18 March 2021

Council *Kaunihera* OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton and via Audio Visual link on Thursday 18 March 2021 at 9.30am.

PRESENT

Chairperson	Mayor P Southgate
<i>Heamana</i>	
Deputy Chairperson	Deputy Mayor G Taylor
<i>Heamana Tuarua</i>	
Members	Cr M Bunting Cr M Forsyth (via Audio Visual Link) Cr M Gallagher Cr R Hamilton Cr D Macpherson Cr K Naidoo-Rauf (via Audio Visual Link) Cr A O'Leary Cr R Pascoe Cr S Thomson (via Audio Visual Link) Cr M van Oosten Cr E Wilson

In Attendance	Lance Vervoort – General Manager Community Eeva-Liisa Wright - General Manager Infrastructure Operations David Bryant - General Manager People and Organisational Performance Sean Hickey – General Manager Strategy and Communications Julie Sanderson – Group Business Manager City Growth James Clarke - Director of the Mayor's Office Andrew Parsons - Strategic Development Manager Maria Barrie - Unit Director Parks and Recreation Trevor Harris – Property Officer Acquisitions Disposal Michelle Hawthorne - Legal Services Manager Frances Cox-Wright - Policy and Bylaw Lead Kelvin Powell - City Safe Unit Manager Inde King – Partnership Manager Luke O'Dwyer – City Planning Manager Lachlan Muldowny – Hamilton City Council Lawyer
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Governance Team	Becca Brooke – Governance Manager Amy Viggers – Governance Team Leader Tyler Gaukrodger – Governance Advisor
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The meeting was opened with a Karakia from Amorangi Maaori, Muna Wharawhara.

Mayor Southgate acknowledged the passing of former Mayor David Braithwaite. Cr Bunting, Cr Gallagher and Deputy Mayor Taylor made a brief statement, acknowledging the impact he had made to the city. The Mayor led a minute's silence in recognition of former Mayor David Braithwaite.

1. **Apologies – Tono aroha**
Resolved: (Deputy Mayor Taylor/Cr Hamilton)
 That the apologies for partial attendance from Cr Naidoo-Rauf was accepted.
2. **Confirmation of Agenda – Whakatau raarangi take**
Resolved: (Cr Pascoe/Cr O'Leary)
 That the agenda is confirmed.
3. **Declarations of Interest – Tauaakii whaipanga**
 Cr O'Leary declared an conflict of interest in item C5 (City Honours Recommendations March 2021). She noted that would not take part in the discussion and would not vote on the matter.
4. **Public Forum – AAtea koorero**
 No members of public wished to speak.
5. **Confirmation of the Council Open Minutes of - 4 February 2021**
Resolved: (Mayor Southgate/Cr Bunting)
 That the Council confirm the Open Minutes of the Council Meeting held on 4 February 2021 as a true and correct record.
6. **Confirmation of the Elected Member Open Briefing Notes - 3 March 2021**
Resolved: (Mayor Southgate/Cr Thomson)
 That the Council confirm the Open Notes of the Elected Member Briefing held on 3 March 2021 as a true and correct record.
7. **Chair's Report**

The Mayor spoke to her report, thanking staff and Elected Members for their engagement in the LTP Consultation programme. She responded to questions from Elected Members concerning the purpose of the Waikato Plan, and the Waikato Plan Leadership Committee.

Staff Action: *Staff undertook to provide an overview of the various external committees which includes how they interlink and the purpose of each of them.*

Resolved: (Mayor Southgate/Deputy Mayor Taylor)
 That the Council:

 - a) receives the report; and
 - b) approves Cr Gallagher be appointed as the Hamilton City Council representative to the Waikato Plan Leadership Committee with Mayor Southgate as alternate.

Item 10 (Whatukoruru Reserve Deliberations Report) was taken after item 7 (Chair's Report) to accommodate members of the public in attendance.

10. **Whatukoruru Reserve Deliberations Report**

The Unit Director Parks and Recreation outlined the process to date, and proposed revocation of the reserve status for Whatukoruru Reserve. Staff responded to questions from Elected Members concerning transfer of land for a road reserve, the rehabilitation agreement with Waikato Tainui

and related costs. It was confirmed by staff that any possible surplus land in the area, that was to be used as road reserve, would be offered back to Waikato Tainui as part of the historic pa site and be reflected in the agreement.

Resolved: (Mayor Southgate/Cr Gallagher)

That the Council:

- a) receives the report;
- b) notes that two submissions were received relating to the proposed revocation of the reserve status for Whatukoruru Reserve (one in support and one objecting), both in response to the public consultation undertaken in terms of the Reserves Act 1977;
- c) notes that each submitter attended the Council's Hearings and Engagement Committee on 1 December 2020 and spoke to their submission; and
- d) approves the revocation of the reserve status of the land described in Schedule 1, pursuant to section 24 of the Reserves Act 1977:

Schedule One

<i>Reserve Name</i>	<i>Approximate area subject to survey (m2)</i>	<i>Legal Description</i>	<i>Computer Freehold Register</i>
Whatukoruru Reserve	24340	Lot 1 DPS 90309	347695

8. Elected Member childcare allowances: Proposed submission to the Remuneration Authority

The Governance Manager outlined the report and the proposed submission to the REM Authority on Elected Member Childcare Allowance. Staff responded to questions from Elected Members concerning access to ECE 20 hours free childcare, clarification sought in the proposed submission, the current family members definition in the determination, the proposed change to the Elected Members Support Policy, requirements to receive the proposed childcare allowances reimbursement, human rights considerations, risks to reputation, definition of 'day to day care', required evidence of provision of childcare arrangements, and payments for childcare.

Resolved: (Cr Thomson/Cr Macpherson)

That the Council approves an update to the Hamilton City Council *Elected Members Support Policy* to include the Elected Member Childcare Allowance as currently set out by the Remuneration Authority Determination.

The Motion was put.

Those for the Motion:

Councillors Gallagher, Macpherson, Bunting, Hamilton, Forsyth, Naidoo-Rauf, van Oosten and Thomson.

Those against the Motion :

Mayor Southgate, Deputy Mayor Taylor, Councillors Pascoe, O'Leary and Wilson.

The Motion was declared CARRIED.

Resolved: (Cr Thomson/Cr Macpherson)

That the Council:

- a) approves the proposed submission on Elected Member childcare allowances (**Attachment 1**) to be sent to the REM Authority by 31 March 2021 so that it may be considered as part of the review of local government elected members remuneration and entitlements for the 2021/22 financial year;

- b) notes that the submission will be updated to request the Remuneration Authority as part of their consideration of this submission, provide guidance and clarification on the following points:
 - i. the definition of 'day to day care';
 - ii. the appropriate rates of payment for eligible childcare arrangements; and
 - iii. required evidence of provision of childcare arrangements and payment for childcare;
- c) notes that the proposed submission has been socialised with Elected Members at other local authorities who may make individual, group or Council submissions in support of the Hamilton City Council submission; and
- d) notes following feedback or a determination from the Remuneration Authority a report will be brought to the Council for the purpose of further consideration in relation to the *Elected Members Support Policy*.

The Motion was put.

Those for the Motion:

Councillors Gallagher, Macpherson,
Hamilton, Forsyth, Naidoo-Rauf, van
Oosten and Thomson.

Those against the Motion :

Mayor Southgate, Deputy Mayor Taylor,
Councillors Bunting, Pascoe, O'Leary and
Wilson.

The Motion was declared CARRIED.

The meeting was adjourned 11.12am to 11.25am during the discussion of the above matter.

Cr Naidoo-Rauf left the meeting (12.32pm) at the conclusion of the above item. She was present when the matter was voted on.

9. District Licensing Committee Reappointment

The City Safe Unit Manager took the report as read and responded to questions from Elected Members concerning the recommendation to increase the membership of the Hamilton District Licensing Committee, the appointment process, and the diversity of the committee.

Resolved: (Cr Wilson/Cr Hamilton)

That the Council:

- a) receives the report;
- b) approves the reappointment of Tegan McIntyre to the Hamilton District Licensing Committee for a further period of five years pursuant to the provisions of s192 (3) of the Sale and Supply of Alcohol Act 2012; and
- c) approves an increase in the membership of the Hamilton District Licensing Committee from seven to ten members.

The meeting was adjourned 12.42pm to 1.41pm.

11. Hamilton City Council's Draft 1 Submission to the WEL Energy Trust's 2021/22 Draft Annual Plan

The Partnership Manager spoke to the report, noting that it also responded to the 11 February 2021 Community Committee meeting. Staff responded to questions from Elected members concerning the draft submission, conversations concerning the submission with WEL Energy Trust trustees, and Council's position as a capital and income beneficiary.

Resolved: (Cr Hamilton/Cr Bunting)

That the Council:

- a) receives the report;
- b) approves Hamilton City Council's **Draft 1** submission to the WEL Energy Trust's 2021/22 Draft Annual Plan, noting a paragraph will be added to the submission concerning the links with the Trusts social impact investment focus;
- c) notes that the approved submission will be sent to the WEL Energy Trust on 19 March (noting that the Trust has provided Council an extension to the official 17 March submission closing date); and
- d) notes that the Council representatives (including nominated Elected Member/s) will speak in support of the approved submission at the Trust's hearing scheduled for 23 March 2021.

12. Watercare Water Allocation Application - Board of Inquiry

The Strategic Development Manager took the report as read. Staff responded to questions from Elected Members concerning proposed consent conditions outlined in Council submission, Hamilton City Council's initial position, active steps of Regional Council to manage the volume and queue of requests to draw water from the Waikato River, and the incorporation of the four wellbeings within the submission.

Resolved: (Cr Macpherson/Deputy Mayor Taylor)

That the Council:

- a) subject to resolution b) below, approves for lodgement with the Environmental Protection Agency, the proposed Hamilton City Council submission to the Board of Inquiry hearing on the Watercare Water Allocation application (**attachment 1** of the staff report);
- b) delegates authority to the chief executive to finalise the Hamilton City Council submission once the formal position is known from potential partners who have common submission points;
- c) requests the Chief Executive to develop a water allocation application for Waikato Regional Council to meet the city's expected long-term water demand and report back to the Council for approval of the application prior to lodgement; and
- d) notes that there is an substantial unbudgeted estimated expenses for Hamilton City Council to participate in the Board of Enquiry process, and resolves to place this matter on the table during the Board of Enquiry process.

Cr O'Leary and Cr Hamilton left the meeting (2.38pm) at the conclusion of the above item. They were present when the matter was voted on.

13. Recommendations from Open Committee Meetings

Multi-Year Community Grant (2021-24 Allocation)

Resolved: (Cr Bunting/ Cr Naidoo-Rauf)

That the Council approves an additional grant of \$15,000 (per annum) to the Hamilton Citizen's Advice Bureau for the next three years (currently unfunded).

Financial Strategy Monitoring Report**Resolved:** (Cr Pascoe/ Cr van Oosten)

That the Council:

- a) approves the capital movement as identified in paragraph 14 and 15 of the 16 February 2021 Capital Portfolio Monitoring Report;
- b) approves the significant forecast adjustments as set out in paragraphs 20 to 21 of the staff report; and
- e) approves the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 22 to 25 of the staff report.

Hamilton Open Air Burning Bylaw Review**Resolved:** (Cr Forsyth/Cr Thomson)

That the Council:

- a) determines a bylaw is not the most appropriate means of controlling the issue of open air burning in Hamilton; and
- b) approves consultation on the revocation of the Hamilton Open Air Burning Bylaw 2015 (Option 3 of the staff report) and the Statement of Proposal (**Attachment 1**).

International Relations Update March 2021**Resolved:** (Cr Wilson/Cr Bunting)That the Council approves the revised International Relations Policy (**Attachment 2**).**New Lease – Two Degrees Limited – Raymond Street (cabinets)****Resolved:** (Cr Wilson/Cr Bunting)

That the Council approves the new lease for Two Degrees Limited for telecommunications cabinets located on land adjacent to Raymond Park, subject to the following terms and conditions:

- a) Term – 10 years, commencing 1 March 2021;
- b) Rental – \$4,000 plus GST per annum; and
- c) Rent reviews – 3-yearly market review.

Cr O’Leary re-joined the meeting (2.40pm) at the conclusion of the above vote. She was not present when the matter was voted on.

New Licence – Kordia Limited – FMG Waikato Stadium**Resolved:** (Cr Wilson/Cr Bunting)

That the Council approves a new licence for Kordia Limited for a telecommunications cabinet located in the communications room at FMG Waikato Stadium, subject to the following terms and conditions:

- a) Term – 4 years, commencing 1 July 2021;
- b) Renewals – 1 x 5 years (1 July 2025);
- c) Rental – \$1,000 plus GST per annum; and
- d) Rent reviews – market review on renewal (1 July 2025).

Cr Hamilton re-joined the meeting (2.41pm) at the conclusion of the above vote. He was not present when the matter was voted on.

The meeting adjourned 2.41pm to 2.48pm

Crs Gallagher, Bunting and Thomson left the meeting during the above adjournment.

Cr Forsyth retired from the meeting during the above adjournment.

14. Resolution to Exclude the Public

Resolved: (Mayor Southgate/ Cr Pascoe)

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 Council Public Excluded Minutes of 4 February 2021) Good reason to withhold	Section 48(1)(a)
C2. Confirmation of the Elected Member Public Excluded Briefing Notes - 17 February 2021) information exists under	
C3. Confirmation of the Elected Member Public Excluded Briefing Notes - 24 February 2021) Section 7 Local Government	
C4. Approval of Deed of Lease (Office Space and Carparks) – Montana Catering 2001 Limited and Hamilton City Council) Official Information and	
) Meetings Act 1987	
C5. City Honours Recommendations March 2021)	
C6. Release of Public Excluded Information		

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 enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)
Item C5.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C6.	to maintain legal professional privilege	Section 7 (2) (g)
	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)
	to prevent the disclosure or use of official	Section 7 (2) (j)

information for improper gain or improper advantage

The meeting moved into a public excluded session at 2.50pm.

The meeting was declared closed at 3.23pm.

Council Report

Item 6

Committee: Council

Date: 29 April 2021

Author: Narelle Waite

Authoriser: Becca Brooke

Position: Governance Advisor

Position: Governance Manager

Report Name: Confirmation of the Council Open Minutes of 1 April 2021

Report Status	<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 1 April 2021 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Council Unconfirmed Open Minutes - 1 April 2021

Council *Kaunihera* OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton and via Audio Visual link on Thursday 1 April 2021 at 9.38am.

PRESENT

Chairperson	Mayor P Southgate
<i>Heamana</i>	
Deputy Chairperson	Deputy Mayor G Taylor
<i>Heamana Tuarua</i>	
Members	Cr M Bunting (via Audio-visual Link)
	Cr M Gallagher
	Cr R Hamilton
	Cr D Macpherson
	Cr K Naidoo-Rauf
	Cr A O'Leary
	Cr R Pascoe (via Audio-visual Link)
	Cr S Thomson
	Cr M van Oosten
	Cr E Wilson

In Attendance	Richard Briggs – Chief Executive
	Sean Hickey – General Manager Strategy and Communication
	David Bryant – General Manager People and Organisational Performance
	Becca Brooke – Governance Manager
	Muna Wharawhara – Amorangi Maaori

Dale Ofoske – Managing Director, Election Services

Governance Staff	Carmen Fortin, Narelle Waite and Tyler Gaukrodger – Governance Advisors
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Tame Pokaia opened the meeting with karakia, Donald Turner (Waikato Tainui) gave a response.

1. **Apologies – *Tono aroha***
Resolved: (Cr Wilson/Cr Thomson)
 That the apologies for absence from Cr Forsyth, and for partial attendance from Cr Pascoe were accepted.
2. **Confirmation of Agenda – *Whakatau raarangi take***
Resolved: (Mayor Southgate/Cr Bunting)
 That the agenda is confirmed.

3. **Declarations of Interest – *Tauaakii whaipaa***
No members of the Council declared a Conflict of Interest.

4. **Public Forum – *Aatea koorero***

Horiana Henderson spoke to item 5 (Consideration of Maaori Wards and Maaori Representation) in support of Maaori Wards and Maangai Maaori noting historic representation of Maaori on the Council. She responded to questions from Members concerning Maaori representation in the general Wards.

Anna Casey-Cox and **Rose Black** (Poverty Action Waikato) spoke to item 5 (Consideration of Maaori Wards and Maaori Representation) in support of Maaori Wards noting the effects of colonisation on Maaori representation. They responded to questions from Members concerning He Pou Manawa Ora consultation and Te Tiriti o Waitangi.

Reverend Peter Sampson spoke to item 5 (Consideration of Maaori Wards and Maaori Representation) in support of Maaori Wards noting Te Tiriti o Waitangi and history of Maaori representation in the Church. He responded to questions from Members concerning public consultation.

Taitimu Maipi spoke to item 5 (Consideration of Maaori Wards and Maaori Representation) in support of Maaori Wards noting the New Zealand Land Wars.

Hana Rawhiti Maipi-Clarke spoke to item 5 (Consideration of Maaori Wards and Maaori Representation) in support of Maaori Wards noting the history of Maaori protest.

Tipa Mahuta (Waikato Regional Council Councillor) spoke to item 5 (Consideration of Maaori Wards and Maaori Representation) in support of Maaori Wards and Maangai Maaori, noting concerning Maaori representation models at Waikato Regional Council. She responded to questions from Members concerning maatauranga maaori in organisational and governance structures, constituency and representation, and public consultation.

Donna Pokere-Phillips spoke to item 5 (Consideration of Maaori Wards and Maaori Representation) in support of Maaori Wards and Maangai Maaori noting her involvement in the representation review at Waikato Regional Council and her involvement in DONE (Decolonisation of Oppressive Names Everywhere) and presented a petition to the Council.

Ezak Smith spoke to item 5 (Consideration of Maaori Wards and Maaori Representation) in support of Maaori Wards noting the various impacts of colonisation.

Written Submissions:

Tania Ashman provided a written submission to Item 5 (Consideration of Maaori Wards and Maaori Representation). This was circulated to Council Members prior to the meeting and is attached to the minutes as appendix 1.

Linda Te Aho and **Donna Flavell** (Waikato Tainui) provided a written submission to Item 5 (Consideration of Maaori Wards and Maaori Representation). This was circulated to Council Members prior to the meeting and is attached to the minutes as appendix 2.

Kelli Pike provided a written submission to Item 5 (Consideration of Maaori Wards and Maaori Representation). This was circulated to Council Members prior to the meeting and is attached to the minutes as appendix 3.

5. Consideration of Maaori Wards and Maaori Representation

The Mayor introduced representatives from Hamilton City Council key Maaori stakeholder / partnership groups to present on the matter.

Donna Flavell and **Donald Turner** (Waikato Tainui) spoke in support of increased Maaori representation noting Waikato Tainui's strong advocacy for Maaori wards, Maangai Maaori and representation of mana whenua and hapuu. They responded to questions from Members concerning the number of representatives, political campaigning, constituency of Maaori Wards, and the Maaori electoral roll.

Rawiri Bidois (Te Haa o te whenua o Kirikiriroa (THaWK)) spoke in support of increased Maaori representation, in particular the establishment of Maaori wards and noted the establishment of THaWK and democracy's alignment with te ao maaori and tikanga, and the misalignment of territorial authority and hapuu boundaries.

Olly Te Ua (Te Runanga Ō Kirikiriroa (TROK)) spoke in support of the establishment of Maaori wards and increased Maaori representation noting the timing of Maaori Ward establishment. He responded to questions from Members concerning Maaori representation, general Wards and consultation.

Hemi Rau and **Norm Hill** (HCC Maangai Maaori) spoke in support of establishing Maaori wards and increased Maaori representation noting the success of the current Maaori representation arrangements in place. They responded to questions from Members concerning timelines for incorporating Maaori Wards, historic Maaori representation on the Council, and public consultation.

The General Manager Strategy and Communication and the Governance Manager took the report as read and introduced Dale Ofoske (Election Services). They responded to questions from Members concerning public consultation.

Resolved: (Cr Wilson/Cr Macpherson)

That the council suspends Standing Order 23.8 with reference to speaking rules for foreshadowed amendments.

Motion: (Mayor Southgate/Cr Hamilton)

That the Council:

- a) receives the report;
- b) approves to continue its commitment to strengthen meaningful representation and participation of Maaori across all levels of Council activity (including consideration of Maaori wards, strengthening the role of Maangai Maaori and/or other means) following the adoption of He Pou Manawa Ora and consistent with the direction of the strategy; and
- c) commits to maintain collaboration and engagement with iwi and the community throughout the process.

Amendment: (Cr van Oosten/Cr Gallagher)

That the Council:

- a) receives the report and;
- b) approves to establish Maaori wards for the 2022-25 triennium with consultation as required by the wider representation review, and recommend the incoming Council retain the existing Maangai Maaori system upon the introduction of Maaori wards as part of determining the new governance structure for the 2022-2025 triennium.

The Amendment was put.

Those for the Amendment: Councillors van Oosten, Gallagher, Thomson and Macpherson.

Those against the Amendment: Mayor Southgate, Deputy Mayor Taylor, Councillors Wilson, Hamilton, Bunting, Pascoe, O'Leary and Naidoo-Rauf.

The Amendment was declared LOST.

The Motion was then put and declared CARRIED.

Resolved: (Mayor Southgate/Cr Hamilton)

That the Council:

- d) receives the report;
- e) approves to continue its commitment to strengthen meaningful representation and participation of Maaori across all levels of Council activity (including consideration of Maaori wards, strengthening the role of Maangai Maaori and/or other means) following the adoption of He Pou Manawa Ora and consistent with the direction of the strategy; and
- f) commits to maintain collaboration and engagement with iwi and the community throughout the process.

Cr Pascoe joined the meeting (10.53am) during discussion of the above item. He was present when the matter was voted on.

The meeting adjourned during discussion of the above item from 11.05am to 11.26am.

Donald Turner closed the meeting with karakia.

The meeting was declared closed at 12.23pm.

Appendix 1:

Teena koe

I support Option 3 – Establish Maaori wards for the 2022-25 triennium with/without consultation with the wider community and recommend the incoming Council retain the existing Maangai Maaori system upon the introduction of Maaori wards as part of determining the new governance structure for the 2022-2025 triennium.

I support this option because

Council's key Maaori stakeholders - Waikato-Tainui, Te Runanga o Kirikiriroa and Te Haa o te Whenua o Kirikiriroa – have clearly stated through consultation hui their view that:

- The Council should establish Maaori wards;
- Maaori wards should be in place for the next triennium (2022-2025); and
- Their preference is to retain the Maangai Maaori system alongside Maaori wards.

Ngaa mihi nui

Na Tania Ashman

26 March 2021



Mayor Mylchreest
Waipaa District Council
Private Bag 2402
TE AWAMUTU

Mayor Southgate
Hamilton City Council
Private Bag 3010
HAMILTON

Mayor Sanson
Waikato District Council
15 Galileo Street
NGAARUAWAAHIA

Teenaa koutou e ngaa Rangatira

WAIKATO -TAINUI POSITION ON MAAORI WARDS

He hoonore, he kororia, he maungarongo ki te mana o te whenua, he whakaaro pai ki ngaa tangata katoa. Pai Maarire.

The purpose of this letter is to confirm for you, once again, Waikato-Tainui's position on the introduction of Maaori wards across our rohe.

Waikato-Tainui celebrate the removal of legislative provisions that have allowed a percentage of the general public to deny Maaori from having guaranteed representation in local government. We acknowledge the swift action of Minister Nanaia Mahuta who has listened to the champions of this cause, despite trenchant opposition.

We are pleased that the amended legislation will be in effect for the next round of local body elections, and we encourage councils to be bold in the face of inevitable challenge. We note that Waipaa District Council has indicated that they will move to introduce Maaori wards to the Council in May 2021 and we congratulate Mayor Mylchreest and his councillors on this action.

Waikato-Tainui has advocated for representation at local government levels for many years. This work has been instrumental in establishing Maangai Maaori appointments at Hamilton City Council and Waikato District Council. Similar positions are in place at Waipaa District Council.

Maangai in these positions have voting rights on key committees, and the model works well because Maangai bring exceptional skills and experience. Their contribution also adds necessary diversity rendering local government more representative of the peoples in their communities and provides for more robust and sustainable decision-making.

We urge Councils to retain these positions even if they vote to establish Maaori wards. We look forward to discussing our views with councils in our rohe at our joint hui at our Tribal Parliament next week.

Local government decisions affect our everyday lives. The inclusion of Maaori in all levels of decision-making goes some way for Councils to act honourably and in accordance with the provisions of Te Tiriti o Waitangi. Inclusion also aligns with international Indigenous rights instruments adopted by the New Zealand government.

Maaori have rights to a decisive voice in decisions that affect us directly. Moreover, it makes sense for us to work together with local communities in the governance and management of the landscapes and ecosystems we live in and near. For these reasons, it is critical that Maaori are at the forefront of co-designing the proposed new legislative regime for resource management that is being progressed at haste

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We commend this legislative change as a step in the right direction. Having said that, we would like to see further improvement.

Following a legacy of having been denied the right to vote, Maaori have guaranteed seats for Maaori in Parliament to ensure participation. We are of the view that there should also be guaranteed seats on every council. We have a successful model operating at Waikato Regional Council where two Maaori wards have been in place for some years and we recommend this model as a way forward for councils when they come to consider the establishment of wards.

This is an opportunity for local government to give effect to the promise of partnership.

Kia manawanui taatou.



Linda Te Aho
CHAIR, TE ARATAURA
TE WHAKAKITENGA O WAIKATO INC



Donna Flavell
TUMU WHAKARAE
TE WHAKAKITENGA O WAIKATO INC

Appendix 3:

Kia ora e hoa,

I'm unable to attend public forum today (celebrating Frankton School's 110th birthday!) but would appreciate you forwarding this on to elected members.

Re: establishing Maaori wards

👉 My preference:

Option 3 – Establish Maaori wards for the 2022-25 triennium with/without consultation with the wider community and recommend the incoming Council retain the existing Maangai Maaori system upon the introduction of Maaori wards as part of determining the new governance structure for the 2022-2025 triennium.

👉 Why?

In the articles of Te Tiriti o Waitangi, Maaori would retain tino rangitiratanga and the same rights as British people - therefore the two should sit side by side to represent residents.

Maangai Maori should be retained to formally represent formal Iwi and Maatawaka partners.

You have made awesome progress lately with He pou manawa ora. It's my hope that the strategy is uplifted to be a lens for all decisions to be made. I believe we should aspire to replace the 4 well beings with these pou, the essence is the same, the symbolism much more.

I look forward to expediency in addressing the issue of inappropriate street names (and the statue), which I personally consider an insult to tangata whenua.

I can't help but think of the late Max Christoffersen as I write this; and while I don't know what he would think of this issue of Maaori wards, I can still remember a conversation where we talked about the fake democracy we live in. Unless we do bold things (he said burn the bus, but I won't go that far yet) we will not see the improvement in participation required for you to be representing the city well.

Establishing Maaori wards is a step in the right direction.

Happy to be contacted for clarification if required.

Ngaa mihi nui
Kelli

Council Report

Item 7

Committee: Council
Author: Narelle Waite
Position: Governance Advisor
Report Name: Confirmation of the Elected Member Open Briefing Notes - 10 March 2021

Date: 29 April 2021
Authoriser: Becca Brooke
Position: Governance Manager

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

That the Council confirm the Open Briefing Notes of the Elected Member Briefing held on 10 March 2021 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Elected Member Open Briefing Notes - 10 March 2021

Elected Member Briefing Notes – 10 March 2021 – OPEN

Time and date:	9.30am, 10 March 2021
Venue:	Committee Room 1, Hamilton City Council and Audio-visual Link
In Attendance:	Mayor Southgate, Deputy Mayor Taylor, Crs Pascoe, Bunting, Hamilton, Macpherson, van Oosten, Thomson (audio-visual link), Wilson, Naidoo-Rauf (audio-visual link), Gallagher, O’Leary and Maangai Whetu (audio-visual link)
Apology for Full Session:	Cr Forsyth, Maangai Rau, Hill, Te Ua and Thompson-Evans
Apologies for lateness/early departure:	Mayor Southgate, Crs O’Leary, Bunting, Wilson, Macpherson, and Hamilton

Discussion

The briefing session covered in an open session.

- Housing Strategy
- Hamilton Heritage Plan Review

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

1. Housing Strategy

The Community Advisor and Senior Policy Analyst explained that the purpose of the presentation was to ensure Members had an understanding of progress made on the strategy and to review the final draft of the strategy. They introduced Mark Lawson (Regional Director, Kainga Ora) who explained the purpose of his role and Kainga Ora’s place-based approach to housing strategy.

Members asked questions in relation to the following:

- areas of Hamilton
- community consultation,
- place-based approach,
- employment,
- intensification,
- new-build pipeline,
- accessible housing,
- inclusionary zoning,
- collaboration of strategies,
- Community Lands Trust,
- advocacy plans,
- Rototuna Village, and
- papakainga and whenua maaori.

Staff Action: Staff undertook to provide information to Members regarding the Community Lands Trust.

2. Hamilton Heritage Plan Review

The City Planning Heritage, Urban Design, Spatial Team Leader explained that the purpose of the presentation was to discuss the findings and staff recommendations concerning the Hamilton Heritage Plan review.

Members asked questions in relation to the following:

- alignment of strategies,
- committee overview and governance process,
- stakeholder relationships and conflict,
- the holistic approach,
- transparency of heritage definitions,
- macro and micro viewpoints, and
- city planning.

Staff Action: *Staff undertook to confirm the reporting process and Committee/Council delegation for the Hamilton Heritage Plan Review.*

Council Report

Item 8

Committee: Council
Author: Tyler Gaukrodger
Position: Governance Advisor
Report Name: Confirmation of the Elected Member Open Briefing Notes - 17 March 2021

Date: 29 April 2021
Authoriser: Becca Brooke
Position: Governance Manager

Report Status	<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 17 March 2021 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Elected Member Briefing Open Notes - 17 March 2021

Elected Member Briefing Notes – 17 March 2021 – Open

Time and date:	2.10pm, 17 March 2021
Venue:	Committee Room 1, Hamilton City Council and Audio Visual Link
In Attendance:	Mayor Southgate, Deputy Mayor Taylor, Crs Pascoe, Bunting, Hamilton, Macpherson, van Oosten, Thomson (via Audio Visual link), Gallagher, Wilson, O’Leary, Forsyth (via Audio Visual link), Naidoo-Rauf (via Audio Visual link) and Maangai Thompson-Evans
Apology for Full Session:	Maangai Rau, Hill, Whetu and Te Ua.
Apologies for lateness/early departure:	Mayor Southgate, Deputy Mayor Taylor, Crs Gallagher, van Oosten, Wilson, Forsyth, Hamilton, Pascoe, O’Leary, Naidoo-Rauf and Macpherson, Maangai Thompson-Evans

Discussion

The briefing session covered in an open session.

- Greater Hamilton Urban Growth Strategy Scope
- Biking and Micromobility Programme

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

1. **Greater Hamilton Urban Growth Strategy Scope**

The Growth Programmes Manager explained that the purpose of the presentation was for Members to outline the scope and timeline of the Greater Hamilton Urban Growth Strategy project.

Members asked questions in relation to the following:

- increasing infrastructure demand;
- Hamilton City boundary;
- providing services across district boundaries;
- strategy planning length;
- barriers to growth;
- capacity to implement the strategy;
- ability for Council to purchase investment land;
- future-proofing infrastructure; and
- timeline of strategy development.

2. **Biking and Micromobility Programme**

The Transport and Urban Mobility Programme Delivery Lead and a City Transportation Consultant explained that the purpose of the presentation was to outline the draft programme and gain feedback regarding key connections, timeline, and public engagement.

Members asked questions in relation to the following:

- previous direction from Members;
- future river crossings;
- reducing road speeds;
- external funding;
- infill and urban development;
- visibility of modeshift progress;

- footpath accessibility;
- school zones;
- implementation timeline and prioritization;
- previous Council policy;
- additional traffic lights on Crosby road; and
- public transport prioritization.

Item 8

Attachment 1

Council Report

Item 9

Committee: Council

Date: 29 April 2021

Author: Amy Viggers

Authoriser: Becca Brooke

Position: Governance Team Leader

Position: Governance Manager

Report Name: Chair's Report

Report Status	<i>Open</i>
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Recommendation - *Tuutohu*

That the Council:

- a) receives the report; and
- b) notes Maangai Hemi Rau's resignation and the subsequent reappointment process.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Chair's Report



Chair's Report

Item 9

At the moment Council's primary focus is on the Long-Term Plan, for which we will begin deliberations on 4 May, as well as the public engagement on Maori wards, which runs until 10 May. I know lots of work – from Elected Members and staff – is going into those workstreams, and I'm grateful for that. But business as normal continues alongside this, and we have a busy agenda for this Council meeting. Some of the issues will flow into the Long-Term Plan; others will have their own timeframes.

The item I would particularly like to focus on in this chair's report is the three waters reform programme update. There is a clear case for change in this area, in the interests of delivering the best service to our ratepayers at the best cost. A number of us attended a workshop run by DIA in Rotorua last month where we heard more about the Government's thinking and had an opportunity to provide early feedback. We now await details of the Government's plans in Cabinet papers in May and June. The time for us as a Council to make decisions will be between August and November.

In the meantime, we are working with other Councils in the Waikato/Bay of Plenty Consortium to position ourselves to have all available information and to be as ready as possible to be able to respond to the proposals. A reference group consisting of myself, all Chairs and key staff has been set up to enable us to consider matters in detail, and I will be seeking meetings with Ministers, Iwi and other key partners and stakeholders too. There will be lots of opportunity for Council to debate the issues once the Government's proposals are clear, and there is a clear decision point for us. For now, the item before us at this meeting is an interim update on what we know so far.

Finally, on 6 April I regretfully received Maangai Maaori Hemi Rau's resignation as a member on the Finance Committee and the Strategic Risk and Assurance Committee. All Councillors are familiar with the circumstances of Hemi's resignation. As I said at the time, although I understand Hemi's frustration and respect his decision, I am saddened by it. I would like to acknowledge and thank Hemi for his contribution and service to the City in his role as Maangai Maaori. As outlined in the overarching Kawenata between HCC and Waikato Tainui TROK, the responsibility for nominating Maangai Maaori sits with Waikato-Tainui. The Kawenata is attached to this report for your reference.

Recommendation:

That the Council:

- a) receives the report; and
- b) notes Maangai Maaori Hemi Rau's resignation and the subsequent reappointment process.

Paula Southgate
Mayor Hamilton City

Attachment 1

Council Report

Committee: Council **Date:** 29 April 2021
Author: Paul Bowman **Authoriser:** Jen Baird
Position: Team Leader - City Planning **Position:** General Manager City Growth
Report Name: Central City Transformation Plan (CCTP) Refresh - Approval

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

1. To seek the Council's approval of the Central City Transformation Plan Refresh document, which was endorsed by the Central City and River Plan Advisory Group at its 11 March 2021 meeting.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:
 - a) receives the report; and
 - b) approves the Central City Transformation Plan Refresh document (**Attachment 1** of the staff report).

Executive Summary - *Whakaraapopototanga matua*

3. The Hamilton Central City Transformation Plan Refresh (CCTP Refresh) has been developed in collaboration with the Central City and River Plan Advisory Group (Advisory Group).
4. The purpose of the Advisory Group is to provide recommendations to Council on matters relating to the Hamilton central city area and river precinct, including strategic initiatives, plans, projects and potential developments.
5. The Advisory Group endorsed the draft CCTP Refresh at their meeting of 11 March 2021 and now seeks the Council's approval of the document.
6. The CCTP Refresh establishes an exciting 30-year vision that sets the direction for the future of the city centre.
7. It builds on the previous CCTP 2015 document and is a chance to look at the city with a fresh perspective and ideas for the future. It is a high-level, visionary document that sets a lasting narrative in which to guide development and outcomes so that the central city becomes a place where people love to be.
8. The CCTP Refresh identifies opportunities and challenges experienced in the city centre by describing the existing context for change and identifying seven key outcomes with supporting design interventions which aim – over time – to transform the city into a more inclusive, vibrant and prosperous place.

9. This report provides a summary of the CCTP Refresh document (see **Attachment 1**) and feedback received since the first targeted stakeholder engagement in May 2020, up to the last Advisory Group meeting on 11 March 2021. It includes updates on:
 - i. CCTP Refresh vision and outcomes
 - ii. key design initiatives – what we want to achieve
 - iii. key central city projects.
10. Staff and consultants have worked on the final CCTP Refresh between December 2020 and March 2021 to enable it to align with and be informed by 2021-31 Long Term Plan (LTP) central city discussions.
11. Staff request that CCTP Refresh to support ongoing engagement for the central city as a strategic priority of Council – shaping a central city where people love to be.
12. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Background - *Koorero whaimaarama*

13. The purpose of the CCTP Refresh is to update the existing CCTP and develop an overarching spatial framework that identifies a vision, outcomes for the city and clear design initiatives to achieve those outcomes over a 30-year period.
14. The intention of the CCTP Refresh is to become a live and operational strategic document to align and coordinate short-, medium- and long-term projects during successive LTP delivery cycles, starting with the 2021-2031 LTP.
15. A programme management approach is now being adopted by the Council; the Central City Programme Manager will oversee – in conjunction with the relevant cross-organisational units – the delivery and implementation of those central city projects approved by the Council.
16. Phase 1 targeted stakeholder engagement on the draft CCTP Refresh was undertaken in May 2020 during lockdown; feedback was reported to the Advisory Group in June 2020.
17. The CCTP Refresh report of 15 June 2020 informed the Advisory Group on the first draft design principles and strategies for this document, and internal and external feedback received on these during Phase 1 stakeholder engagement.
18. Key transport aspirations for the central city, design strategies and indicative LTP draft central city project lists were reported to a special CCTP Refresh drop-in session for Elected Members on 3 August 2020.

Discussion – *Matapaki*

Targeted stakeholder engagement

19. Since May 2020 there have been two phases of targeted stakeholder engagement to help inform the CCTP Refresh. Stakeholders have been asked what currently works and what could be done better in the central city.
20. Overall, stakeholders strongly supported the intent of the CCTP Refresh. Feedback consistently recognised the importance of Council having a guiding strategy for the central city and for this to be holistic and more people-focused. Feedback emphasised the need to promote diversity of activities and people, and what makes Hamilton unique in term of its identity.
21. There is a clear expectation that the CCTP Refresh will be both aspirational and action-focused; that the CCTP's vision, principles and strategic spatial framework are matched with a tangible delivery framework that will bring about change.

22. Stakeholders also wanted the CCTP Refresh to align with and support existing Council strategies and plans, including the River Plan, Play Strategy, West Town Belt Masterplan, Access Hamilton and City Safe Plan.
23. In Phase 1 of stakeholder engagement, the majority of respondents supported and understood the importance in setting the direction for the city. Key suggestions included clarification of intent and a more balanced reflection of the four wellbeings, in particular:
 - a) A walkable city centre and the 20-minute neighbourhood;
 - b) The natural environment, climate action and a sustainable city;
 - c) Access for all and a child-friendly city centre;
 - d) Economic development and investment;
 - e) Heritage values and the unique characteristics of the city centre; and
 - f) The role of the arts and creative sectors.
24. Further Phase 2 targeted stakeholder engagement was undertaken in September 2020 to refine those key principles identified.
25. The findings from the Phase 2 engagement, LTP discussions and the Council's new five strategic priorities informed the final CCTP Refresh document that was endorsed by the Central City and River Plan Advisory Group on 11 March 2021 (see **Attachment 1** to this report).

Member feedback

26. At an August 2020 drop-in session, Members sought to:
 - i. refine the vision to capture the essence/feeling of a transformed central city in a simple, memorable way;
 - ii. treat the central city as a growth cell; important to attract people to live in the city (make it a place where people want to be);
 - iii. consider how we include/connect to Hamilton East and Frankton (the original Hamilton);
 - iv. achieve connectivity on either side of the theatre and through to the museum, as well as between the museum and central city;
 - v. prioritise the Anzac and Claudelands Bridge projects earlier as they are major arteries in and out of town;
 - vi. support the pedestrian bridge with external funding – could this help mitigate some of the Anzac Bridge issues?;
 - vii. establish how we can best work the 'events triangle' between Claudelands, the Stadium and the new theatre – our biggest recreational assets;
 - viii. rethink Caro St and Alexandra St – they're connected;
 - ix. work closely with the development community. If they see the Council stepping forward and making commitments in this space, then they'll move. Where/what are the win-win examples?
 - x. ensure cultural aspects are integrated and reflected as part of our identity. Important to have an all-inclusive view/representation of heritage; our variety of races, women, our diverse communities, etc;
 - xi. take the Metro Spatial Plan into account – we will be a regional CBD as well; and
 - xii. ensure we always have the bigger picture in mind when prioritising projects – what are our long-term aspirations and outcomes? How does each project fit into our 3, 5, 10-year story?

27. Following the drop-in session, Members were asked to prioritise their preferred CCTP Refresh project list to deliver on the overarching central city outcomes.
28. Feedback from Members highlighted that the riverfront is a priority focus area for projects, with the Waikato Regional Theatre and improvement to public realm surrounds in Embassy Park and Sapper Moore-Jones Place. Also highlighted as priority areas were:
 - i. Ward and Rostrevor Innovating Streets pilot projects;
 - ii. upgrades at the Museum entrances;
 - iii. a Hamilton Gardens jetty upgrade;
 - iv. scoping development options for Victoria Street Buildings; and
 - v. a pedestrian and cycle bridge.
29. In the medium term, a Worley Place study was supported, as was a Boyes Park open space upgrade for the Founders Theatre site. This project is also identified as part of the West Town Belt Plan. Future Anglesea Street public transport and biking infrastructure upgrades and northern residential and mixed-use precincts are other projects identified.
30. Since the last Advisory Group meeting on 11 March 2021, there has been a focus on progressing key short term projects and ensuring Members have a clear view of the overall programme, projects and their associated costs as they move into LTP deliberations and consultation.
31. The ability to see projects spatially over time helps bring a more holistic narrative to what is being done in the central city space and how these projects deliver on the wider vision rather than being viewed in isolation from each other.
32. It should be noted that while all projects identified in the CCTP Refresh align with the draft 2021-2031 LTP consultation document, this report has been completed prior to receiving feedback following close of LTP consultation and receipt of submissions.
33. To encapsulate the feedback from Elected Members and the targeted stakeholder engagement, the CCTP Refresh document has developed a new vision:

‘A vibrant and accessible river city thoughtfully designed around people, culture and the natural environment’.

This vision supports the Council’s strategic priority of shaping a central city where people love to be.

How have we refreshed the CCTP?

34. With this new vision, the CCTP Refresh embeds social, cultural and environmental wellbeings so they are just as significant as the contribution to city centre economics.
35. The CCTP Refresh has ensured that mana whenua and Te ao Māori are present within the document as a key driver for outcomes and through the reflection of values and principles.
36. The document has introduced a spatial framework to guide where change needs to occur and how everything fits together as a programme to invest in transformation for the city centre.
37. It also strengthens the 20-minute neighbourhood concept to use this as a grounding principle for access to and around the city centre, which will align with forthcoming National Policy Statement – Urban Development (NPS-UD) work.
38. It aligns with LTP discussions on what is likely to be achieved in the short term, although – importantly – the CCTP Refresh should not be constrained by these discussions given its long-term transformational aspirations.

Strategic context

Hamilton Waikato Metropolitan Spatial Plan (MSP)

39. The Hamilton Waikato Metropolitan Spatial Plan (MSP) is a vision and framework for how Hamilton and the neighbouring communities within Waipa and Waikato districts will grow and develop over the next 100+ years, creating one of the most liveable places in New Zealand. Within the MSP, Hamilton city centre is identified as the regional centre for the metro area.

A 20-minute city

40. A 20-minute city is about creating liveable neighbourhoods with local access to amenity that is important to residents. It's also about linking existing destinations, facilities, places of work and education with safe walking, cycling and public transport connections so our residents can safely access most of the things they need within 20 minutes.

Hamilton City Long-Term Plan 2021-31

41. The Long-Term Plan (LTP) sets out five long-term priorities for Hamilton over the next decade. These priorities reflect what the Hamilton community has said is important to them, their families and their neighbourhoods. It will provide strong direction to address the needs of our community, our economy and our environment and for:



42. These priorities identify areas of focus for the Council and community over the next 10 years. While the LTP timeframe (10 years) is shorter than the CCTP timeframe (30 years), it is important to recognise the alignment and influence these have and will continue to have in the central city.

National Policy Statement – Urban Development (NPS-UD)

43. The NPS-UD directs local authorities to enable greater housing supply and ensure planning is responsive to changes in demand. High-density development in the city centre and fringe suburbs can meet the diverse needs of communities and encourage a well-functioning liveable and walkable urban environment.
44. The additional Council-wide strategies relevant to the central city are set out in the CCTP Refresh document in **Attachment 1** (refer Strategic Context section).

Seven CCTP Refresh outcomes

45. The CCTP Refresh outlines seven place-shaping outcomes aligned with the Council's agreed community outcomes and developed with key stakeholders and community. It sets out what we want to achieve for each outcome, how we can achieve this and includes a spatial outcomes map in which to locate these projects.
46. These outcomes will shape the overall strategic direction for the city centre and its relationship with the Waikato River waterfront and support the key design initiatives and associated projects identified in this document:
- i. Kirikiriroa - Our Place;
 - ii. A place to call home;
 - iii. A playful city;
 - iv. A home for diversity;

- v. A well-connected city centre;
- vi. A blue-green city centre; and
- vii. A prosperous economy.

Kirikiriroa – Our Place

- 47. The CCTP Refresh will shape the future by looking to the past, drawing on Maaori culture, historic heritage and existing character to shape the future identity of the city centre. The story of Kirikiriroa will be told through the design and development of the public realm and supported by embedding Te Ao Maori values into the urban environment.

A Place to Call Home

- 48. Increasing the number of people living in the city centre is part of the requirement of the NPS-UD work. Providing great places and services to support them is a key driver for the CCTP Refresh.
- 49. Providing for all the things we know make our communities and neighbourhoods great within close proximity, as well as supporting opportunities for different typologies and tenure to improve housing affordability is a focus of the CCTP Refresh.

A Playful City

- 50. Play opportunities for children and adults help to contribute to vibrant, lively cities and increase opportunities for social interaction within communities to help create a more inclusive, culturally-aware and socially-accepting Hamilton for all ages and abilities.

A Home for Diversity

- 51. Hamilton City Centre will continue to be a place that is accessible and engaging to those that live in Hamilton and those who visit. Providing experiences and spaces that attract diverse user groups and offer unique opportunities will support a city centre that is inclusive and welcoming.

A Well-Connected City Centre

- 52. The CCTP Refresh aims to enable safe, efficient and sustainable travel options to improve access into and around the city centre and surrounding suburbs like Frankton and Hamilton East. Quality public transport, walking, cycling and micro-mobility options need to increase, while private motor vehicle trips need to decrease over time.

Blue-Green City Centre

- 53. There need to be improved connections between the city and the river that create new natural connections between the West Town Belt and the river. The CCTP Refresh encourages a network of quality public spaces and increased percentage of open and public space in the city centre.

Prosperous economy

- 54. The CCTP Refresh aims to define a more obvious city core to localise commercial development within a specific area and design streets and public spaces to support connectivity, job density and quality of life.

Summary of project initiatives

- 55. Project initiatives (previously called 'key moves') set out what outcomes the CCTP Refresh aims to achieve and how to achieve them. For example, which streets should have public realm upgrades or be trialled for tactical urbanism projects and which sites should be encouraged to have active ground floor frontages or laneways to open up the riverfront or create shared spaces.

56. Some projects are not necessarily capital projects – they may include strategic operational scoping studies that explore what we do with Council-owned land or buildings. Other examples might include changes to the regulatory setting of the District Plan to provide for more density or greater variety of housing typologies.
57. The full list of project initiatives that will help deliver on the outcomes of the plan in the short, medium and long term are set out in detail in Part C of the CCTP Refresh (**Attachment 1**).

Draft transport aspirations and principles

58. To inform the iteration of project initiatives and specifically how we deliver on the key transport outcomes proposed for a well-connected city centre, staff have agreed a set of central city transport aspirations and principles.

Central city transport aspirations

59. We would like transport that:
 - i. puts people at the heart;
 - ii. provides choice and is inclusive;
 - iii. is responsive, flexible and resilient;
 - iv. is safe, pleasant, appealing, comfortable and convenient;
 - v. creates connection;
 - vi. supports health and wellbeing (people, environment and landscape);
 - vii. contributes to the identity of the place; and
 - viii. supports the city centre being the primary experience where people want to be part of the energy of the place (live, work and play).

Central city transport principles

60. Our transport network and corridors:
 - i. reinforce the central city as the key metro destination;
 - ii. integrate movement and place to reflect character and identity;
 - iii. are functional, resilient and enjoyable;
 - iv. provide a range of viable, accessible travel options;
 - v. enhance the wellbeing of the city centre, its people and the environment; and
 - vi. foster social interaction and make good places for people.
61. These aspirations and principles will inform the CCTP Refresh movement framework and the travel options to improve access into and around the city centre. They will also feed into the Council's Central City Parking Management Plan and future refresh of the city transport strategy, Access Hamilton.

Delivering on CCTP Refresh

62. Council's Central City Place Manager is developing a programme management plan with staff. This plan will be used for project delivery and will weave all the existing and future identified projects within the central city together to build a comprehensive and cohesive view of the central city. Many of the proposed capital projects are dependent on LTP funding and final decisions.
63. In completing a programme management plan, the Council can start to outline an implementation and delivery framework: what happens, when and how.
64. This framework will help deliver on the strategic priority – shaping a central city where people love to be.

CCTP Refresh timeline

65. The table below shows CCTP Refresh document delivery timeline, its alignment with first cut projects for LTP Business Case and subsequent LTP engagement.

First round of workshops with Advisory Group	February 2020
Draft CCTP Refresh principles and key design moves presented to Advisory Group for comment	April 2020
Phase 1 – Targeted Stakeholder Engagement: to test vision, principles, key design moves and identify some key public space projects	May 2020
Feedback collated; workshop with Advisory Group	June/July 2020
Draft of CCTP Refresh with identified priority options for LTP consideration presented to Advisory Group and approval for Phase 2 Consultation	17 August 2020
Phase 2 – Consultation on draft document	September 2020
Advisory Group updated on Phase 2 – feedback	12 October 2020
Final draft of CCTP Refresh document presented	30 Nov 2020
Final draft CCTP Refresh endorsed by Advisory Group	March 2021
Council adopts CCTP Refresh	29 April 2021

Next Steps

66. By the time this report is received, Elected Members should have a clearer view of the overall CCTP Refresh programme, projects and their associated costs as they move into LTP deliberations following the close of LTP feedback received from the community.
67. Staff intend to use the adopted CCTP Refresh document to inform and guide ongoing engagement on the vision for the central city as a strategic priority of Council.
68. The CCTP Refresh document will further inform preparation of more detailed District Plan changes as part of the NPS-UD plan change programme in 2021/22.
69. A concise executive summary document of the full CCTP Refresh in **Attachment 1** will be prepared and made available both online and in hard copy for internal and external stakeholders.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

70. 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 4 wellbeings').
71. 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.
72. The recommendations set out in this report are consistent with that purpose.

Social

73. The CCTP Refresh establishes a new vision, refocus and refining of the approach from the 2015 CCTP. We've retained the focus on putting people first and have continued the conversation around increasing economic prosperity for Hamiltonians to benefit from and contribute to.

Cultural

74. The CCTP Refresh document endorses the River Plan's cultural identity objectives and embraces opportunities for cultural storytelling in wider central city projects, the public realm and built developments. It will ensure that tangata whenua are part of the CCPT and its implementation.
75. The outcomes identified in the document have been discussed with Te Ngaawhaa Whakatupu Ake comprising Te Haa o te Whenua o Kirikiriroa (THaWK) and representatives of Waikato-Tainui and Te Runanga o Kirikiriroa.
76. The CCTP Refresh outcomes align with *He Pou Manawa Ora Pillars of Wellbeing*, the recent draft strategic plan outlining the Council's vision for a city that celebrates its rich history, special Maaori heritage and natural environmental wonders.

Economic

77. A better understanding of an agreed vision and value proposition for the central city area, its public spaces and key development opportunities will help attract business, grow the city's economy, aid potential public and private investment and help prioritise future funding decisions and business cases.

Environmental

78. A cornerstone of the plan is to better connect the central city to the river. The plan aligns with The Waikato Tainui Raupatu Claims (Waikato River) Settlement Act 2010 and supports the direction of planning documents to restore and protect the health and wellbeing of the Waikato River for future generations.

Risks - *Tuuraru*

79. There are no known risks associated with this report although stakeholders' expectations of what a refreshed CCTP will deliver in light of LTP funding availability needs to be managed; also, what is in scope and out of scope needs to be clearly understood.

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

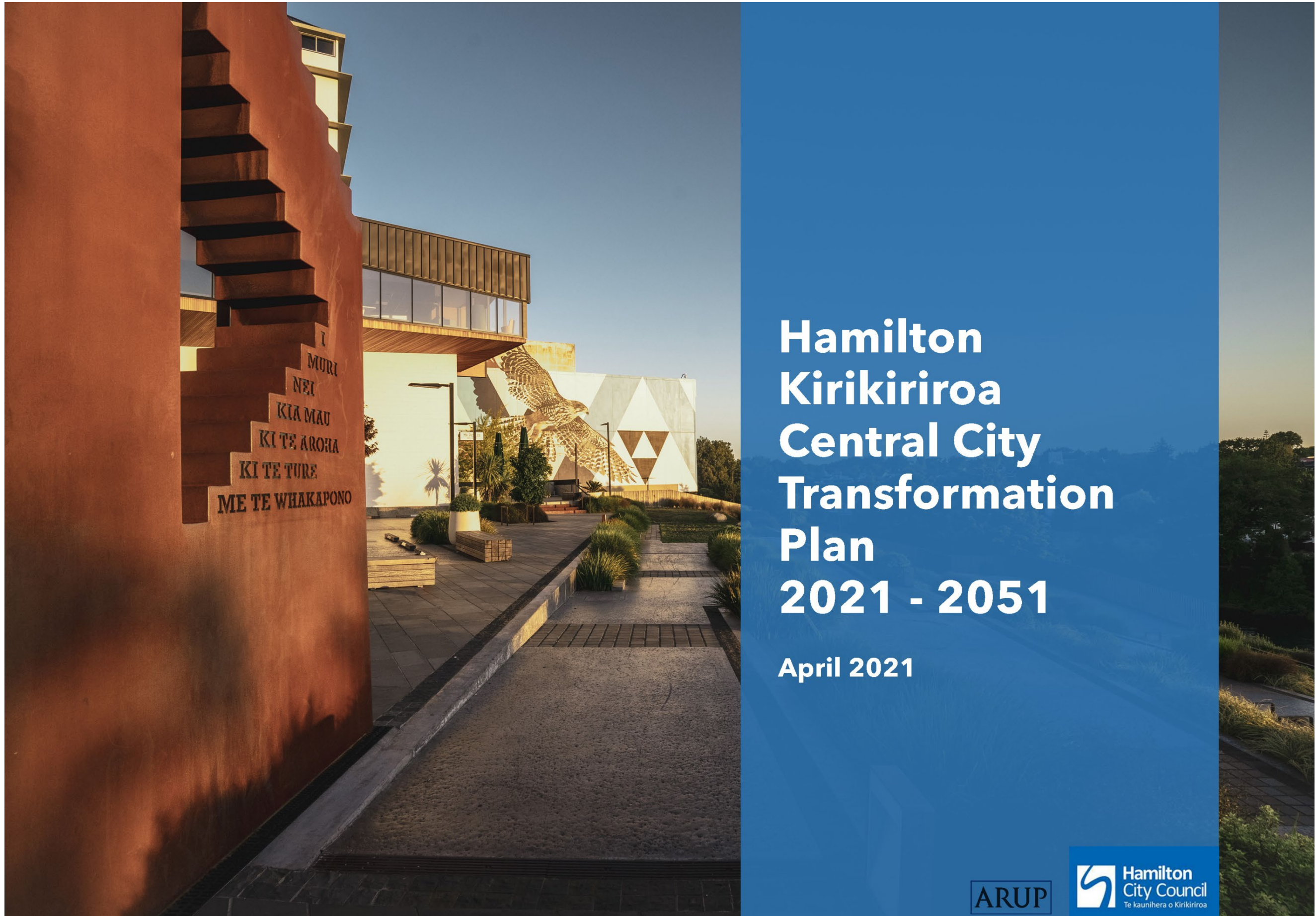
80. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

Engagement

81. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Central City Transformation Plan (CCTP) Refresh Document



Hamilton Kirikiriroa Central City Transformation Plan 2021 - 2051

April 2021

ARUP

 **Hamilton
City Council**
Te kaunihera o Kirikiriroa

Document information	
Document Title	Hamilton Central City Transformation Plan Refresh
File Name	Hamilton CCTP
Date Issued	5 March 2021

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Review	21 January 2021	Workshop with HCC
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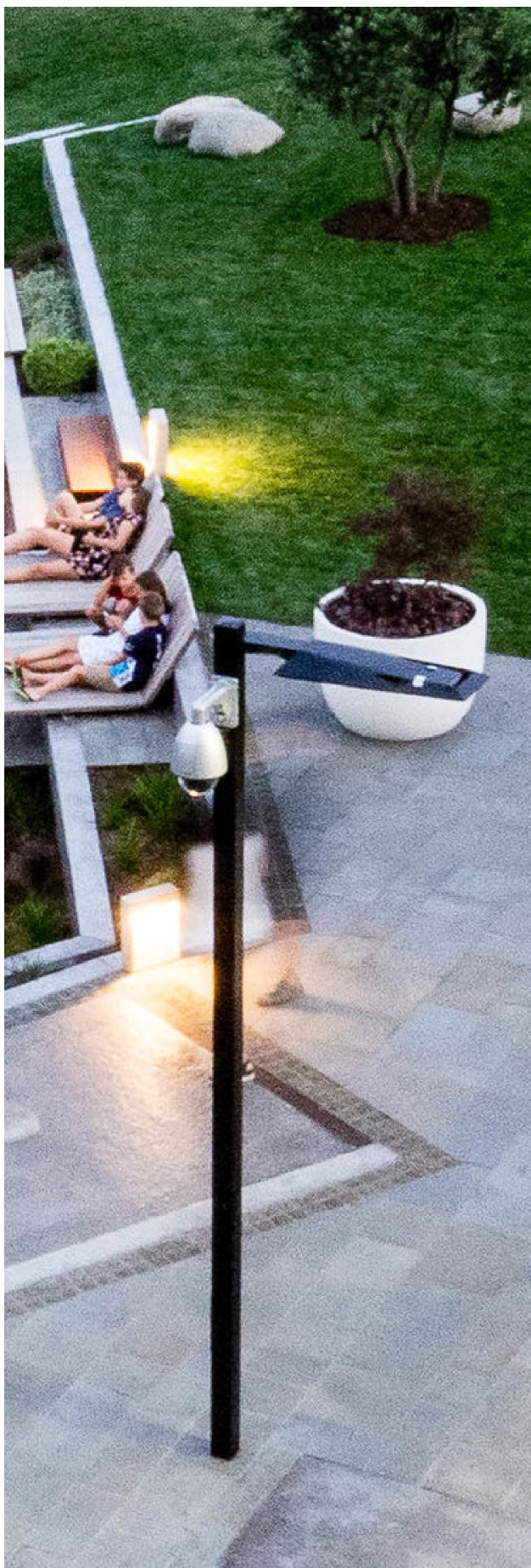
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Executive Summary

We want our central city to be the beating heart of Hamilton Kirikiriroa which always has something going on for our diverse communities to come together and enjoy. The Central City Transformation Plan (CCTP) highlights all of the work we’re planning to do over the next 30 years to make this goal a reality.

We’re investing in our central city, opening it up to the Waikato River, encouraging people to live and work here and making it easy to access and move around in. We are delivering Council’s vision of shaping a central city where people love to be.

We have to say – our future looks very exciting!

The last CCTP, created in 2015, included key projects such as Victoria on the River which have helped transform the central city into a vibrant, prosperous hub. But over the last six years the central city has changed.

Residential populations are on the rise, and significant investment has gone into infrastructure and development projects. The CCTP 2021 refocuses and refines the CCTP 2015 to establish a new vision and outcomes to successfully guide the transformation of the central city.

The CCTP is a key part of making sure we have – what we need within our central city for people and businesses thrive. We want a well-connected city that is easy to explore and live in, as well as to attract business and investments.

The CCTP aspires towards seven place-shaping outcomes:

- **Hamilton Kirikiriroa:** Drawing on contemporary Maaori culture, built heritage and existing character to shape the future of the central city, telling the story of Hamilton Kirikiriroa through the design and development of the urban environment.
- **A Place to Call Home:** Encouraging and enabling residential growth in the central city, ensuring high-density living and safety is integrated with the urban realm that supports the activation of the central city across the day and night.

- **A Playful City:** Re-imagining Hamilton through the lens of play, creating spaces that are inviting, vibrant, lively and increase opportunities for social interaction and foster inclusivity within communities.
- **A Home for Diversity:** Ensuring Hamilton central city is accessible and engaging to all, welcoming and providing for all people.
- **A Well-connected Central City:** Improving access and mobility within and to Hamilton central city and fringe suburbs, encouraging the use of active and public transport and shifting away from private vehicle dominance.
- **Blue-Green Central City:** Enhancing and increasing quality of and access to Hamilton central city's blue-green network, enhancing resilience, ecology and biodiversity and improving the health and well-being of residents.
- **Prosperous Economy:** Providing spaces, support, and facilities to attract and meet the needs of employers to enable the central city to be an ideal location to establish, grow or relocate a business.

We’re shaping a city that’s easy to live in, explore and connect. The central city will be a place where children and young people are just as welcome as adults, with time and spaces to play and meet, and safe routes and spaces for people of all ages and abilities.

People will be welcomed into lively, safe, urban communities with shared identities and public facilities such as libraries, playgrounds and community hubs. There will be more housing, more business opportunities and more events. Our city centre will be a hive of activity – day and night.

By utilising our beautiful surroundings, the central city environment will make it easy for us all to look after our mental and physical health and allow us to support biodiversity and sustainable waste management.

We can’t wait to make Hamilton even better!

Importance of iwi in the CCTP

Enabling and supporting the environmental, economic and social aspirations of mana whenua is fundamental to the success of the CCTP. Embedding Maaori cultural and wellbeing considerations and the Principles of Te Tiriti o Waitangi in the development of Council strategies, plans and policies and the inclusion of Maatauranga Maaori considerations in reports and recommendations will help achieve better environmental, social, cultural and economic outcomes for all Hamiltonians.

Waikato Tainui alongside the five hapuu of Ngaati Maahanga, Ngaati Tamainupoo, Ngaati Wairere, Ngaati Korokii Kahukura and Ngaati Hauaa have traditional historic ties to Hamilton Kirikiriroa. Hamilton City Council is committed to honouring the Principles of Te Tiriti o Waitangi through a relationship with Kiingitanga, Waikato-Tainui, mana whenua and maataa waka underpinned by partnership, participation, protection and prosperity.

Engagement and working in partnership with mana whenua is instrumental to celebrating Hamilton-Hamilton Kirikiriroa's rich history, special Maaori heritage and natural environment. The city's Maaori history and stories connecting the Waikato River, the landscape and the people can be woven into the design of spaces and places.

Through a partnership approach the natural and physical resources of the city can be better managed for future generations, better health and wellbeing outcomes can be realised and Maaori art, culture and te reo can be seen, celebrated and heard throughout Hamilton-Hamilton Kirikiriroa. Iwi and mana whenua already provide advice to Council on a broad range of planning and cultural issues that contribute to city growth, attract visitors, protect the city's heritage and enhance the environment. As the city and it's Maaori population grows engagement with iwi and mana whenua will only increase.

Mana whenua have economic, social, cultural and environmental interests and opportunities associated with development and urban design in Hamilton's central city. Involvement early and regularly in projects is instrumental in protecting and enabling mana whenua and maataa waka interests in a holistic manager and facilitating long-lasting collaborative relationships.





Introduction

Transforming the heart of Hamilton

The Hamilton Central City Transformation Plan (CCTP) is an exciting 30 year vision for our central city. It brings a fresh perspective and adds new ideas to the wealth of possibilities for the central city, and builds on the last CCTP to look at what we can begin to plan for, design and implement today.

The CCTP identifies seven outcomes to create an inclusive, vibrant and prosperous central city, and also considers the opportunities and challenges and existing context for change.

The CCTP should be read in conjunction with the Hamilton City River Plan, which focuses on the Waikato River's part in enhancing the central city, and the central city's relationship with the river. Together these plans shape the transformation of Hamilton's central city into the future.

What's shaping our central city

The key drivers shaping Hamilton central city include:

- Increased population growth in Hamilton city and the Waikato region
- Aligning urban development with the National Policy Statement on Urban Development (NPSUD)
- Improving connectivity with Auckland and Tauranga (Golden Triangle) through faster and reliable regional transport options
- Celebrating the Waikato River and improving water quality and biodiversity
- Protecting and preserving existing open spaces while introducing better quality public spaces for everyone to enjoy
- Responding and improving urban resilience to climate change
- Responding to inequities such as rising unemployment and housing affordability
- Working with iwi as a key partner for shaping the central city, underpinned by te ao Maaori
- Responding to transport issues such as access, congestion and safety to ensure a sustainable transport system
- Encouraging getting around the central city through

pedestrian and cyclist-friendly mode shifts

- Infrastructure costs and planning infrastructure requirements for the future
- Responding to ongoing regional competitiveness and enhancing opportunities for business and tourism

What's new

The last CCTP, created in 2015, included key projects such as Victoria on the River which have helped transform the central city into a vibrant, prosperous hub.

But over the last six years the central city has changed. Residential populations are on the rise, and significant investment has gone into infrastructure and development projects.

The CCTP 2021 refocuses and refines the CCTP 2015 to establish a new vision and outcomes to successfully guide transformation of the central city. The plan:

- Has mana whenua and te ao Maaori present as a key driver for outcomes and reflected in its values and principles
- Remains focused on 'people first', with a continuing conversation around increasing economic prosperity for Hamiltonians to benefit from, and contribute to
- Shows where change needs to occur and how everything fits together as a transformation programme to invest in
- Supports and uses a 20-minute neighbourhood concept as a guiding principle for access to and around the central city
- Sees social, cultural and environmental wellbeings as significant as economic wellbeing

Assumptions

The plan is based on the following assumptions:

- An increase in central city workers
- Increased demand for housing in the central city
- Adequate stormwater, wastewater infrastructure and water supply for the central city
- Alignment with the Access Hamilton Transport Strategy (as it is developed)



Part A Introduction

Strategic Context

Four Wellbeings

The Four Wellbeings take a broad role in promoting the social, economic, environment and cultural wellbeing of communities and embedding a sustainable development approach. The CCTP recognises the four wellbeings - social, economic, environment and cultural - for communities, and the Council's role in lifting people's quality of life and improving the health of our environment.

Hamilton Waikato Metropolitan Spatial Plan

The Hamilton Waikato Metropolitan Spatial Plan (MSP) is a vision and framework for how Hamilton City and the neighbouring communities within Waipaa and Waikato districts will grow and develop over the next 100 + years. The plan identifies Hamilton central city as the regional centre for the metro area. A regional centre's role is defined as "a primary commercial, employment, recreational and civic hub with a strong residential function which is provided at a regional scale." It has the greatest diversity, scale and intensity of activities in the metro area.

A 20-Minute City

A 20-minute city is about creating livable neighbourhoods with local access to amenity that is important to residents. It's also about linking existing destinations, facilities, places of work and education with safe walking, cycling and public transport connections so our residents can safely access most of the things they need within 20 minutes.

For the CCTP, this means considering how people access and move around the central city as well as planning for new inner city neighbourhoods that support livability, community and wellbeing. Given the central city is located within many Hamiltonians' 20-minute catchment, well located, reliable, efficient transport and networks are important.

Long Term Plan

The Long Term Plan (LTP) sets out five, long-term priorities for Hamilton over the next decade, reflecting what the Hamilton community has said is important to them, their families and neighbourhoods.

1. Shaping a city that's easy to live in
2. Shaping a city where people thrive
3. Shaping a central city where people love to be
4. Shaping a fun city with lots to do
5. Shaping a green city

While the LTP timeframe of 10 years is shorter than the CCTP timeframe of 30 years, it is important to recognise the alignment and ongoing influence of both of these plans for the central city.

He Pou Manawa Ora - Pillars of Wellbeing

The He Pou Manawa Ora - Pillars of Wellbeing is a strategy which outlines Hamilton City Council's vision for a city that celebrates its special Maaori heritage, rich history, natural environmental wonders and ensures everyone has a voice in developing its future. The pillars are:

1. History
2. Unity
3. Prosperity
4. Restoration

Its aim is to use these pillars to build a proud and inclusive city for the wellbeing of all its people, while recognising the special relationship that Iwi and mana whenua have to Hamilton Kirikiriroa. The CCTP reflects this in our outcomes to enhance the Hamiltonian heritage and identity.

It has been funded through Council's 2020/21 Annual Plan and developed with input from local Iwi, hapuu, maataa waka (Urban Maaori), Council's Maangai Maaori (Maaori representatives), Waikato-Tainui, Te Haa O te Whenua O Kirikiriroa and Te Rūnanga Ō Kirikiriroa.



Existing Context

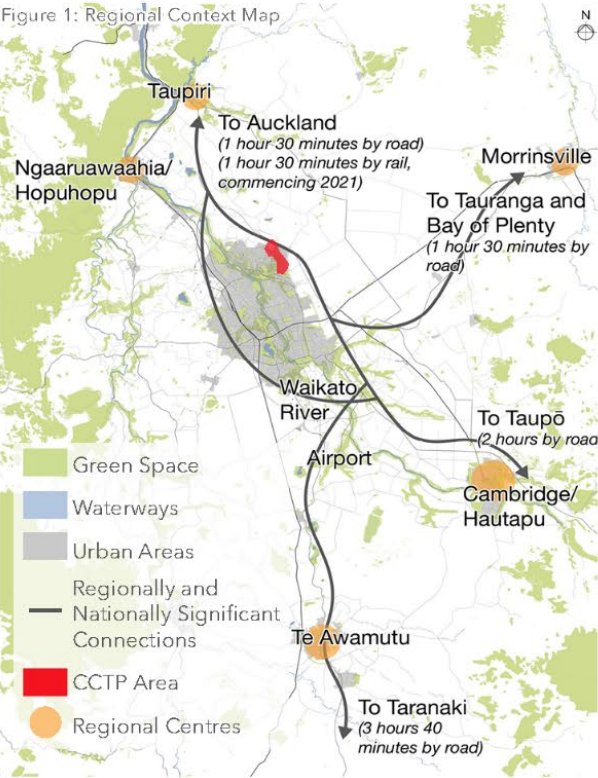
Central city's regional significance

Hamilton, the Waikato region's largest city and one of the fastest growing urban areas in New Zealand, was established as an agricultural service centre.

Hamilton's economy is built off of rural production (mainly dairy) and today the city acts as a service centre for the wider region.

The central city supports the city's diverse urban economy, and also provides services to the entire region.

Manufacturing and retail contribute much to the local economy. Hamilton plays a significant role in supporting the economic golden triangle (Hamilton, Auckland, Tauranga) which generates 52% of the nation's Gross Domestic Product (GDP).`



10 Central City Transformation Plan | April 2021

Hamilton's population of 169,500 is diverse in terms of age, ethnicity and socio-economic background. It has the largest per capita Maaori population of any city in New Zealand.

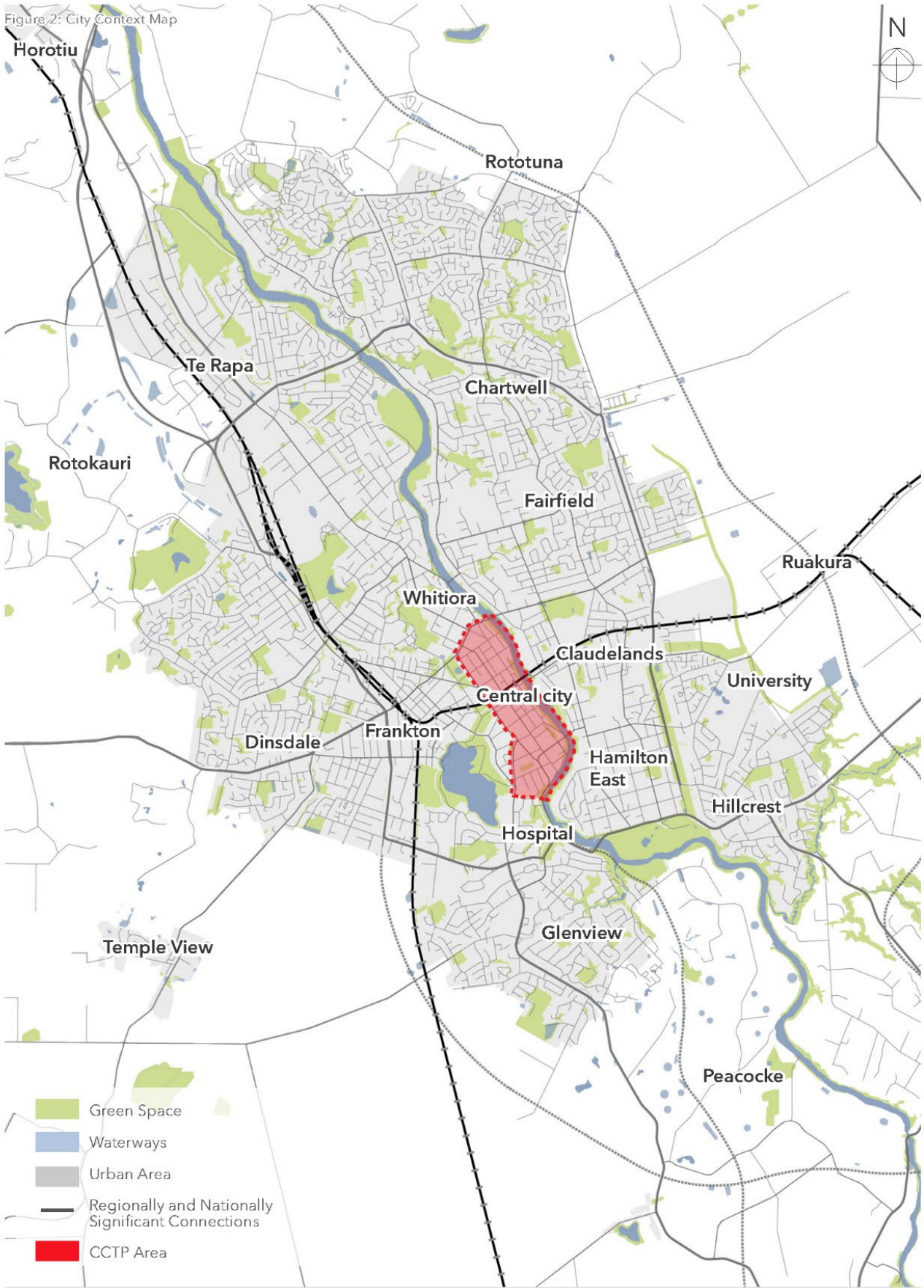
Central city's significance to Hamilton

Success across the entire city relies on the central city including provision for growing business, industry and tourism as well as supporting a growing inner city residential population. Hamilton is strategically situated between the ports of Auckland and Tauranga, and about an hour away from New Zealand's main international airport. The city is serviced with a railway station just a few minutes from the central city and a domestic airport 20 minutes to the south.

The Waikato River is a key feature of the central city, which was originally the site of Maaori paa including Kirikiriroa. Today Kirikiriroa, which refers to the long stretch of gravel along the river's west bank where the city is located, is the Maaori name for the city.

The CCTP embraces the river and recognises it as an asset for everyone while acknowledging its significance for iwi.

The Waikato region's economic wellbeing relies on a prosperous central city. In 2019, the central city contributed an estimated \$2485 million (12.55%) to Hamilton's GDP. It is home to smart thinkers and businesses, mostly in professional, scientific and technical industries, including global companies and emerging local business and enterprise. Many major businesses have offices in the central city, including banking, finance, creative and professional firms, as well as businesses catering to the needs of visitors.`



HAMILTON CITY COUNCIL

Existing Context Map

The baseline analysis provides a high level understanding of the existing transport, environmental, economic, policy/regulatory, social and cultural contexts of Hamilton central city to identify any opportunities and challenges facing the CCTP.

The transport network

Public transport, general traffic and freight movement are mostly road based in the central city and across Hamilton city. Freight and goods are also moved by rail, with the main trunk line running underneath the central city. In Hamilton currently only 2% of peak hour journeys use public transport, which could be increased by improving network and services.

Access and mobility

Hamilton has the highest percentage of vehicle trips within the city of any New Zealand urban centre. Walking and cycling connections are often poor, particularly across the city's bridges. Safety concerns are a significant barrier to improving bike use. The public transport network is comprised of a bus network orientated around the central city transport hub, and commuter trains to Auckland are anticipated to commence in 2021.

Landuse context

The central city is based around a significant service sector which includes health, education, energy and business services and a number of government agencies, and is supported by retail and hospitality businesses and community infrastructure. Residential developments are becoming more commonplace in the central city area. There is a desire to increase residential accommodation quantity and options in the central city, as well as concerns around housing affordability, character and quality in new typology models.

Community context

Hamilton is home to an increasing population with diverse lifestyles and cultures who interact with the area in a variety of ways. It has one of the fastest growing urban Maaori populations, and the Council is working to improve opportunities for Maaori to contribute in the decision making, design and activation of the city area. Fourteen schools and Early Childhood Education (ECE) centres are located within a walkable catchment of the central city area, which is home to a diverse range of community facilities including the Central Library, museum and municipal buildings. The central city lacks end-of-journey facilities, play and recreational facilities, sufficient public toilets and water fountains to support active travel and visitors in key locations.

Blue-green context

Contemporary Hamilton is one of New Zealand's most modified landscapes, with impacts on the quality and quantity of indigenous flora and fauna in the central city area. The Waikato River, the most intensively used river in New Zealand, is impacted by agricultural stormwater run-off, urban areas and sewage treatment plants. Despite this, the river is a key central city recreational site for both on and off-water activities. Hamilton residents have expressed a desire for better access to well maintained, safe and high amenity parks across the city.

Climate change context

Hamilton and the Waikato region are already experiencing the impacts of a changing climate, which over time could increase risks to the central city, its networks, infrastructure and systems, along with the health and wellbeing of the community, economy and environment. Hamilton central city greenhouse gas emissions come mostly from transport, but also from domestic, commercial and industrial energy use, construction of buildings and infrastructure, and waste.

Figure 3: CCTP Study Area Existing Context Map



Central City Snapshot - March 2021

Today

Hamilton's central city, the heart of Hamilton city and the Waikato region, supports the city's economy, business, services and education facilities, and plays a significant role in servicing the wider region.

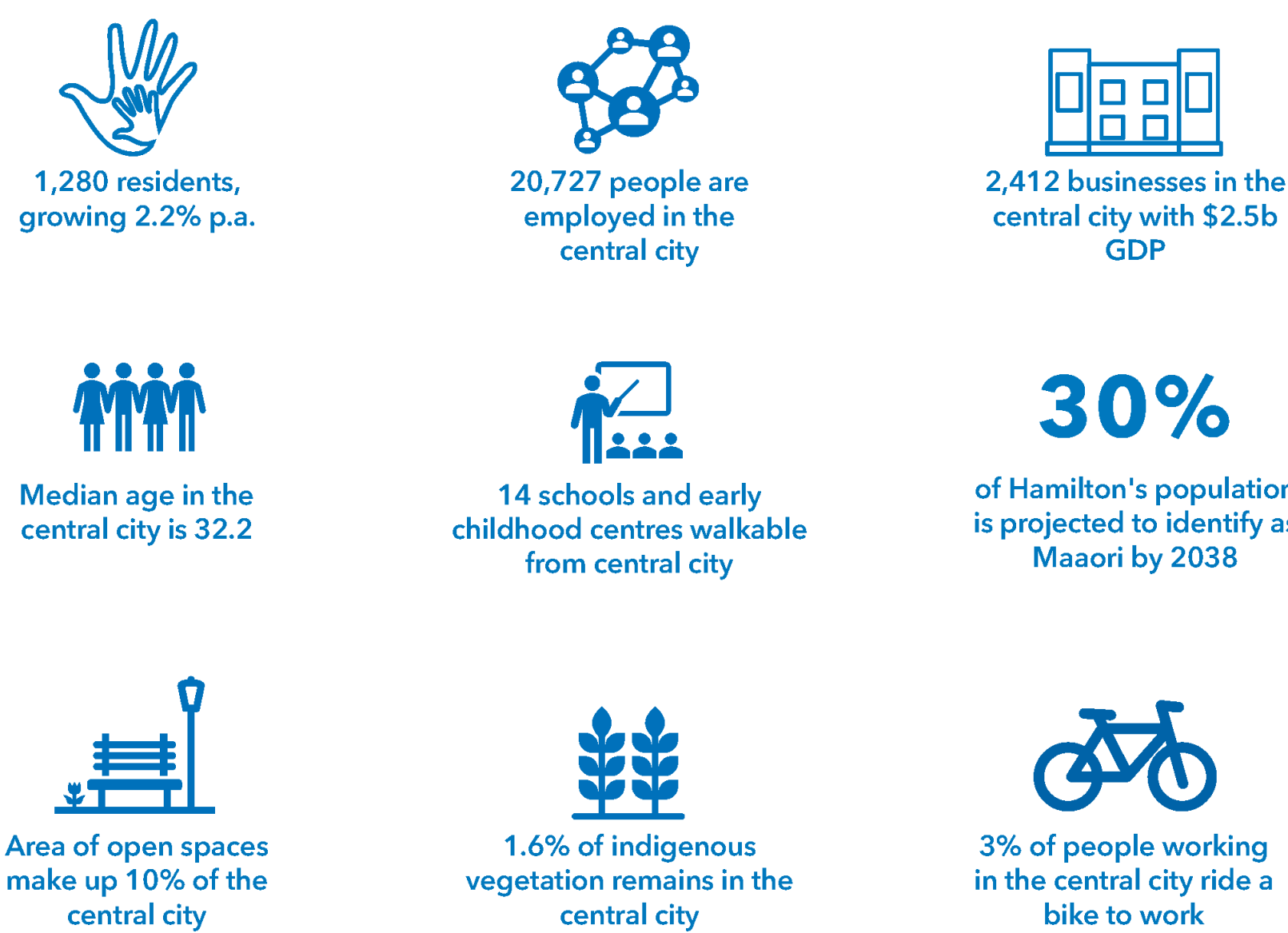
The central city's unique riverside setting, cultural significance, historic heritage, strong retail and shopping experience, tertiary education and diverse entertainment and nightlife underpin its attractiveness for residents and visitors. Over 1280 people currently live in the central city, and 20,727 people are employed in it. Wintec also has around 20,000 students enrolled at its central city campus.

Future

With people at the heart of everything we do we can enhance the successful attributes of the central city to make Hamilton an even better place to be. We can promote a city where creativity, innovation and entrepreneurship are encouraged, Te Ao Maaori is celebrated, the environment is protected and enhanced, infrastructure needs are identified and met, and investment is stimulated through strong business confidence. Our central city will be a vibrant heart for Hamilton, designed around people, culture and the environment with strong transport connections and easy access to our taonga, the Waikato River.

The central city will continue to provide a space for our diverse communities to come together and enjoy, where everyone can gather and enjoy a physical and social environment that reflects the city's unique cultural mix.

The CCTP relies on transport improvements for the central city, reinforcing its role as the key regional centre for the metro area. Access to and around the central city must be reliable, enjoyable, safe and sustainable, enabling better access for all. The transport requirements to achieve this vision are expressed in the Hamilton City Council Access Hamilton Strategy and Biking Plan 2015 - 2045.



Challenges and Opportunities

Challenges

The transport network

- Limited road space for vulnerable road users has led to modal conflict points and exacerbated congestion.
- Private vehicle priority contributes to a hostile and unsafe environment for pedestrians and vulnerable road users.

Access and mobility

- River severance and access to the city and fringe areas is complicated by limited bridge access.
- Road severance particularly on Victoria and Tristram streets limits access for pedestrians and cyclists to the river and to the West Town Belt.

Community

- A number of known and unknown significant heritage sites and sites of cultural significance are located along Victoria Street which need to be carefully considered.
- Dispersed and uncoordinated proposed and new developments located across the CCTP area.

Land Use

- Fragmented land ownership has limited opportunities in some locations.
- Low density central city limits prosperity and commercial opportunities.
- River severance has created distinctive contrast in landuse activities and is a lost opportunity to activate and intensify and provide connections on both sides of the river.

Blue-Green

- The city provides limited public and open space.

Opportunities

Heritage and identity

- Reimagine heritage streetscapes, repurpose and protect built heritage, as well as to enhance wayfinding and storytelling through the Victoria Street Heritage Precinct.
- Utilise new developments and street art projects to embrace cultural identity.
- Enhance the Heritage Trail in response to Heritage Strategy, particularly to celebrate Maaori identity.

Access and mobility

- Improve walking and biking connections between the central city and fringe suburbs such as Frankton, Claudelands and Hamilton East.
- Increase access to and visibility of the river to offer cultural identity and amenity to the central city.
- Create a sense of arrival and identity through gateways to the central city.
- Utilise laneways to divide up longer blocks and to enable pedestrians and cyclists connectivity.

Blue-Green

- Establish a connected green network to improve biodiversity and carbon sequestration.

Diversity for communities

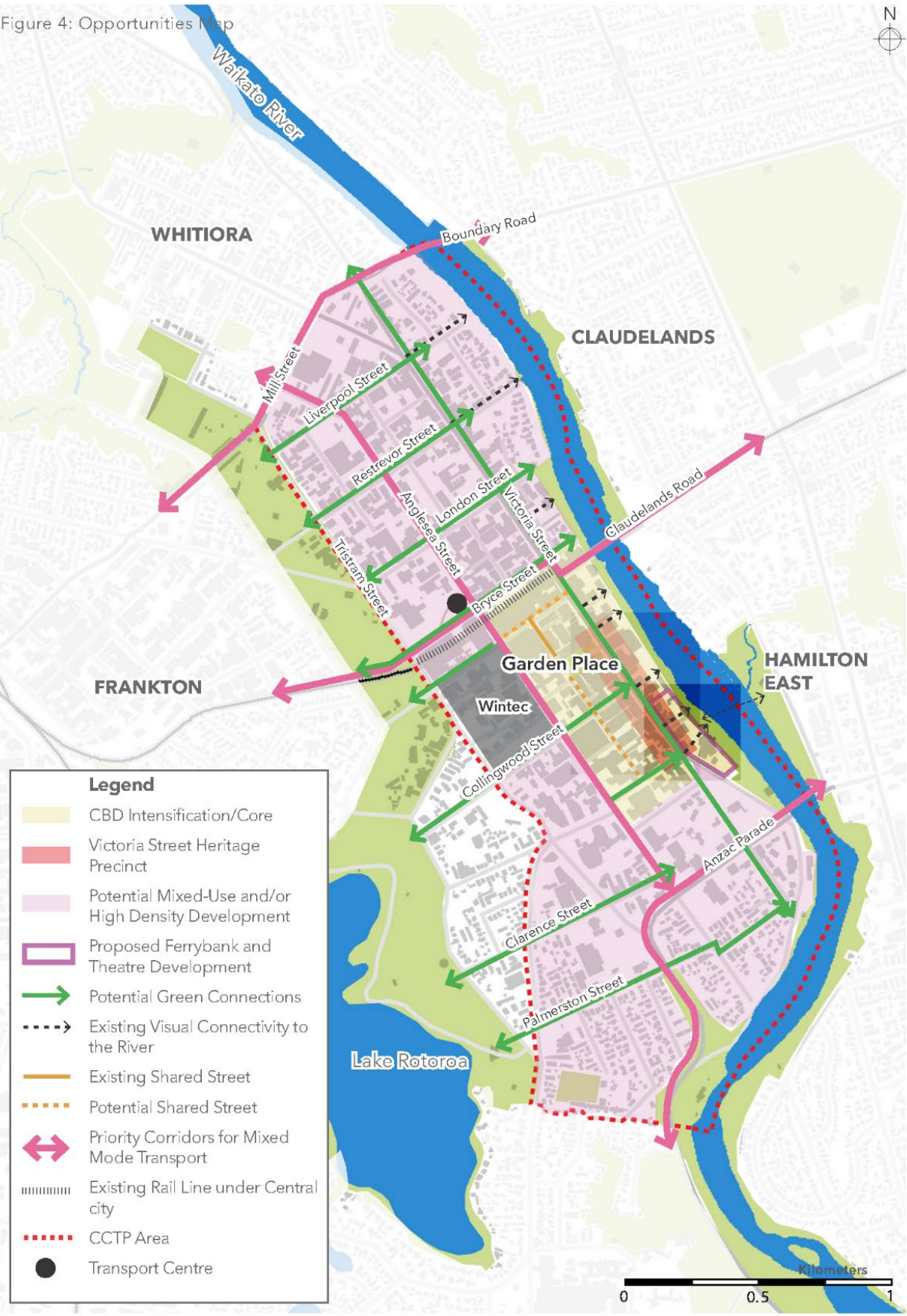
- Increase the number and different housing typologies to attract all people living in the city.

Urban development

- Response to National Policy Statment on Urban Development (NPS-UD) to establish a well-functioning livable urban environment, including increased building heights and density within the central city.
- Refine existing precincts identified in the previous CCTP to drive character, uses and investment across the extent of the CCTP area.

Enhancing economy

- Incentivise retail and commercial development in the central city area through site amalgamation, capitalising on the increased density enabled under the District Plan.







Part B Vision and Outcomes

CCTP 2021 Vision

Shaping a
central city
where people
love to be

Designed
around people,
culture and
the natural
environment

Seven Outcomes

Why we need seven outcomes?

The CCTP is defined by seven place-shaping outcomes which set the overall strategic direction for the central city and its relationship with the Waikato River waterfront and support the associated projects identified in this plan.

This section establishes strategies for implementing the outcomes by identifying what needs to be delivered over the short, medium and long term cycle of the CCTP.



HAMILTON KIRIKIRIROA

Drawing on contemporary Maaori culture, built heritage and existing character to shape the future of the central city, telling the story of Hamilton Kirikiriroa through the design and development of the urban environment.



FUTURE

Maaori identity and built heritage is highlighted, present and celebrated in the central city



A PLACE TO CALL HOME

Encouraging and enabling residential growth in the central city, enabling high-density living and ensuring safety is integrated with the urban realm that supports the activation of the central city day and night.



FUTURE

Compact, liveable, mixed-use and residential neighbourhoods increasing the number of people living in the central city



A PLAYFUL CITY

Re-imagining Hamilton through the lens of play, creating spaces that are inviting, vibrant, lively and increase opportunities for social interaction and foster inclusivity within communities.



FUTURE

Implementing play as a driver for central city projects to increase participation of children and families in the central city



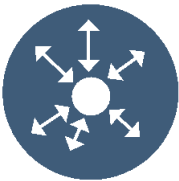
A HOME FOR DIVERSITY

Ensuring Hamilton central city is accessible and engaging to all, welcoming and providing for all people.



FUTURE

Central city caters to all accessibility needs and provides a platform for multicultural identity and events



A WELL-CONNECTED CENTRAL CITY

Improving access and mobility within and to Hamilton central city and fringe suburbs, encouraging the use of active and public transport and shifting away from private vehicle dominance.



FUTURE

Multimodal choices across public transport, micro-mobility and walking and cycling leading to more pedestrian friendly environments



BLUE-GREEN CENTRAL CITY

Enhancing and increasing quality of and access to Hamilton central city's blue-green network, enhancing resilience, ecology and biodiversity and improving the health and well-being of residents.



FUTURE

A network streets and spaces in the central city implementing water sensitive urban design and indigenous biodiversity



PROSPEROUS ECONOMY

Providing spaces, support and facilities to attract and meet the needs of employers to enable the central city to be an ideal location to establish, grow or relocate a business.



FUTURE

A central city that supports and attracts businesses to establish and thrive

Hamilton Kirikiriroa



Actively recognising and celebrating the unique cultural and built heritage of Hamilton central city is key to shaping the place identity of Hamilton Kirikiriroa. While Pasifikaa and European heritage is a dominant part of the Hamilton Kirikiriroa identity, Maaori, the taangata whenua of Hamilton Kirikiriroa is key to driving this outcome through partnership with Council to shape places and spaces that build on the long term identity of Hamilton Kirikiriroa.

Identification and appropriate acknowledgment of built heritage and archaeological sites will help us all recognise and realise Hamilton Kirikiriroa's past, present and future. It is an opportunity to bring all people of Hamilton Kirikiriroa together for mutual benefit and to ensure Maaori, along with all Hamiltonians are a key part of that voice. The celebration of Maaori names, through places, events, resources and articulating the role of taangata whenua is also a critical component of making sense of place connections and for the development of broader understanding and identity through honouring key figures, places, associations and practices.

The CCTP will shape the future by looking to the past, drawing on Te Ao Maaori world views, built heritage and existing character through the design and development of the public realm to tell the story of Hamilton Kirikiriroa and shape the future identity of the central city.

WHAT WE WANT TO ACHIEVE:

- Enhance and shape the identity of the central city to be long lasting and representative of people and place.
- Promote a prosperous, authentic and visible Maaori culture in the central city through increased products, services and employment.
- Deliver engaging spaces and public realm that increase the number of people using and engaging with the central city.
- Encourage retention of adaptive reuse of built heritage in the central city.

HOW WE CAN ACHIEVE THIS:

- Increase the use of Te reo Maaori within our central city.
- Plan for Maaori focused facilities and cultural tourism.
- Enhance environmental design outcomes harnessing maatauranga Maaori with a focus on the recognition of the Waikato River as taonga.
- Adopt cultural design considerations unique to Hamilton Kirikiriroa which is founded in Maaori design and engagement that puts Maaori at the centre of planning and design.
- Plan for places and spaces that are welcoming and designed for tamariki and young whaanau to kaumaatua.
- Increase the number of events, festivals and opportunities for community gathering.

Case Studies



Figure 5: Quay Street Upgrades (Auckland Transport)

Quay Street Enhancement Project

Located at the congregation point of regional rail, bus, and ferry services, the surrounding area of Quay Street will be transformed to support the growing volume of transport and commercial activity. The enhancement project is underpinned by the Kahui Kaiaarataki method, which included regular, meaningful studio co-design workshops with Mana Whenua. The outcomes of this collaborative design process have been an integration of a range of Te Aranga Maori design principles, most notably Tohu through the incorporation of 'pohutukawa drifts' into the street's design, and Mauri Tu/ Taiao through the enhancement of a native planting palette as well as a stormwater-sensitive rain garden design. These new spaces feature seating and paving create an attractive environment which interweaves indigenous ecology, history, and culture in its design and implementation.



Figure 6: Rotorua Lake Front (Rotorua Lakes Council)

Rotorua Lake Front Development

Cultural design considerations are core to the redevelopment of the Rotorua Lake Front, which ensures an open and inclusive engagement processes with identified hapū and iwi representative groups such as Ngāti Whakaue and Pukeroa Oruawhata. In particular, the design approach demonstrates an appreciation to Te Ao Māori, the proposed boardwalk reinforcing a connection to the Te Arawa lakes whilst preserving the local kaupapa as well as key cultural stories.

Hamilton Kirikiriroa

SHORT-TERM:

- Regular forum for engagement on CCTP and relevant strategies with taangata whenua.
- Work closely with taangata whenua to identify sites of significance within the central city and undertake plan changes if needed.
- Develop and implement our Nature in the City Strategy and indigenous planting guidelines alongside iwi - working in partnership to increase native planting throughout the city and to restore and protect the health of the river through Green Streets.
- Plan and implement stage one of the city wide cultural trail with iwi that connects and celebrates Hamilton Kirikiriroa.
- Celebrate local Maaori history/stories and archaeological sites throughout the city by engaging with taangata whenua on how to embed and celebrate these within the built environment.
- Create Maaori Design Principles for matauranga Maaori for developments in the central city.



Figure 7: Acknowledgment of significant paa sites, shaped through engagement with taangata whenua is essential in developing central city's identity.

HAMILTON CITY COUNCIL

MEDIUM-TERM:

- Work with taangata whenua to create a forum for Maaori design and review for the central city.
- Celebrate and enhance our built heritage including the Victoria Heritage Precinct and heritage buildings.

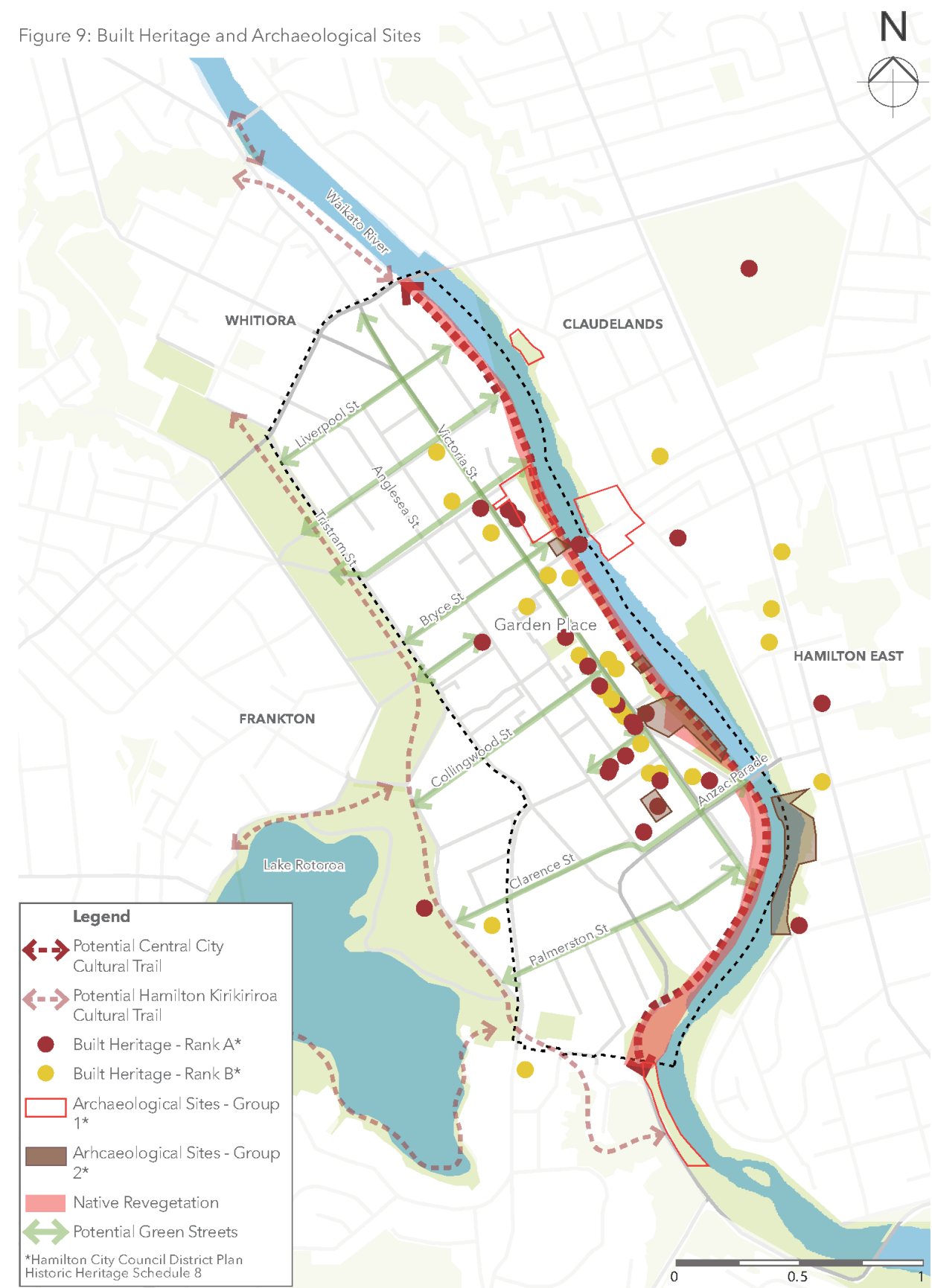
LONG-TERM:

- Plan and implement stage two of the city wide cultural trail with iwi that connects and celebrates Hamilton Kirikiriroa.
- Water sensitive urban design and native planting upgrades to streets.
- Plan for and support ongoing kaitiaki for river, streets and open spaces.
- Create formal process and systems alongside tangata whenua for co-designing with Maaori for projects within the central city.



Figure 8: Strengthening the presence of built heritages in the central city. Celebrating historical heritage and cultural importances to develop a sense of place.

Figure 9: Built Heritage and Archaeological Sites



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A Place to Call Home



The CCTP study area is currently home to 1,280 residents, with 169,500 residents in the wider Hamilton city area. Increasing the number of people living in the central city, and providing great places and services to support them is a key driver for Council.

It is also important to provide our communities and neighbourhoods with their needs and wants within close proximity, as well as supporting opportunities for different typologies and tenure to improve housing affordability.

In addition to an increasing residential population, it is also expected this increase will change the demographic profile of the central city. Traditionally, residential accommodation has been located on the periphery and fringe of the central city. A key part of the CCTP will be to locate and design for potential new residential areas that help support the activation of the central city.

WHAT WE WANT TO ACHIEVE:

- Increase in the number of residential dwellings and residential population in the central city.
- Increase housing supply and improve housing affordability through encouragement of a range of housing typologies within the central city.
- Plan for community and social infrastructure that reflects the diverse needs of central city residents and which supports the activation of the central city across day and night.
- Encourage retention and adaptive reuse of built heritage in the central city.
- Neighbourhoods are designed in ways that are welcoming, feels safe and easy to navigate.

HOW WE CAN ACHIEVE THIS:

- Encourage and enable new mixed use development and high density residential development throughout the central city.
- Increase central city community and social infrastructure, open space and amenity to provide for the needs of residents.
- Ensuring the right regulatory frameworks and design guidelines in place to enable a vibrant, safe and accessible central city during the day and night.
- Plan and design existing and new developments guided by Crime Prevention Through Environmental Design (CPTED) principles from the start to prevent potential safety risks.
- Improve connections to fringe areas where residential intensification will occur.
- Shape guidance for increased residential density based on the key documents such as National Policy Statement-Urban Development District Plan Change, Housing Strategy and Metropolitan Spatial Plan.

Case Studies



Figure 10: The Nordhavn Project

Christchurch’s East Frame Residential Development

In Christchurch City’s post-quake redevelopment efforts, Fletcher Residential has undergone a large housing development project in the East Frame Residential Precinct to provide just under 1000 townhouses and apartments in central Christchurch. The newly constructed east frame homes feature a mixture of apartments, terraced houses, and townhouses with varying sizes, and are constructed around the large Rauora Park, heightening community and amenity values of the development. Located at the heart of the city, these housing developments aim to drive up the population and residential density.



Figure 11: Christchurch East Frame Development

The Nordhavn Project, Copenhagen

The transformation of Nordhavn’s derelict industrial zone into a compact, mixed-use housing development is an excellent international example of a sustainable housing and community project. 800 apartments and terraced houses structured in the form of dense, open blocks, the majority of homes ranging from three to six storeys and aiming to house 40,000 people. A varied composition of fragmented, mixed-use building blocks also ensures a more vibrant neighbourhood environment which preserves a “human scale” for its occupants. The development boasts a network of high-quality green spaces within the central city to enhance the quality of life for local residents.

A Place to Call Home

SHORT-TERM:

- Implement the National Policy Statement on Urban Development (UPS-UD) to increase the residential population and the number of dwellings in the central city.
- Create urban design and planning guidelines for the central city with a focus on designing for mixed use and medium to high density residential development.
- Develop a Central City Parking Management Plan with the intent to deliver demand responsive parking provisions on street and in new developments.
- Undertake space activation and placemaking projects to support residential development.
- Refresh Access Hamilton to identify public transport, walking and biking access principles to key residential areas within the central city as well as to access fringe and surrounding neighbourhoods.
- Improve walking and biking connections to and across Claudelands Bridge.



Figure 12: Creating a network of public and semi-private open spaces to break down the scale of buildings in a high-density environment, contributing to a neighbourhood feel.

HAMILTON CITY COUNCIL

MEDIUM-TERM:

- Undertake masterplanning and precinct planning for identified mixed-use and residential areas.
- Identify the social infrastructure required to support increased housing density and residential population in the central city.

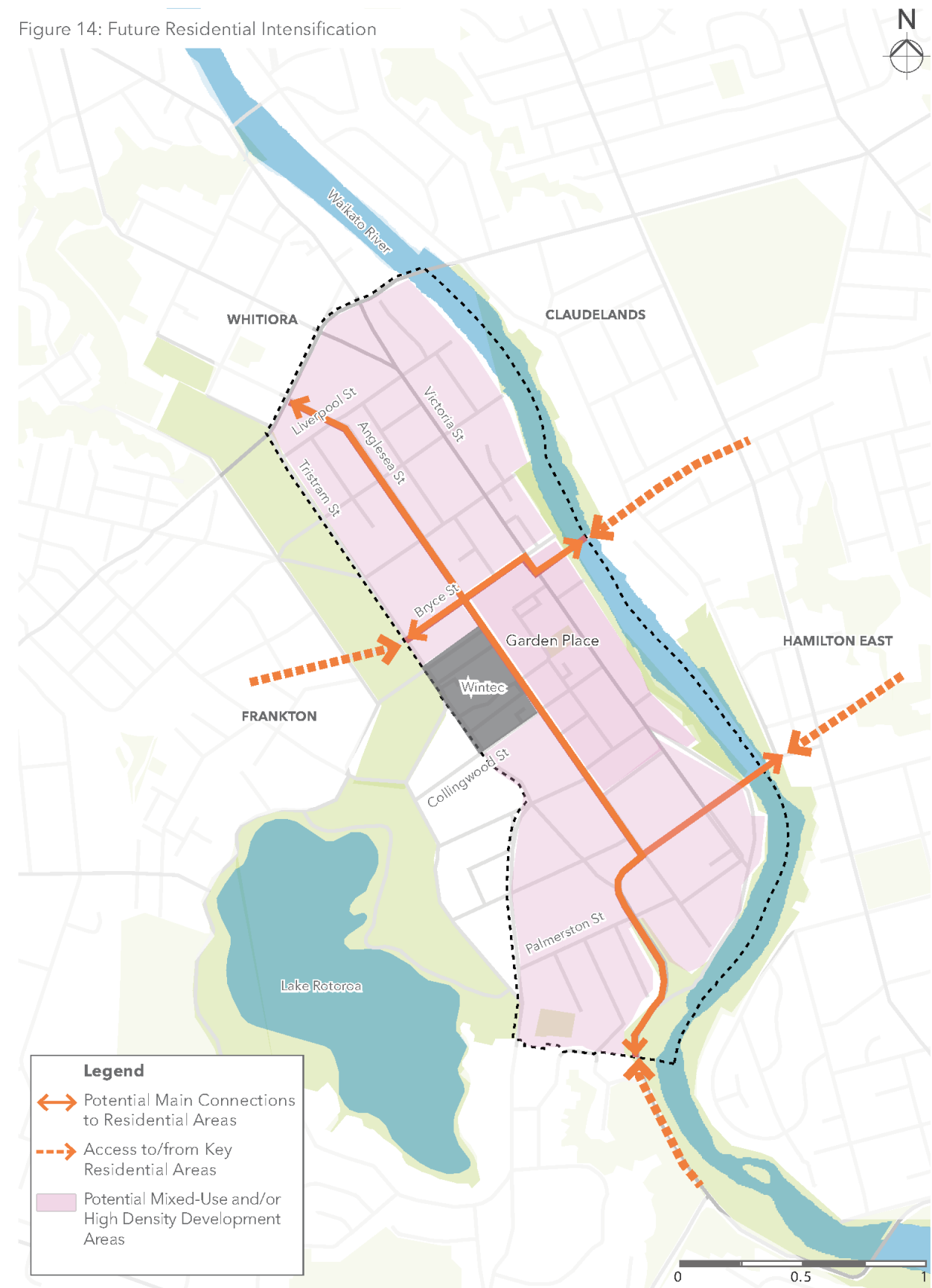
LONG-TERM:

- Develop guidance and implement policy which enables zero carbon precinct planning in residential neighbourhoods within the central city.



Figure 13: Diverse mixed-use development creating a vibrant and people focussed residential precinct.

Figure 14: Future Residential Intensification



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A Playful City



Providing opportunities for play within the public realm promotes people and community physical and mental wellbeing. Studies have also shown that where there are opportunities to play or for recreational activities, people are more likely to gather which can have positive economic benefits for surrounding businesses.

Embedding play within our central city environment will promote active street life, foster social connections and encourage communities which are more likely to actively participate in their neighbourhoods.

WHAT WE WANT TO ACHIEVE:

- Hamilton Central City is known as the most playful urban environment in New Zealand.
- Safe, connected and exciting play and recreation opportunities are accessible to all ages and abilities.
- Increase number of formal play spaces in the central city, particularly connecting the river edge and the opportunities for interactive play spaces.
- Increase opportunities for pop-up play and place activation that is free or comes with minimal cost.
- Investment in parks, streets, education and public spaces reflect the needs of all ages and abilities.
- Encourage play fields to offer informal and formal recreation and exercise opportunities as well as to provide community benefits.

HOW WE CAN ACHIEVE THIS:

- Encourage developers to consider embedding play and recreational aspects in their designs through the use of design guidelines.
- Investment in public space and public realm that improves how people interact and play there.
- Increased opportunities for play and recreation that is free or comes with minimal cost.
- Investment in public space and public realm that improves amenity provision, how people interact and play there.
- Change how we plan for traffic to make streets and general infrastructure as an extension of public spaces as well as integrate play and recreation design whenever it is suitable.
- Encouraging future public space projects to embed playful features.

Case Studies



Figure 15: Bicentennial Children's Park

Bicentennial Children's Park, Chile

Utilising the old agricultural canal traversing through the foot of the San Cristobal Hill, the Bicentennial Children's Park provides an accessible and safe playground featuring treehouses, swings, water forests, and 60 toboggans. The park design innovatively optimises the topography using playful climbing structures to the top of the tree canopy, creating a play experience that fosters exploration and discovery for children. Central to the design is the safety consideration, ensuring the creation of a public space which had sufficient height to be exciting without threatening children's safety.



Figure 16: Barcelona Superblock Model

Barcelona Superblock Model

Barcelona's Superblock strategy is a radical response to the city's scarce green spaces as well as issues of safety and pollution. The strategy restricts vehicular traffic to primary roads around 400m-by-400m city blocks, reclaiming internal streets as safe "citizen spaces" and activating recreation opportunities for its residents. For Barcelona, the definition of play encompasses the use of open spaces for all ages.

A Playful City

SHORT-TERM:

- Establish play guidance for implementing play into urban streets and spaces including consideration of childrens mobility and play spaces.
- Identify priority play projects in the central city which offer a diversity of play and recreation opportunities for all ages and abilities.
- Locate, plan and implement stage one of the central city play trail connecting existing and future play and open space (as well as linking to community infrastructure and facilities where possible).

MEDIUM-TERM:

- Implement stage two of the central city play trail.
- Enhance play and recreation connections to and along the river.
- Plan and implement a world class play project in the central city.



Figure 17: Playful streets provide opportunities for playing, walking, sitting, and observing passersby.

HAMILTON CITY COUNCIL

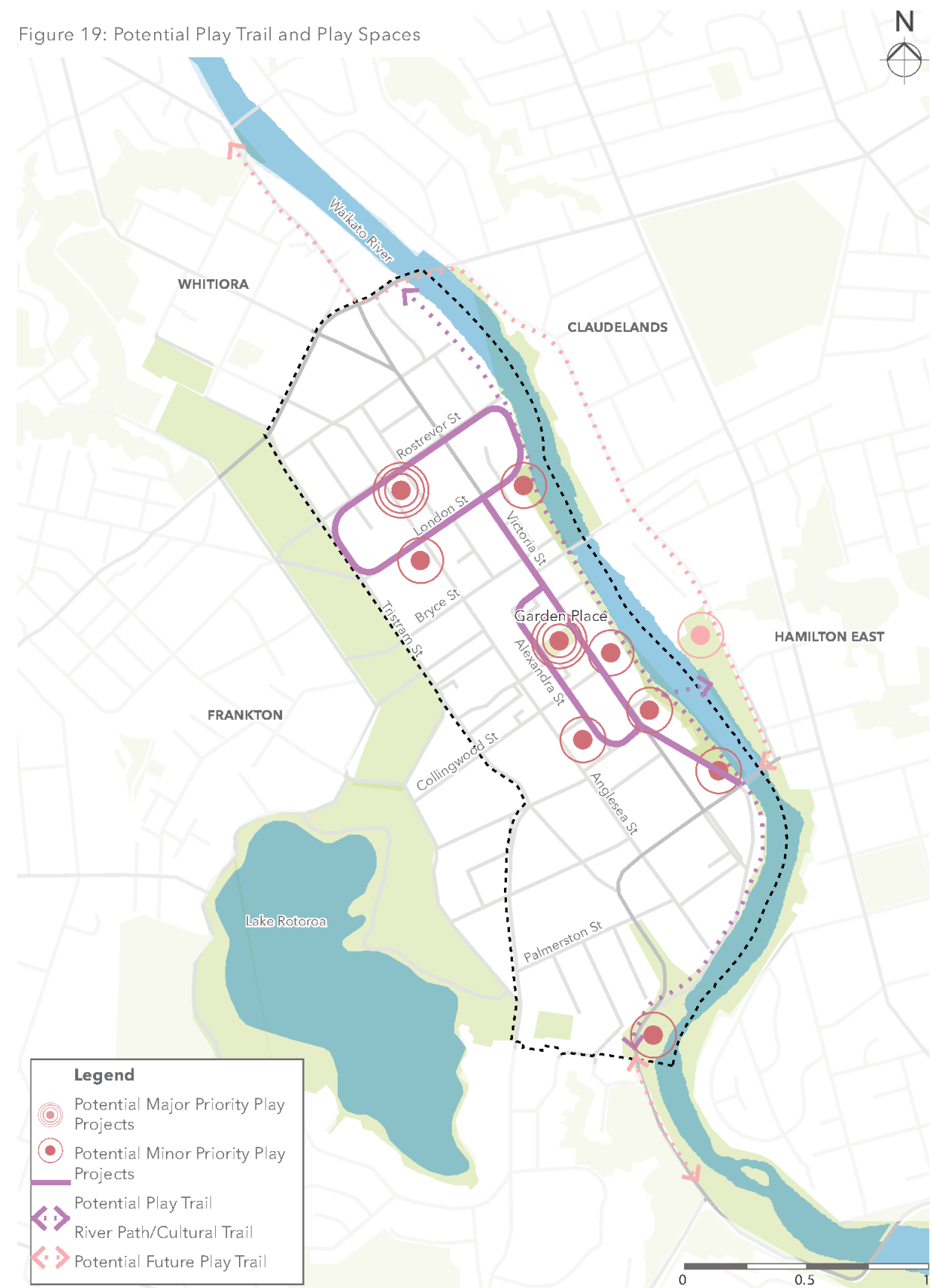
LONG-TERM:

- Design and build play and recreation projects into future open space and public realm.
- Encourage and enable temporary activation for play opportunities.
- Expand the play trail outside the central city and connect to surrounding fringe neighbourhoods, West Town Belt, stadia and schools.
- Partner with schools and communities for opportunities for play and recreational events and programmes.
- Coordinating play with relevant slow streets and open spaces around the central city.
- Aligning closely with Public Art and Art Strategy.



Figure 18: Utilise public space to provide play opportunities for people at all ages.

Figure 19: Potential Play Trail and Play Spaces



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A Home for Diversity



Cities that welcome diversity provide comfortable and interesting spaces and places that are accessible for all. Creating environments where cultures, diversity and differences are welcome allows different people to come together and brings various functions into a city.

Hamilton central city is already home to a wide range of land uses and activities which will attract people from different cultures and backgrounds, with different interests and abilities. This CCTP will continue the central city to be a place that is accessible and engaging to those that live in Hamilton and those who visit.

In addition, providing friendly experiences and safe spaces will attract diverse user groups and offer unique opportunities. This will support a central city to become more inclusive and welcoming.

WHAT WE WANT TO ACHIEVE:

- Cater to the needs of all people.
- Enhance diverse cultures in the central city.
- Welcome the participation and engagement for a diverse population and provide opportunities and spaces that support this.
- Improve the safety of central city spaces for all users and promote a safer environment for all people.
- Harness the energy and creativity of the Hamilton design and arts scene.

HOW WE CAN ACHIEVE THIS:

- Create opportunities for meaningful and authentic engagement for all Hamiltonians to participate.
- Spaces and buildings are designed with people at the centre adopting universal design principles which enable access for all people of all abilities.
- Attract more people to live and visit through enabling and encouraging diverse uses and activities to take place within the central city area.
- Increase safety measures including lighting, active and passive surveillance to reduce crime as well as to improve perceived safety in the central city.

Case Studies

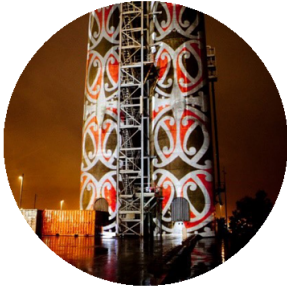


Figure 20: Matariki

Matariki

Matariki is celebrated across the country, including in Hamilton, in late June every year. Hamilton City Libraries will celebrate the Māori New Year with its Matariki in the City, a fun and free event bringing together communities to perform and involve cultural performances, markets, exhibitions, kai and koorero and are an opportunity for the community to come together and enjoy Māori culture.



Figure 21: Christchurch Rebuild and Accessibility

Christchurch Rebuild Accessibility

Canterbury earthquake recovery legislation requires recovery plans for the greater Christchurch area to give effect to the New Zealand Disability Strategy. In 2011, the Government announced its intention to ensure that disabled people are involved in the earthquake recovery process and that their needs are acknowledged and responded to and established the Earthquake Disability Leadership Group (ELDG). Together with Barrier Free NZ Trust, they have attracted signatures from all major players in the Christchurch rebuild to challenge development and regeneration projects to go beyond minimum accessibility compliance.

A Home for Diversity

SHORT-TERM:

- Work with the community to develop guidelines for universal access specific to the CCTP area.
- Curate central city events throughout the year that celebrate diversity in the central city.
- Develop a platform to engage with artists from Hamilton and the wider Waikato region to include and showcase art and culture in central city.
- Invest in public spaces and street upgrades to accommodate needs for all people.
- Improve walking and biking connections to and across the central city for all people.



Figure 22: Accessible community infrastructure, including playground equipment, ensures everyone has access to opportunities and amenities.

MEDIUM-TERM:

- Upgrade and create more opportunities for safer lane ways for all users.
- Co-design of future public spaces with the community.
- Fund and implement art and design projects both permanent and temporary in the public realm.
- Support and maintain ongoing events that celebrates diversity.

LONG-TERM:

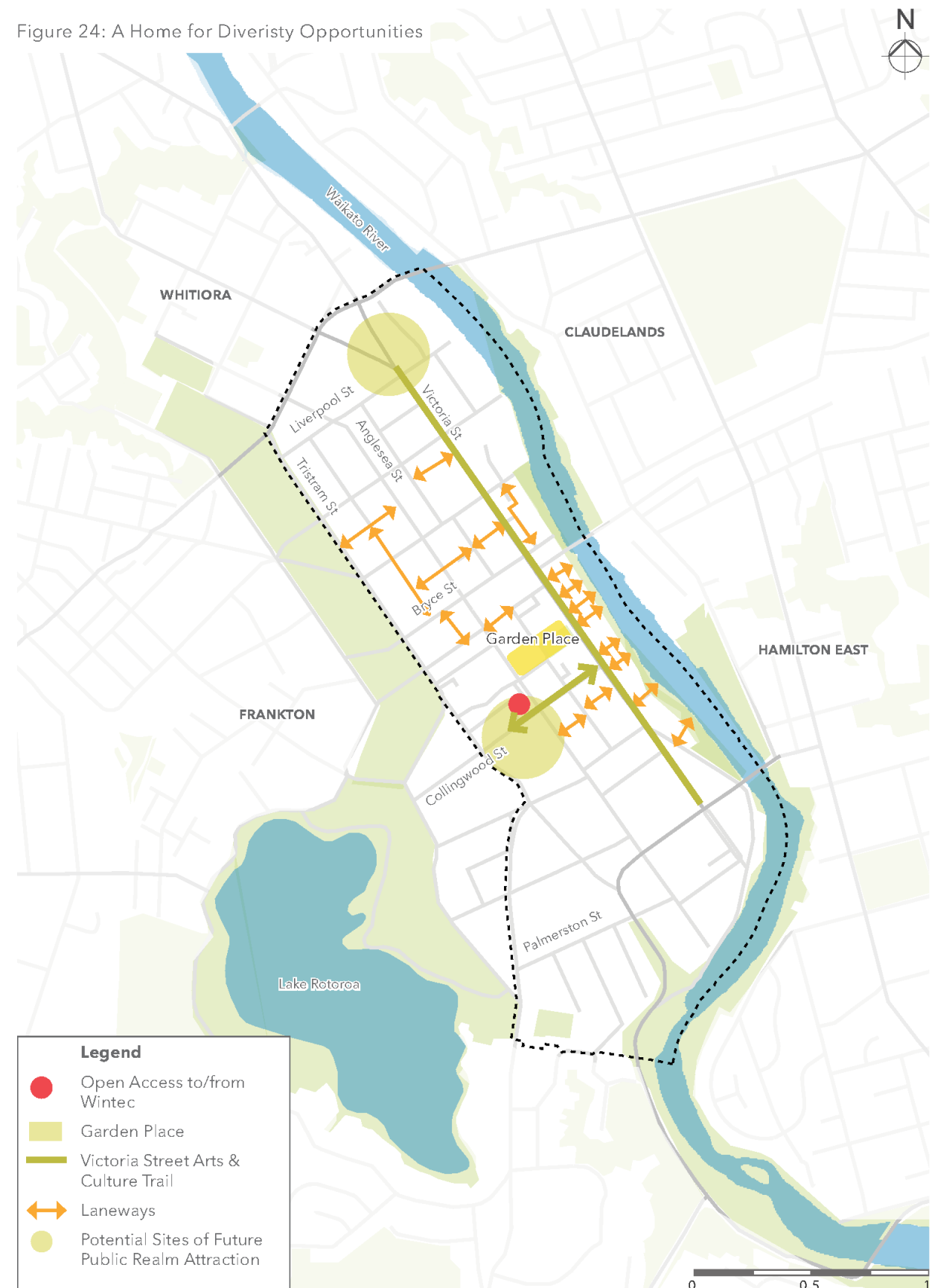
- Identify locations to attract and draw interest towards Victoria Street to create places of destinations and activities.



Figure 23: Create a safe and friendly environment for all ages to spend time in central city at all time.

HAMILTON CITY COUNCIL

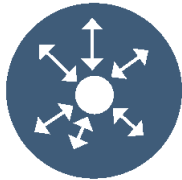
Figure 24: A Home for Diveristy Opportunities



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A Well-Connected Central City



A well-connected central city will be the primary experience where Hamiltonian's live, work and play. Developing a cohesive, integrated, and holistic approach that is people-centric to all aspects of transport in the central city is a key objective. Improving access and mobility will also enhance how surrounding and outer suburbs connect with the central city and connects employment, educational, recreational and other opportunities that the central city offers.

The CCTP aims to enable safe, comfortable, convenient and sustainable travel options that connects the central city and surrounding suburbs such as Claudelands, Hamilton East and Frankton, as well as landmarks such as Lake Rotoroa. Enabling a range of safe, responsive and flexible travel options for all walking, bking, micro-mobility and public transport need to increase, while private motor vehicle trips need to decrease. Integrating movement and place can enhance the central city's wellbeing through fostering interaction between people and the environment, and better reflect Hamilton's character and identity.

CENTRAL CITY TRANSPORT ASPIRATIONS AND PRINCIPLES

We would like transport that:

- Puts people at the heart
- Provides choice and is inclusive
- Is responsive and flexible and resilient
- Is safe, pleasant, appealing, comfortable and convenient
- Creates connection
- Supports health and well-being (people, environment and landscape)
- Contributes to the identity of the place
- Supports the city centre being the primary experience where people want to be part of the energy of the place (live, work and play)

Our transport network and corridors:

- Reinforce the central city as the key metro-destination
- Integrate movement and place to reflect character and identity
- Are functional, resilient and enjoyable
- Provide a range of viable, accessible travel options
- Enhance the wellbeing of the city centre, its people and the environment
- Foster social interaction and makes good places for people
- Supports Central City businesses

WHAT WE AIM TO ACHIEVE:

- Walking, biking, micro-mobility and public transport is better enabled within the central city and is supported by healthier and accessible streets for all people.
- An integrated transport network that is safe, pleasant, responsive and easy to navigate within the central city and surrounding suburbs.
- Manage freight traffic traveling into and through the central city to enhance efficiency without impacting the quality of the urban realm.

HOW WE CAN ACHIEVE THIS:

- Provide a variety of walking, biking, micro-mobility and public transport options to and within the central city.
- Integrate movement and place to reflect character and identity.
- Support investment (planned and future) in public transport, walking and biking infrastructure.
- Target a reduction of at least 25% of cars in the central city during morning peak by 2030.
- Better management of parking as per Central City Parking Management Plan through Parking Precincts.
- Reducing road speeds to 30km/h at areas of high numbers of pedestrians and cyclists.
- Enhance laneways as mid-block connections and creating places for pedestrian movement and social interaction.
- Coordinate and integrate with Access Hamilton as it develops.

Case Studies



Figure 25 : Fort Street

Fort Street

When Fort Street in downtown Auckland was transformed into a shared space, there were huge benefits including a 54% increase in pedestrian volumes and a 47% increase in consumer spending.

The goals of the project were to prioritise pedestrians and create a distinctive public space that supports businesses and residents. More space was given over to pedestrians and driving was discouraged through the removal of parking and reduced speed limits. 80% of pedestrians and cyclists reported feeling safer when travelling in the space and allocation for outdoor seating and hospitality has improved the vibe of the area throughout the day and evening.

A Well-Connected Central City

SHORT-TERM:

- Identify potential conflict on key streets informed by the Hamilton Mode Shift Plan and Access Hamilton.
- Manage parking on central city streets according to the updated Central City Parking Management Plan and Parking Precincts.
- Improve walking and biking access across river to fringe neighbourhoods and surrounding suburbs.
- Improve walkability to and from the central city so that walking trips under 2km will increase from 26% to 50% in the next 10 years.
- Develop a Biking and Micro-Mobility Business Case.
- Improve wayfinding and signage to key locations across the central city.
- Identify and resolve barriers to access the river edge shared path and resolve.
- Encourage travel plan use by businesses in the central city.
- Implement 30km/h or lower speed zones in central city in alignment with the Hamilton Speed Management Plan.



Figure 26: Shared space in Garden Place is an example that prioritises pedestrians and cyclists. The ground floor businesses elevates the street and is used as a place rather than a route.

HAMILTON CITY COUNCIL

MEDIUM-TERM:

- Expand Victoria Street public realm and pedestrian priority north to Boundary Road.
- Implement Green Streets through restricting vehicle speeds and access.

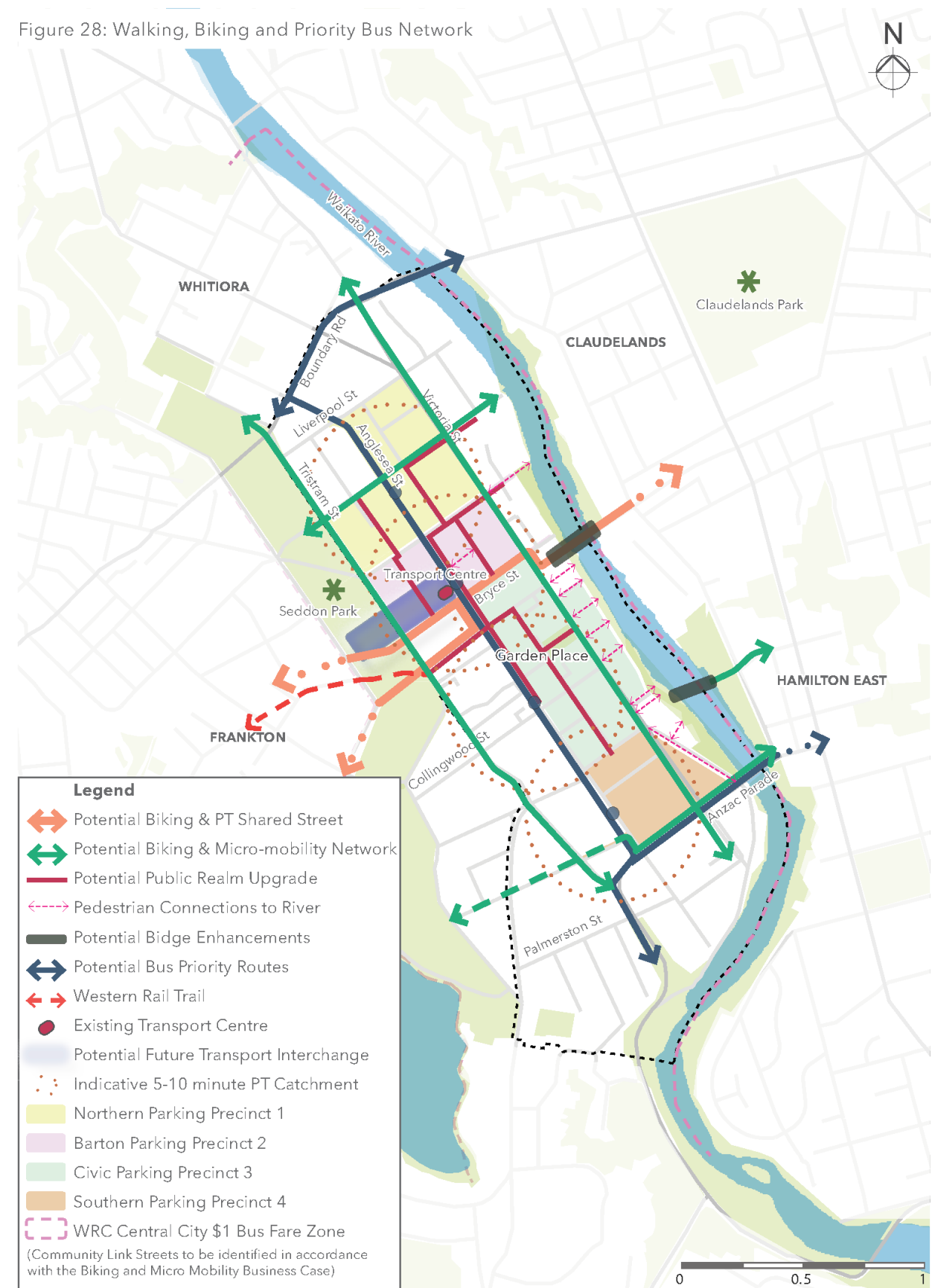
LONG-TERM:

- Explore viability of central city station as transport interchange as a transit-oriented development.
- Expand walking and biking and public transport network (NZ Road Safety Strategy).
- Zero emissions zone for the central city.
- Implement electric-vehicle charging stations throughout central city.
- Expand shared mobility and end-of-destination options.



Figure 27: The Transport Centre in Hamilton connects the primary transport routes with the wider city network. It is a point of arrival and key movement hub that can expand shared mobility and end-of-destination options.

Figure 28: Walking, Biking and Priority Bus Network



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Blue-Green Central City



Green and blue spaces in central cities serve multiple purposes for people and contribute to the amenity of the city by bringing green infrastructure and water management together, as well as providing eco-corridors.

Green spaces including parks, open spaces, rooftop gardens, rainwater collection ponds and other nature-based solutions offer innovative approaches to increase the quality of urban settings, enhance local resilience, ecology and biodiversity, and promote sustainable lifestyles, improving both the health and the wellbeing of urban residents.

An integrated blue-green network will have a positive environmental impact through improving water quality, enhancing biodiversity and bringing native ecologies into central city neighbourhoods.

WHAT WE AIM TO ACHIEVE:

- Improve connections between the city and the river and create new natural connections between the West Town Belt and the river.
- Create a network of quality public spaces and increase the percentage of open and public space in the central city, working towards achieving the goal of 10% native vegetation cover by 2050 aligned with the Nature in the City Strategy.
- Design for regenerative natural systems and green infrastructure within the urban environment.

HOW WE CAN ACHIEVE THIS:

- Enhance access to the river from Victoria Street and draw the natural environment from the river and riverbank further into the Central City urban realm.
- Utilise streets as key green network and biodiversity connectors between the river and the West Town Belt.
- Implement new public green spaces and improve existing spaces.
- Require new streets or street upgrades to implement regenerative infrastructure such as rain gardens.
- Review CBD waste services to identify and implement opportunities for improved waste minimisation in the central city.

Case Studies



Figure 29: Wild West End, London

Wild West End

Wild West End is creating green “stepping-stones” between the existing areas of surrounding parkland, through a combination of green roofs, green walls, planters, street trees, flower boxes and pop-up spaces. The priority is to attract birds once common throughout London such as the black redstart and the house sparrow and encourage biodiversity and ecological connectivity through reintroduction of wildflowers and bees to the urban realm.

Links to green space are proven to positively influence people through lowering stress and increasing wellbeing. Wild West End is intended to increase access to green space for people who come to the area to live, work, study or visit.



Figure 30: Waiwhakareke Natural Heritage Park

Waiwhakareke Natural Heritage Park, Hamilton

Waiwhakareke Natural Heritage Park (WHNP) is the flagship project for biodiversity in our city. WHNP is an award-winning, inter-generational ecological restoration project. Intensive predator control will allow vulnerable species to flourish in an urban environment and spill over to other parts of the city. The 65.5ha park will serve as a focus for Hamilton’s wider biodiversity restoration, including lakes and lakeshores, the Waikato River, its banks and unique gullies, and other parks with current or potential natural values (estimated to be 750 hectares).

Blue-Green Central City

SHORT-TERM:

- Establish a green masterplan and urban tree strategy to enhance biodiversity, green linkages and support Nature in the City and mana whenua outcomes.
- Tree planting initiatives to increase canopy coverage in central city.
- Identify stormwater and runoff inlets to establish a strategy for collecting, retaining and filtering water in the central city.
- Embed water sensitive urban design and greening initiatives into existing open spaces.
- Establish guidelines for water sensitive urban design in the public realm.
- Establish open space targets for the growing central city population.
- Initiative programme of native vegetation cover in central city by 10%.



Figure 31: Streets and public spaces can be used to draw native vegetation and planting back into the central city.

HAMILTON CITY COUNCIL

MEDIUM-TERM:

- Establish a programme of monitoring water quality and biodiversity for central city stormwater outlets.
- Implement a network of green streets which function as both movement and place.
- Design and implement new open spaces to meet targets recommended by the World Health Organisation (9m² per person).
- Retrofit existing green spaces to improve biodiversity and enhance natural systems.

LONG-TERM:

- Expand water sensitive urban design and biodiversity programme along river edge.
- Riverbank revegetation to address slope stability where required.
- New developments to capture, clean and reuse greywater.



Figure 32: Increasing the tree canopy will improve local air quality, biodiversity and amenity.

Figure 33: Potential Blue Green Initiatives



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Prosperous Economy



Hamilton’s central city is the economic heart of the Waikato region, serving as a hub of employment and related commercial activity. It is expected the central city will continue to play a significant role in business and population growth. The vision outlined in the CCTP would strengthen this dynamic by supporting existing commercial developments while enabling future investments that support employment growth and a growing Maaori economy.

Providing spaces, support, inspiration and community is key in driving a strong and vibrant innovative culture. Planning and design of the central city should reflect the values, culture, and dynamic nature of high-impact sectors that Hamilton’s economic development efforts will seek to retain, attract, and grow.

WHAT WE AIM TO ACHIEVE:

- Increase employment and commercial activity within the central city through the expansion and attraction of businesses.
- Enhance a growing economy that support investments that increase restaurant, hospitality, retail, entertainment and community activity during daytime and evening hours.
- Accommodate business growth while incorporating mixed-use and residential opportunities into the built environment through increased building densities and high-quality design.
- Support a prosperous and visible Maaori economy as a driver for economic growth.

HOW WE CAN ACHIEVE THIS:

- Define a city core to localise new commercial development within the central city, rather than in competing urban centres or industrial areas.
- Design streets and public spaces to support connectivity, job density and quality of life.
- Require ground floor businesses to have an active street front in key locations.
- Encourage and enable maximum building heights in the central city core through use of Building Code and Urban Design Panel.
- Continue to support the primacy of the central city at the top of the city business hierarchy in the District Plan.

Case Studies



Figure 34: Auckland waterfront and Commercial Bay

Auckland Waterfront + Commercial Bay

The Auckland waterfront is undergoing major transformation to cement itself as the focal point of the city for visitors, workers and residents alike. Beginning with the Britomart train station and precinct and continuing with Commercial Bay, the area is growing in contribution to the economy with new retail, hospitality, accommodation and office spaces. Commercial Bay has brought an additional 150 shops and has created over 10,000 jobs to the downtown area.



Figure 35: Heart of the City

Heart of the City

Heart of the City Auckland is an association of central city businesses who work together to promote activities and events and encourage people to visit the central city and support local businesses. They aspire to promote Auckland as a thriving commercial centre with a strong community that is easy to get around in and provides unique experiences 24/7. Heart of the City advocates on behalf of businesses and supports events through marketing and promotions and regularly runs promotions to encourage people to live, work and play in the central city.

Prosperous Economy

SHORT-TERM:

- Identify commercial intensification precincts through demand modelling and establish commercial frontage guidance and other requirements for key commercial and retail areas.
- Prioritise new commercial development to be concentrated within core central city area and around the transport centre.
- Enable taller buildings through the central city to increase the number of tall buildings and commercial floor area.
- Plan for and use our roads and streets in a way that enhances the movement and access of people, freight and goods around the central city.



Figure 36: Central City can attract retail, food and beverage. Commercial businesses will be supported by high-amenity and vibrant urban realm. Enhancing public realm and a network of parks, plazas, streets and lanes can breathe life and vitality.

HAMILTON CITY COUNCIL

MEDIUM-TERM:

- Incentivise investment into key street and public realm upgrades to support new precincts.
- Support a growing night time economy including hospitality and events towards central city activation in the evenings and ensure the right regulatory frameworks are in place to enable this.
- Implement policy and business cases that prioritises commercial and retail development within the central city inner core.
- Enhance the visibility of the Maaori economy through increased products, service offerings and employment.

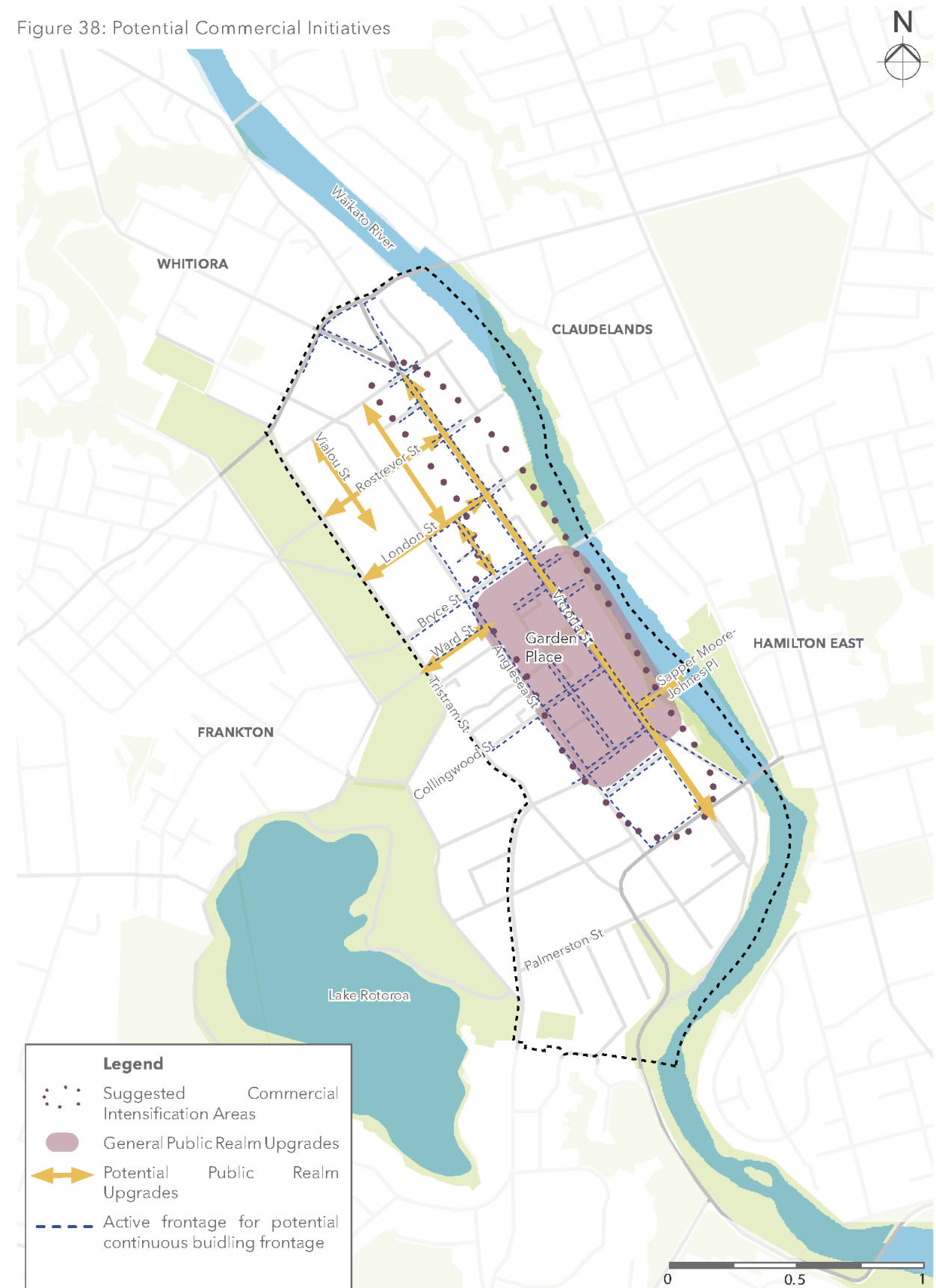
LONG-TERM:

- Achieve a continuous building frontage through design guidelines.
- Capitalise on transport investment in locations that deliver enhanced economic outcomes.



Figure 37: Victoria on the River supports a diverse range of activities, including retail and commercial businesses, linking the central city with the Waikato River.

Figure 38: Potential Commercial Initiatives



Central City Transformation Plan | April 2021

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Hamilton Kirikiriroa Central City Transformation Plan Project Initiatives Next 30 Years

April 2021

ARUP

 **Hamilton
City Council**
Te kaunihera o Kirikiriroa



Introduction

The CCTP recognises and prioritises projects identified within the Hamilton City Council LTP in the next 10 years (2021 - 2031) along with development and upgrade opportunities in the next 20 and 30 years.

This CCTP is a living document and it should be referred to on a frequent basis to guide Hamilton City Council. This is to ensure the outcomes and the overall vision is achieved within the planned timeframes.

It is the intention that this Section C of the document identifying projects and proposed implementation timeframes will be updated more regularly to reflect successive Annual Plan or additional funding streams as they arise.

This section is to be read in conjunction with the 'Hamilton CCTP Part B Vision and Outcomes' section.

HAMILTON CITY COUNCIL

Overall Initiatives - Transport & Streets

Roads and streets are a significant component of the public realm in Hamilton. Over the next few years, Hamilton's central city transport and street network will experience change, shifting to be a more people friendly environment and prioritising active travel and public transport. This change will be supported by Access Hamilton - guiding the transport planning and investment in transport infrastructure in the central city alongside the CCTP.

- CCTP Boundary
- ↔ Bus Priority Routes (to be confirmed with Access Hamilton and MSP Business Case)
- ↔ Riverside Shared Path Access and CPTED Improvements
- ↔ General Traffic Priority Routes and Intersection Upgrades
- ↔ Victoria Street Public Realm Upgrades
- Streetscape Upgrades
- Green Streets
- ↔ Laneway Upgrades
- Major Intersection Upgrades
- Areas for more potential laneways
- ▭ Bridge Upgrades for Walking and Biking
- Transport Centre Rejuvenation
- Existing Open Space
- Waikato River and Lake Rotoroa

HAMILTON CITY COUNCIL



Figure 39: Transport and Street Initiatives

Central City Transformation Plan | April 2021

Overall Initiatives - Built Environment

Changes to the built environment are being driven by a number of factors. The CCTP places high priority on planning and designing for intensification and growth without undermining or damaging the things we love about Hamilton's central city. The CCTP identifies areas where intensification may occur, and plans for this by considering an integrated land use and transport approach that connects proposed built environment outcomes with transport priorities.

- CCTP Boundary
- ↔ Proposed Central City Cultural Trail
- ↔ Proposed Hamilton Kirikiriroa Cultural Trail
- Built Heritage - Rank A*
- Built Heritage - Rank B*
- Archaeological Sites - Group 1*
- Archaeological Sites - Group 2*
- Proposed Play Trail
- ▨ Proposed Boyes Park Upgrades
- ▨ Proposed Residential and Mixed-Use Neighbourhoods
- ▨ Proposed Commercial Intensification
- ▨ Proposed Open Space (size and location to be determined in the future)
- ▨ Existing Open Space Blue-Green Upgrades
- ▨ River Edge Native Biodiversity Scheme
- ⊗ Iconic Buildings as Part of New Developments
- ⊙ Play Spaces
- ▨ Existing Open Space
- ▨ Waikato River and Lake Rotoroa

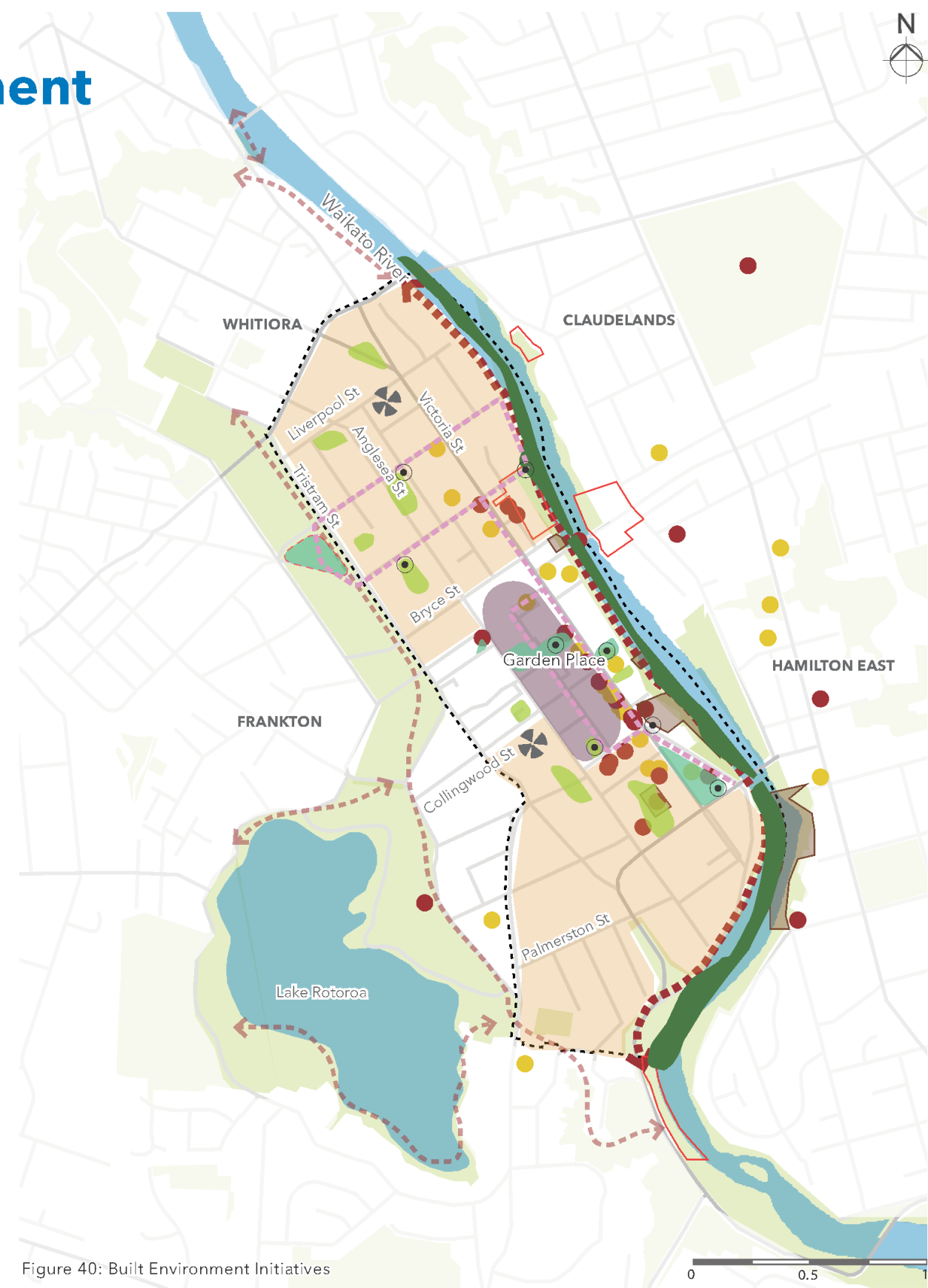


Figure 40: Built Environment Initiatives

HAMILTON CITY COUNCIL

Short Term Projects (2021 - 2031)

Short term projects delivered in the next 10 years focus on a number of public realm and street upgrades across the central city. These projects catalyse the development for the CCTP and have been planned to enhance the activity and energy withing the central city. Leveraging transport investment will support many of these spaces and provide the foundation to successfully realising the CCTP over the next 30 years.

- CCTP Boundary

1 Options for Victoria Street Upgrades

2 Alexandra Street Upgrade

3 Transport Centre rejuvenation and renewals

4 West Town Belt - Founders Theatre Site Upgrade

5 Walking and Biking Bridge

6 Upgrades around Waikato Museum

7 Ward Street (Innovating Streets)

8 Ferrybank Park - Municipal Pool Site

9 Embassy Park

10 Sapper Moore-Jones

11 River Plan - Wellington St Beach

12 Rostrevor Street (Innovating Streets)

13 Major Intersection Upgrades

14 Central City Street Furniture

Identified Potential Area for Central City Street Furniture

Bus Priority Routes (to be confirmed with Access Hamilton and MSP Business Case)

Green Streets

Jetty at Hamilton Gardens (not displayed on map)

HAMILTON CITY COUNCIL



Figure 41: Short Term Projects (2021 - 2031)

Central City Transformation Plan | April 2021



Short Term Projects (2021 - 2031)

2. Alexandra Street Upgrade

To commence in the next 10 years, Alexandra Street will be transformed to align with the new design guidelines for the central city. Upgrades will result in a street that celebrates place and safe movement of people.

Outcomes: Alexandra Street upgrades will improve the central city walking and biking experience, integrating movement and place to better reflect character and identity.



3. Transport Centre Rejuvenation and Renewals

Ongoing improvements to, and upgrades of, the Transport Centre will encourage public transport use and support the transition to Anglesea Street as a public transport priority corridor.

Outcomes: This project improves walking and biking access into the central city, delivering healthier and more accessible streets for all. Streetscape upgrades present the opportunity to better integrate the Te Araroa Trail into the green network, contributing to indigenous biodiversity, increasing canopy cover and implementing regenerative infrastructure.



Figure 43: Existing Hamilton Transport Centre



HAMILTON CITY COUNCIL

4. West Town Belt Implementation - Founders Theatre Site Upgrade

The Founders Theatre site is a significant public green space in the central city. Enhancing central city green spaces is key to attracting residents to housing in the central city. The upgrade will create a better place for events, community activities and recreation for Hamiltonians.

Outcomes: The improved site presents a social space to hold community events and play opportunities for all through the provision of safe and exiting recreational spaces, enhances the quality and accessibility of social infrastructure and contributes to improving community health and wellbeing.



5. Walking and Biking Bridge

Hamilton Central City growth will be supported by increased walking and biking connectivity enhanced by new walking and cycling infrastructure.

Outcomes: The bridge will create a new way for people to walk, bike, scoot and skate to and from the central city as well as the other neighbourhoods across the river. It will also act as a destination and centrepiece for wider riverside developments, supporting the long-held desire to face the central city towards the river.



Figure 44: Construct a new bridge for pedestrians and cyclists



6. Upgrades Around Waikato Museum

A suite of projects is planned to improve access to, and use of, the Waikato Museum and its surrounds, to enhance the quality of the museum's back-of-house facilities and reduce running costs. Projects include:

- 1. River entrance - developing a new entrance area at the rear of the museum with an external elevator, a new lobby (with air lock door), a covered outdoor reception/cultural performance area and a direct path from the Waikato Museum jetty on the Waikato River.
- 2. Victoria Street entrance upgrade - to better maintain and protect art works and taonga we need to upgrade the road entrance.

Outcomes: Enhancements to the areas nearby the musuem will activate the surrounding area, contributing to local and regional economic prosperity, provide accessible play spaces and deliver public realm that increases the number of people visiting and engaging with the central city.



Figure 45: Existing Waikato Museum



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Short Term Projects (2021 - 2031)

7. Ward Street (Innovating Streets)

Through the Innovating Streets funding programme there is a drive to develop Ward Street to better use the space, provide places for people to gather and be safe to move around. This is necessary to cater for increasing numbers of pedestrian and cyclists moving along Ward Street and surrounding areas.

Outcomes: Streetscape upgrades support and encourage increased walking and biking through the provision of high quality urban realm, improving safety for all and ensuring spaces are accessible for a diverse range of users.



8. Ferrybank Park Enhancement - Municipal Pool Site

Develop a park area on the current Municipal Pool site (additional to proposed parks development and playground programmes).

Outcomes: The improvements to the site will provide a play and recreational facility in the central city area.



9. Embassy Park

To support the Waikato Regional Theatre development, we're also making some improvements to the public spaces in the area. This will create a better connection between Victoria Street, the Theatre and the Waikato River.

Outcomes: Upgrading Embassy Park will further develop a sense of local identity and character, creating a place that is engaging to spend time in and caters to the needs of all people.



10. Sapper Moore-Jones

To support the Waikato Regional Theatre development, we're making some improvements to vehicle and pedestrian access to the area. These improvements will make sure the spaces are safe and accessible to a wide range of users and make it a more enjoyable space to spend time in.

Outcomes: Streetscape upgrades support and encourage increased walking through the provision of high quality urban realm, improving safety for all and ensuring spaces are accessible for a diverse range of users while enabling ongoing vehicle access.



11. River Plan - Wellington Street Beach

The Wellington Street Beach is well used in summer and important for the wellbeing of our community. Historically, it was also an important waka landing site for early Maaori traders, and therefore holds important heritage and identity values for Hamilton. We're planning for some upgrades to protect the beach from erosion and provide better access to the water for people. This work will be in line with our Play Strategy and River Plan.

Outcomes: The upgrades at Wellington Street Beach will add to the liveliness and attractiveness of the beach as well as promoting the Maaori heritage and identity. Protecting the water and soil quality also protects native vegetation and strengthens the natural environment along the Waikato River.



12. Rostrevor Street Upgrades (Innovating Streets)

Making permanent improvements recommended by the Innovating Streets project to support an expected increase in pedestrian and cyclist numbers along the street and in the surrounding park spaces.

Outcomes: Streetscape upgrades will make Rostrevor Street a safer and more inviting biking and pedestrian connections. Encouraging and enabling increased walking and biking within the central city area will create healthier streets for all and support a vibrant and dynamic urban environment.



13. Major Intersection Upgrades

Intersection upgrades are essential to deliver a safer, more efficient transport network for all users. Intersections which have been identified for potential upgrades are:

- Victoria and Bryce Streets
- Victoria and London Streets
- Victoria Street and Claudelands Road
- Tristram and Collingwood Streets
- Tristram and Bryce Streets
- Anglesea Street and Anzac Parade
- Ward Street

Outcomes: Safer and healthier streets will encourage increased active transport use, and ensure the efficient and reliable movement of public transport, freight and general vehicle traffic throughout the central city area.



14. Central City Street Furniture

Functional and attractive street furniture is an important part of creating a central city where people love to be. Upgraded street furniture will be designed to incorporate best practice urban design, Maaori design outcomes, crime prevention and universal design principles.

Outcomes: New additions around the central city would include furnitures such as new benches, end-of-journey facilities, bus stop shelters, public toilets and water fountains that create spaces to relax and rest at different times of day.



15. Jetty at Hamilton Gardens

This project will create a second jetty for Hamilton Gardens and moving boat activities to the new location, separate from the area favoured by swimmers.

Outcomes: The new jetty will connect Hamilton Gardens to the Central City area through the Waikato River. People can relax by the river and appreciate the space as well as our Maaori heritage. It will also feature Maaori carvings that celebrates the historic significance of the area to local hapuu.



Medium Term Projects (2031 - 2041)

The initiatives suggested for the next 20 years will complement the LTP projects and aims to establish Public Transport Priority lanes, street upgrades, new play spaces, pedestrian laneways, biking streets and major intersection upgrades.

- CCTP Boundary

15 Anglesea Street Public Transport Priority

16 Upgrades to Victoria Street

17 Ward Street Connectivity Upgrade

18 Boyes Park Upgrades

19 Riverside Shared Path Access & CPTED

20 Central City Riverside Cultural Trail

21 River Edge Native Biodiversity Scheme

22 Northern Victoria Street Upgrade

23 Northern Residential & Mixed-Use Precinct

24 Tristram Street Upgrade

25 Bryce Street Green Transport Priority

26 Victoria Street Commercial Intensification

27 Play Trail - Stage One

28 Existing Public Space WSUD

29 Priority Biking Streets and Green Streets

30 Laneways

31 General Public Space Improvements

32 Major Intersection Upgrades

Bus Priority Routes (to be confirmed with Access Hamilton and MSP Business Case)

General Traffic Priority Routes and Intersection Upgrades

Potential Streets for Public Realm Upgrades

Transport Centre Rejuvenation





15. Anglesea Street Public Transport Priority

Anglesea Street Public Transport Priority upgrades will improve the central city public transport experience for all users, improving safety and connectivity to the central city from fringe suburbs. Supporting quality public transport and biking infrastructure will improve access to employment, educational, recreational and other opportunities that the central city offers.

Outcomes: Enhancements to the quality of public transport and biking infrastructure will improve access to central city opportunities from fringe suburbs. Safety and connectivity will be improved for all users as they access and travel through the area. Public transport improvements, supporting a frequent PT network, will enable enhanced commercial density as well as improving access to key locations in the central city including Wintec and Centre Place.



Figure 47: Render of Anglesea Street Public Transport Priority

Medium Term Projects (2031 - 2041)

16. Upgrades to Victoria Street (Garden Place to Anzac Parade)

This will provide better spaces for pedestrians and cyclists, celebrate the heritage and character of the area and improve the quality of stormwater from the street.

Outcomes: Urban realm upgrades from Garden Place to Anzac Parade will encourage increased walking and biking in the area through improved connectivity, safety and accessibility. Integration of the streets movement and place functions will reflect the heritage and character of the area while providing safe and accessible connection for all users. The quality of water run off entering the Waikato River catchment will be improved through the use of water sensitive design including rain gardens, which will also contribute to the streets amenity.



17. Ward Street Connectivity Upgrade

Upgrades to the connectivity for Ward Street will encourage walking and biking between Wintec and the central city. This will also add to the vibrancy, character and culture of the area.

Outcomes: This project improves walking and biking access into the central city, delivering healthier and more accessible streets for all. Streetscape upgrades present the opportunity to integrate the cultural design consideration into the green network, contributing to indigenous biodiversity, increasing canopy cover and implementing regenerative infrastructure.



18. Boyes Park Upgrades

The upgrade of southern half of Hinemoa Park and Boyes Park will create a safer, more inviting, accessible, fun and well-connected destination park space. It will increase the quality of existing open space to inner city residents and add family-friendly activities in the central city such as new play spaces. This project complements the potential Founders Theatre site upgrade.

Outcomes: Upgrades to Boyes Park will provide play opportunities for all through the provision of safe and exiting recreational spaces, enhances

the quality and accessibility of social infrastructure and contributes to improving community health and wellbeing.



19. Riverside Shared Path Access and Crime Prevention Improvements

Improvements will make sure that the shared path is a safer, more accessible place for all users throughout the day and night. We can do this by improving wayfinding signage which will also contribute to strengthening the path's sense of place and strong relationship to the river through signage, celebration of Te Ao Maaori and Te Reo Maaori and connectivity to the central city.

Outcomes: Improving accessibility to and along the river will shape and enhance the identity of the central city, promoting a thriving Maaori culture, encouraging walking and biking and improving real and perceived safety along the path.



20. Central City Riverside Cultural Trail

Actively recognising and celebrating the unique cultural and historical heritage of Hamilton Kirikiriroa through art and design. Retention of built heritage and adaptive reuse of sites and buildings is to be encouraged. The indicative cultural trail will showcase the historic and existing character of the central city, acknowledging sites of significance and traditional practices alongside contemporary art and design interventions.

Outcomes: Aspiration to be developed in partnership with iwi and mana whenua, the indicative Cultural Trail will help shaping the future of Hamilton Kirikiriroa's Central City, telling the story of the area.



21. River Edge Native Biodiversity Scheme

The River Edge Native Biodiversity Scheme will build on the Nature in the City Strategy to enhance indigenous biodiversity in the central city, focused on the river edge. The scheme will include indigenous planting strategies developed with iwi and will identify techniques and opportunities to support and protect native flora and fauna.

Outcomes: The scheme will bring native ecologies into central city neighbourhoods, contributing towards achieving the goal of 10% native vegetation cover and helping to strengthen the natural environment along the Waikato River.



22. Northern Victoria Street Upgrade

An extension of upgrades made to the southern end of Victoria Street will focus on providing better spaces and connections to the River for pedestrians and cyclists, as well as to the mixed use and residential precinct to the north of the central city area.

Outcomes: Improved pedestrian amenity will encourage and support the use of safe, efficient and sustainable travel options. Upgrading Victoria Street will strengthen its social and economic function for Hamilton.





23. Northern Residential and Mixed Use Precinct

The National Policy Statement for Urban Development requires Hamilton City Council to consider how we plan for and enhance the use of land in the central city. The Northern Residential and Mixed Use Precinct presents an opportunity to increase the number of dwellings in the central city by providing for medium to high density residential neighbourhoods. The neighbourhood will support a new residential community in the central city, providing amenity open spaces, play spaces and social infrastructure to support diverse populations. This project will seek opportunities for:

- High quality and iconic architecture which defines character and supports wayfinding.
- Street upgrades to Vialou Street, Rostrevor Street, Barton Street and London Street which prioritise pedestrian and cycle movement within the precinct.
- New open spaces which support intensification of residential development and provide opportunities to support 'shared backyards' for different apartment and terrace housing typologies.
- New play and recreation spaces for all ages.
- Pedestrian laneways improving connectivity between blocks and enhancing existing connections.

Outcomes: The increasing number of residential dwellings and population in the central city will be supported by a diverse range of places and services. New community infrastructure will consider the future needs of the community such as open spaces, street upgrades, schools and iconic buildings. An increase in housing within the central city area will meet the tenure and typology needs of a diverse and growing population.



Figure 43: Mixed-Use and Residential Intensification

Medium Term Projects (2031 - 2041)

24. Tristram Street Upgrade

Tristram Street will be the primary freight and general traffic route around the central city. We need to improve safety for pedestrians and cyclists accessing the West Town Belt and create better public spaces along the street.

Outcomes: Freight and deliveries will be managed in the central city to enhance efficiency and safety without impacting the quality of the urban realm.



25. Bryce Street Green Transport Priority

Bryce Street is a key east-west movement corridor linking the river with the transport centre and green frame to the west. There are streetscape upgrade opportunities to create better public spaces on the street and maximise multi modal transport options for biking and pedestrians.

Outcomes: Bryce Street Green Transport Priority upgrades will improve the central city walking, biking and public transport experience for all users, improving safety and connectivity to the central city from fringe suburbs.



HAMILTON CITY COUNCIL

26. Victoria Street Commercial Intensification

Following upgrades to Victoria Street there is an opportunity for nearby commercial land to be redeveloped or enhanced to better connect with Victoria Street at the ground floor land. Existing built heritage is encouraged for retention and adaptive reuse. This will increase the quality of public spaces and encourage the use of walking and biking in the area.

Outcomes: This will increase the number of businesses and employees within the central city, including the retention of businesses long term, supporting a growing and prosperous economy.



27. Play Trail - Stage One

Connecting recreation and play opportunities across the central city, enhancing moments of play activation within the streetscape and public realm.

- a. Victoria Street
- b. Alexandra Street
- d. Hood Street Play Space
- e. Victoria on the River Play Elements

Outcomes: The Play Trail will connect safe and exciting play and recreation opportunities that are accessible for all people.



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Medium Term Projects (2031 - 2041)

28. Existing Public Space Water Sensitive Urban Design and Biodiversity (WSUD)

Using urban design in existing public spaces to improve the stormwater outcomes in the central city. Ensuring all public spaces are using a palette of native plants and trees to enhance native biodiversity. Key locations include:

- Garden Place
- Wintec Plaza
- Ferrybank Park

Outcomes: Retrofitting WSUD into existing public spaces will help shape an integrated blue-green network, increasing the quality of urban settings, enhance local resilience, ecology and biodiversity, and promote sustainable lifestyles, improving both the health and the wellbeing of urban residents.



Figure 52: Encouraging more WSUD incorporating to the Garden Place area



29. Priority Biking Streets

New and enhanced biking infrastructure will make it safer and easier to choose biking as a preferred transport mode for the central city. Cycle features that will support or be implemented in cycle streets may include:

- Separated or protected cycle lanes where appropriate
- Bicycle friendly road markings and signage
- Narrowing wide roads to discourage high vehicle speeds
- Traffic calming infrastructure and reduced speeds

Cycle streets identified in the CCTP as priority streets for biking streets include:

- Victoria Street
- Liverpool Street
- Collingwood Street
- Clarence and Anzac Street

Outcomes: Introducing and enhancing biking infrastructure encourages the uptake of safe, efficient and sustainable travel options, improving access into and around the central city.



Figure 53: More major intersection upgrades to provide safer and healthier environment



30. Laneways

Breaking up the structure of the large city blocks by creating laneways is important for creating pedestrian access and movement, providing interesting spaces and outlets for creativity and art.

Outcomes: Prioritising walking through the provision of laneways delivers healthier and more accessible streets for all users. Laneways will contribute to creating and supporting a vibrant and diverse character for the central city area, providing moments for activation, art and performance.



31. General Public Space Improvements for Pedestrians

Street enhancements including native planting, seating and lighting will contribute to a more accessible, safer and vibrant urban environment for all users. A diverse range of businesses will support ground floor activation along key streets, creating a vibrant environment around the clock.

Outcomes: Streetscape upgrades support and encourage a diverse range of uses to move through and spend time on key streets. This will support and enhance a growing economy that supports the needs of the central city community and contributes to a high quality of life for central city residents.



32. Major Intersection Upgrades

Intersection upgrades are key to delivering a safe, more efficient transport network for all users. Safer and healthier streets will encourage increased walking and biking and ensure the efficient and reliable movement of public transport, freight and general vehicle traffic throughout the central city area.

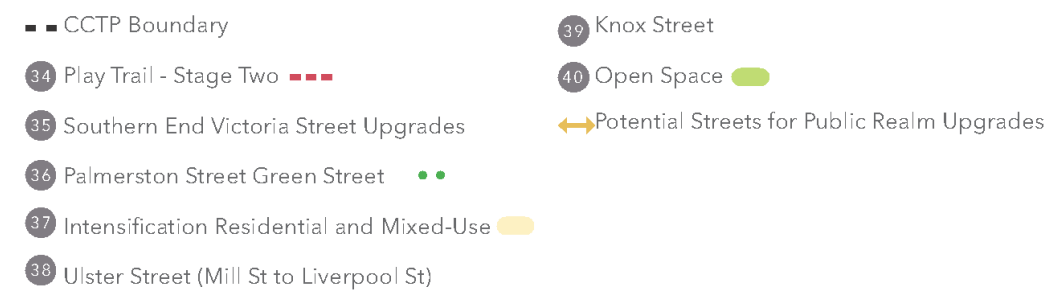
Outcomes: Safer and healthier streets will encourage increased active transport use, and ensure the efficient and reliable movement of public transport, freight and general vehicle traffic throughout the central city area.





Long Term Projects (2041 - 2051)

The next 30 years further enhances open spaces that supports the intensified residential, mixed-use and commercial developments, as well as implementing Stage 2 of the proposed Play Trail.



Long Term Projects (2041 - 2051)

34. Play Trail - Stage Two

Stage Two of the Play Trail builds on the initiative of Stage One and further connects recreation and play opportunities across the central city, enhances moments of play activation within the streetscape and public realm.

- Rostrevor Street
- London Street
- Grantham Street
- River Path Play Space
- Grantham Street Play Space

Outcomes: Increased investment in play and recreation facilities in Hamilton will reflect the needs of the resident population, contributing to Hamilton becoming known as the most playful urban environment in New Zealand.



35. Southern End Victoria Street Upgrade

Upgrades to the Southern End of Victoria Street are an extension of interventions carried out in Phase 1 of the Victoria Street upgrades, reflecting a focus on improved amenity for and priority of active modes. In addition to supporting east west pedestrian movements between the central city and riverfront this phase will improve walking and biking connectivity to the mixed use and residential precinct to the north of the central city area.

Outcomes: Urban realm upgrades will encourage walking and biking, improving connections between Victoria Street, neighbouring precincts and the central city. Integration of movement and place will reflect the character and identity of the street and provide safe and accessible connections for all users.



36. Palmerston Street Green Street

The Palmerston Street green street connects the central city to Lake Rotoroa and Waikato River through promoting walking and cycling. Using urban design to improve stormwater outcomes, increase indigenous biodiversity and provide ecological pathways for birds and insects. General public space improvements to footpaths, furniture, lighting and provision of cycle paths on key streets.

Outcomes: As part of an integrated blue-green network Palmerston Street Green Street will contribute to achieving the goal of 10% native vegetation cover in the central city. The improved connection between Rotoroa Lake and the central city will embed regenerative infrastructure, enhancing biodiversity and improving the health and wellbeing of residents.



37. Residential Intensification and Mixed Use

The National Policy Statement for Urban Development requires Hamilton City Council to consider how we plan for and enhance the use of land in the central city. The Central City presents an opportunity to increase the number of dwellings in the central city by providing for medium to high density residential development as well as mixed use development. The neighbourhood will support a new residential community in the central city, providing amenity open spaces, play spaces and social infrastructure to support diverse populations.

Outcomes: Increased availability of houses as well as a diverse range of typologies can accommodate for different people. The increasing number of residential dwellings and population in the central city will be supported by a diverse range of places and services. New community infrastructure will consider the future needs of the community such as open spaces, street upgrades, schools and iconic buildings. Improved connections to the central city will ensure residential intensification contributes to activation of the central city area.



38. Ulster Street (Mill Street to Liverpool Street)

Improvements to public realm and streetscape along Ulster Street (Mill Street to Liverpool Street) to improve pedestrian amenity. Pedestrians and cyclists given modal priority of the street through interventions such as low speed zones or shared spaces. Movement and place will be better integrated to reflect the character and identity of the area to the north of the central city. Raingardens and increased tree canopy will improve the quality of water run off from Ulster Street.

Outcomes: Improved pedestrian amenity will encourage and support the use of safe, efficient and sustainable travel options. Ground floor activation, high quality pedestrian amenity and the design of streets to enhance quality of life supports the needs of the whole central city community around the clock.



39. Knox Street

Improvements to public spaces and streets along Knox Street to prioritise pedestrians and cyclists. Street enhancements include native planting, seating and lighting will contribute to a more accessible, safer and vibrant urban environment for all users.

Outcomes: Streetscape upgrades support and encourage increased walking through the provision of high quality urban realm, improving safety for all and ensuring spaces are accessible for a diverse range of users.



40. Open Space

Accessible open space is instrumental to creating places that people want to live in, meeting the needs of diverse users with different interests and abilities. Residential intensification will support opportunities for different housing typologies within the central city through encouragement of more affordable housing typologies.

Outcomes: Creating new open spaces in areas of anticipated residential and mixed-use intensification such as Southern Residential and Mixed-Use Precinct provides the increased residential density opportunities for recreation and social interaction between neighbours.



Implementation

Transformation of the Central City will take time, many of the actions are continuous and will be reviewed and updated over time. The CCTP is intended to be a living document that will be updated and changed as new planning, strategy and thinking progresses.

Implementation of the Central City Transformation Plan is a shared responsibility; the Council contributes to creating the environment for prosperity and the business in Hamilton communities is a partner with the Council, but transformation will only happen if the business and investment community and the public also contribute. The private sector has a major role to play.

Long Term Programme Management Approach for Central City as a Growth Cell in its Own Right

Successful implementation of the CCTP requires an integrated land use and transport management approach to deliver on the outcomes and projects identified. This provides investor certainty and commitment to achieve the vision over the longer term. A programme approach will champion the outcomes identified in this document with key stakeholders and the private sector.

Develop KPI's for the CCTP Outcomes

The outcomes in the CCTP articulate a picture of what success looks like if we achieve the desired transformation for Hamilton Central City. Establishing metrics and KPI's as targets will help us to measure how well we are doing to contribute to the central city change we aspire to.

Figure 56: Existing Library in Central City



Central City Research and Investigation

Hamilton City Council currently collects data and measures key statistics and metrics for the central city area. These will continue to play a significant role in our understanding of the baseline and for tracking the changes that are happening as a result of the CCTP.

Engagement with Hamilton Community

The Hamilton City community will play a significant role in shaping and defining the outcomes of projects identified within the CCTP. Enabling processes, environments and channels where community participation and engagement is invited and encouraged will ensure that the CCTP delivers on the broad community aspirations we heard through our engagement process.

Pilot Projects and Tactical Urbanism

Currently Innovating Streets projects are being used to test potential upgrades across the central city. These projects allow us to understand the implications of this investment, before permanent investment or implementation is made. Using piloting techniques can better enable public engagement and clearer understanding of the design outcomes before the permanent infrastructure or solution is constructed.

Planning and Policy Development

The National Policy Statement for Urban Development (NPS-UD) recognises the significance of planning and designing for well-

Figure 57: Engagement with Hamilton Communities



functioning urban environments that enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future. The NPS-UD requires councils to plan for and enable sufficient development capacity to meet the different needs of people and communities.

Elements of the CCTP to be Implemented Through Long Term Plan

Long Term Plan project funding for the next 10 years is currently under evaluation by Council. Decisions on funding for key projects identified within the CCTP will enable the implementation of these projects and initiatives in the near future, beginning the realisation of the outcomes and aspirations outlined in the CCTP.

Development, Establishment and Enhancement of Supporting Strategies, Committees and Guidelines

The CCTP identifies the need for a number of supporting strategies, committees and guidelines to support and enable the delivery of the vision and outcomes of the CCTP.

Partnership and Project Investment

There are opportunities to align many of the CCTP projects with parallel works, thinking and projects being completed by partner organisations in both the public and private sector. Identifying these early and planning how these interdependencies can support long term outcomes will be essential.

Figure 58: River path along Waikato River





Council Report

Item 11

Committee: Council

Date: 29 April 2021

Author: Andy Mannering

Authoriser: Lance Vervoort

Position: Kaiwhakahaere Rautaki Hapori

Position: General Manager Community

Report Name: Waikato Community Lands Trust - Funding Update

Report Status	Open
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Purpose - *Take*

1. To update the Council on the development of the Waikato Community Lands Trust.
2. To seek clarification from the Council of the scope that funding can be used by the Waikato Community Lands Trust.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Council:
 - a) notes that the Waikato Community Lands Trust is moving ahead with work to achieve its purpose within Hamilton City and that further updates will be made by the Trust in due course; and
 - b) delegates the Chief Executive to clarify the intended use of the funding from Hamilton City by amending the funding agreement with the Waikato Community Lands Trust so that funding may be used by the Trust to achieve its purpose through the purchase and development or redevelopment of land within Hamilton City.

Executive Summary - *Whakaraapopototanga matua*

4. At the 27 June 2019 Council meeting endorsed the establishment of a new entity, to be called the Waikato Community Lands Trust (the Trust). Tompkins Wake completed a Trust Deed with input from stakeholders to futureproof the potential growth of the Trust and to enable it to partner with organisations working across the Waikato.
5. The primary purpose of the Trust outlined in the draft Trust Deed, is to provide and make the Trust Fund available for programmes which provide affordable housing solutions to working people and their households who are in need, and who are unable to access meaningful government or other assistance to provide them and their households with safe, secure, and long-term affordable housing.
6. The resolution from the 27 June 2019 Council meeting required registration of the Trust with Charities Services to enact payment from the Council, which has been completed.
7. The Council committed funding of \$2 million over 2019/20 and 2020/21 to support the Trust.
8. Staff recommend the Council delegates the Chief Executive to amend the funding agreement with the Waikato Community Lands Trust so that funding may be used by the Trust to achieve

its purpose through the purchase and development or redevelopment of land within Hamilton City.

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

Background - *Koorero whaimaarama*

10. Local community funders, accredited Community Housing Providers and the wider housing network of the region recommended to the Council the development of a Community Lands Trust model.
11. At the 27 June 2019 ([Agenda](#), [Minutes](#)) Council meeting the supported community land trust model for Hamilton and the wider Waikato would:
 - i. acquire land and/or land and buildings;*
 - ii. hold the land in perpetuity; and*
 - iii. then work with existing housing providers to develop the sites and for housing providers to work with individuals or families to gain access to affordable home ownership.*
12. The Council discussion centred on beneficiaries of the proposed Trust being community members who are experiencing ongoing housing stress, and are unable to enter the full market, but are excluded from central government housing support. At that meeting the Council resolved to:
 - a) approves the establishment of a new entity, to be called the Waikato Community Lands Trust, to hold land in perpetuity to provide access to affordable housing for the benefit of the community;*
 - b) approves \$1,000,000 in 2019/20 and a further \$1,000,000 in 2020/21 for the Waikato Community Lands Trust for purchasing land to be paid upon approval of the draft Trust Deed and subsequent registration with Charities Services;*
 - c) delegates the Chief Executive to undertake a selection process for Trustees for the Waikato Community Lands Trust in accordance with the composition of the Trust as set out in paragraph 34 and bring the recommended appointees to the Council meeting of 17 September 2019 for approval; and*
 - d) delegates the Chief Executive to prepare a Trust Deed for approval at the Council meeting of 17 September 2019.*
13. At the 17 September 2019 Council meeting a draft Trust Deed was presented to the Council for review and approval. At that meeting the Council resolved to:
 - a) approve the draft Trust Deed of the Waikato Community Lands Trust;*
 - b) noted that the Appointments Panel will convene to appoint the foundational Trust Board as outlined in the draft Trust Deed;*
 - c) delegated to the Chief Executive to execute a grant agreement with the Waikato Community Lands Trust for \$1,000,000 in 2019/20 and a further \$1,000,000 in 2020/21 for purchasing land within Hamilton;*
 - d) noted that the draft Trust Deed will be submitted for application of registration with Charities Services;*
 - e) delegated to the Chief Executive to work with Charities Services to finalise any minor amendments to the objects to secure registration as a charity; and*
 - f) delegates the Chief Executive to consider and implement the incorporation as a non-charitable entity for the benefit of Waikato, in the event of the Trust being unable to secure registration as a charity.*

Discussion - *Matapaki*

14. The Trust Deed reflects the intention of the Council discussion and has been produced to establish the Waikato Community Lands Trust, to futureproof the potential growth of the Trust and to enable it to partner with organisations working across the Waikato.
15. The Trust Deed recognises that the primary beneficiaries of the Trust are people who have working income and are locked out of the home ownership market. It is recognised that growing numbers of people are experiencing housing stress as house prices rise faster than household incomes.
16. The objects and mechanisms in clauses 3.1 and 3.2 of the Trust Deed are 'vision and purpose setting'. The mechanics of specific programmes will be worked out in future with providers which partner with the Trust, both in funding and supporting households.
17. To assist the Trust in achieving its purpose, the Council resolved to release \$1,000,000 in 2019/20 and a further \$1,000,000 in 2020/21 for the Waikato Community Lands Trust for purchasing land - to be paid upon approval of the draft Trust Deed and subsequent registration with Charities Services.
18. The Trust set up (refer attached Trust Deed) was completed in 2019/20 and the Trust became a [registered charity](#) with Charities Services (Ngāa Ratonga Kaupapa Atawhai) on 8 October 2020. This enabled the Trust to receive funding from the WEL Energy Trust Vital Impact Grant (Housing), and operational funding from Council which was approved in the 2020/21 Annual Plan at the 23 July 2020 Council meeting. In the latter part of 2020, the focus was on securing operational funding for the Trust.
19. The Trust has performed stakeholder engagement and validation of the existing market landscape by consulting widely with a variety of organisations including Waikato-Tainui, Kāinga Ora, Waikato Regional Housing Initiative, Habitat for Humanity, Momentum Waikato, K'aute Pacifica Trust, along with several other housing related organisations. This engagement has fed into the development of the Trust's Strategy and Action Plan (refer attached). The action plan focuses on the following core initiatives to provide sustainable and meaningful impact for Waikato's housing market:
 - i. Funding and investment;
 - ii. Partnerships and collaborations;
 - iii. Communication and engagement;
 - iv. Meeting the diverse needs of our community;
 - v. Data, impact and advocacy for plan changes.
20. Council and the Trust have signed a funding agreement (refer attached agreement) with \$2,000,000 in funding released to the Trust in March 2021.
21. As part of the discussions with the Trust over the funding agreement, clarification was sought by the Trust on the scope of use of the \$2,000,000 funding being provided by Council. The Trust has noted that as currently worded (following the previous resolution of the Council in 2019) funds can only be used for the purchase of land but do not extend to other activities such as site clearing. The implication of this is that the Trust will be constrained to only purchase vacant sections within Hamilton City Council zoning – of which there is extremely limited supply. The Trust has adapted to this constraint and are actively seeking purchase options, including off-market transactions.
22. The Trust is seeking clarification on the projects to which funding from Council can be applied – to achieve its purpose (refer to the Trust Deed). The Trust may need to consider 'brownfield' sites for redevelopment and/or intensification of land use.

23. Staff recommend clarifying that the funding may be used by the Trust to achieve its purpose through the purchase and development or redevelopment of land within Hamilton City.
24. If the recommendation is not approved the Trust may be constrained in achieving its purpose due to the limited number of 'greenfield' sites and/or bare sections available for purchase and development within Hamilton City.
25. The Trust's purpose aligns with the vision in the Housing Strategy and the Action Plan approved at the Strategic Growth Committee's 30 March meeting ([Agenda](#), [Minutes](#)).

Options

26. Staff have assessed that there are two reasonable and viable options for the Council to consider. This assessment reflects the level of significance (see paragraph 39), the intent of the Council when creating the Trust and the recently approved Housing Strategy and Action Plan.
27. The Council could:
 - i. Leave the funding agreement as is (status quo); or
 - ii. amend the funding agreement with the Waikato Community Lands Trust so that funding may be used by the Trust to achieve its purpose through the purchase and development or redevelopment of land within Hamilton City.
28. Staff recommend the Council delegates the Chief Executive to amend the funding agreement with the Waikato Community Lands Trust so that funding may be used by the Trust to achieve its purpose through the purchase and development or redevelopment of land within Hamilton City.

Financial Considerations - *Whaiwhakaaro Puutea*

29. This is an operating activity, funded through the Long-Term Plan. On-going operational grants can be considered as part of Long-Term Plan or Annual Plan grants processes.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

31. 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').
32. 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.
33. The recommendations set out in this report are consistent with that purpose.

Social

34. Social Wellbeing will be increased for beneficiaries of the Trust as security of housing allows individuals to invest their time and energy into the local community. Individuals and families that are constantly moving spend significant time addressing immediate needs.

Economic

35. The beneficiaries of the Trust will be community members who are experiencing ongoing housing stress. International research demonstrates positive links between home ownership and the generation of employment and wealth outcomes.

Environmental

36. The Trust Deed speaks to the importance of the Trust to align with the United Nations Sustainable Development Goals to enhance environmental wellbeing, particularly in relationship to land use and potential developments.

Cultural

37. Community members who are experiencing ongoing housing stress in the Waikato identify with a wide range of ethnic backgrounds, and the Trust is focused on meeting the diverse needs of our community.
38. The Trust recognise the views and aspirations of Maaori and abide by the applicable principles of Te Tiriti o Waitangi.

Risks

39. The success and impact of the Trust will be influenced by several factors including the political support of the region, availability of land, security of adequate financial resources, the skills and abilities of Trustees, and the capabilities of the housing providers to deliver appropriate housing outcomes.

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

Significance

40. 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 low level of significance.

Engagement

41. Local community funders, accredited Community Housing Providers and the wider housing network of the region have partnered with the Council in the recommendations that have been connected to the 10-Year Plan funding.
42. The development of the Trust compliments the Waikato Plan Regional Housing Initiative.
43. The Waikato Mayoral Forum have received reports around the ongoing developments and support the intention of the Trust.
44. Ongoing community engagement will occur through the establishment of Project Advisory Committees from the relevant communities (including relevant iwi / hapu) in which a project is taking place.
45. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Waikato Lands Trust - Trust Deed

Attachment 2 - Waikato Lands Trust Funding Agreement - March 2021

Attachment 3 - Waikato Lands Trust Strategy Overview

Attachment 4 - Waikato Lands Trust Action Plan

WAIKATO COMMUNITY LANDS TRUST

TRUST DEED

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New Zealand
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TOMPKINS
WAKE

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DEED dated

2020

PARTIES

- (1) Delwyn Te Kuru Abraham
- (2) Fiona Katherine McNabb
- (3) Yvonne May Low
- (4) Peter Bruce Southwick
- (5) Stephen Robert Atkinson
- (6) Thomas Nathanael Gibbons
- (7) Jenny Arishma Nand

("Trustees")

BACKGROUND

- A. The Trustees wish to declare a charitable trust known as **Waikato Community Lands Trust** which will have as its objectives the objects described in clause 3.
- B. The Trustees have received an anonymous donation of \$100.00 to establish the Trust and it is anticipated that further money, property and investments may from time to time be paid or transferred to the Trust.
- C. The Trustees wish to set out and define the Trust and the conditions upon which the Trustees hold the \$100 and other assets vested in them in their capacity as Trustees.

OPERATIVE PART:

1. DECLARATION OF TRUST

1.1 Declaration

The Trustees acknowledge and declare that they stand possessed of the Trust Fund on and subject to the trusts and objects expressed in this Deed with the powers detailed in this Deed or authorised by law.

1.2 Name

The name of the Trust shall be **Waikato Community Lands Trust** or such other name as the Trustees may from time to time resolve by Special Resolution.

2. CONSTRUCTION

2.1 Interpretation

- (a) Headings in this Deed are intended for location and reference purposes and shall not be looked to in the construction or interpretation of this Deed.
- (b) References to any statutory provision include any statutory provision which amends or replaces it and any subordinate legislation made under it.

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- (c) Words importing the singular shall include the plural and vice versa and words importing one gender shall include all other genders and the following terms or expressions shall, unless the context otherwise requires, have the following meanings or definitions.

2.2 Definitions

- (a) **"Appointments Panel"** means the panel appointed in accordance with clause 6;
- (b) **"Charitable Purpose"** means every purpose, which in accordance with the law of New Zealand, is charitable;
- (c) **"Community Organisation"** means any trust, society or institution established exclusively for Charitable Purposes within New Zealand and not carried on for private pecuniary profit of any individual and whose income is exempt under either section CW41 or CW42 or both of the Income Tax Act 2007, or any subsequent enactment of similar effect for the time being in force;
- (d) **"Objects"** has the meaning given to that term in clause 3.1;
- (e) **"Special Resolution"** has the meaning given to that term in clause 8.1(d)(ii);
- (f) **"Trust Fund"** means:
 - (i) any property (real and personal) wherever situated, whenever acquired by the Trustees in any manner whatsoever for the purposes of the Trust; and
 - (ii) the moneys, property and investments from time to time representing such property including the income therefrom;
- (g) **"Trustees"** means:
 - (i) the trustee or trustees for the time being of the Trust, whether original, additional or replacement trustees; and
 - (ii) during any period in which the Trustees are incorporated as a board under the Charitable Trusts Act 1957, either the Trustees acting as a board or the Trustees for the time being constituting the board, as the context requires;
- (h) **"Trust"** means the trust established by this Deed; and
- (i) **"Trust Board"** and **"Board"** mean the board constituted pursuant to this Deed (clause 5).

3. OBJECTS

3.1 To hold and use land for the benefit of the Waikato community

The Trustees shall hold the Trust Fund, in perpetuity, for the following Charitable Purposes or objects (each being independent of any other) at all times being restricted to operation within New Zealand, and generally within the Waikato region (the **"Objects"**):

- (a) to provide, and make the Trust Fund available for programmes which provide, affordable housing solutions to people who are in need (**"Primary Purpose"**);

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- (b) in carrying out the Primary Purpose:
 - (i) to acquire, own, maintain, develop and manage land and buildings to provide housing and associated community facilities for the use and benefit of the people of the Waikato region;
 - (ii) to endeavour to eliminate inadequate housing in the Waikato region and increase the supply of quality housing for the benefit of the Waikato community;
 - (iii) to provide housing solutions (including forms of home ownership, where the fee simple interest in the land component of a home remains held in the Trust) that are focused on delivering long-term social, environmental and community benefits for the Waikato community, and to enhance social cohesion;
 - (iv) to encourage and provide opportunity for people in the Waikato region to contribute to beneficial social outcomes with a housing focus, and to receive education to build capacity to receive and contribute to those beneficial social outcomes; and
 - (v) to partner with and support the charitable purposes of other registered charities which carry out the Primary Purpose and objects set out above.

3.2 Implementation

The Trustees in addition to, and in order to achieve, the Objects set out in clause 3.1 may:

- (a) purchase, sell, own, maintain, develop and manage land and buildings, and undertake, support and promote initiatives and programmes to meet the Objects;
- (b) support, partner with and assist, financially or otherwise, other Community Organisations, registered community housing providers, bodies, groups, trusts, incorporated or not, whose objectives are similar to those of the Trust and/or whose existence could be deemed by the Trustees to be a help and benefit to the Trustees in achieving the objectives of the Trust;
- (c) recognise the views and aspirations of Maaori and abide by the applicable principles of Te Tiriti o Waitangi;
- (d) create investment funds to support the Objects, which may be specific to specific communities within the Waikato region having regard to the source of contributions to such funds and abide by the terms of any gifts made for a specific purpose or for use in a particular locality;
- (e) carry out the Objects in a manner which enhances social and environmental wellbeing;
- (f) make provision for and support such charities and Charitable Purposes as the Trustees in their absolute discretion shall from time to time think fit;

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- (g) carry on any other object which is capable of being conveniently carried on in conjunction with the Objects which directly or indirectly advances the Objects of the Trust or any of them;
- (h) own, provide or maintain any facility, or corporate entity to meet or satisfy any or all of the Objects; and
- (i) to generally do all such acts matters and things to enter into and make such arrangements as are incidental to or conducive to the attainment of any or all of the Objects of the Trust.

3.3 Tax status

If by reason of any alteration in the law relating to income tax it is at any time necessary to amend the Objects outlined in clause 3.1 or clause 3.2 to preserve the right to exemption from income tax of the kind referred to in the Income Tax Act 2007 (or any re-enactment of that legislation) such objects shall thereupon be deemed to be amended to the extent necessary.

3.4 Directions

For the benefit of the implementation of the Objects of the Trust:

- (a) the Trustees are to exercise the powers, authorities and discretions in respect of the Trust as widely as possible and with the minimum of restriction or limitation;
- (b) the Trust may draw its support from anywhere the Trust Board considers appropriate, having regard to the Objects of the Trust; and
- (c) it is intended that this Trust will continue to qualify for an income tax exemption, under sections CW41 and CW42, and donee status under Subpart LD of the Income Tax Act 2007 (or any re-enactment of those provisions).

3.5 Limitations

To ensure that the Trust secures, and retains registration as a charitable entity in New Zealand (and without limiting the provisions of clause 10 (Personal Interest), the following limitations shall apply to the application of the terms of this Deed:

- (a) no part of the income or the capital of the Trust Fund shall be paid, or directly or indirectly transferred by way of profit, to any Trustee;
- (b) no part of the Trust Fund shall be applied for the benefit of any person or organisation outside of New Zealand, unless the Trustees have secured the express written approval of the Commissioner of Inland Revenue to so apply any part of the Trust Fund for a specific purpose outside New Zealand; and
- (c) the limitation set out in clause 10.3; and,
- (d) no Trustee shall be permitted to personally benefit directly or indirectly on or from the winding up of the Trust,

but nothing in these provisions shall prevent any payment (at no more than market rates) to any such person for:

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- (i) services rendered, or
- (ii) goods supplied, or
- (iii) by way of interest on monies borrowed, or rent for premises let or leased to the Trust,

if that payment can be made without causing the income of the Trust, or any part of it, which would otherwise be exempt from income tax, to become liable for income tax.

4. TRUSTEES' POWERS

In carrying out the trusts contained in this Deed, the Trustees shall:

- (a) have the powers of a natural person (including powers to delegate, borrow, guarantee and indemnify) in respect of the Trust Fund;
- (b) be entitled to exercise those powers as if they were the absolute owners of the Trust Fund;
- (c) have no limitation on the exercise of their powers except as provided in this Deed; and
- (d) not be liable for any loss if it is considered that they have not acted 'prudently' in the exercise of their powers, notwithstanding any statutory provision or rule of law to the contrary.

5. TRUST BOARD

5.1 Establishment

There is established by this Deed a trust board to be known as **Waikato Community Lands Trust Board**.

5.2 Incorporation

In addition to and without limiting the other powers contained or implied in this Deed the Trust Board shall have power to apply for incorporation as a Trust Board under Part II of the Charitable Trusts Act 1957 (or any re-enactment of that legislation).

5.3 Membership and numbers

- (a) The Trust Board shall comprise the Trustees or any person appointed from time to time to hold office as a Trustee of the Trust.
- (b) The number of Trustees shall be not less than **five (5)**. The maximum number of Trustees shall be **seven (7)** or as determined from time to time by the Appointments Panel.

5.4 Eligibility for office

No person shall be eligible for appointment to the Trust Board unless that person:

- (a) has first been appointed as a trustee by the Appointments Panel;

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- (b) confirms his or her willingness to accept such appointment in writing prior to such appointment;
- (c) is not disqualified to be an officer of a charitable entity pursuant to the Charities Act 2005;
- (d) has good character and a true reputation for honesty and integrity;
- (e) is not a current member of the Appointments Panel;
- (f) subscribes, in writing, to the vision statement and core values of the Trust as determined and agreed to from time to time by the Trust Board (if any).

5.5 **Term and rotation of Trustees**

From the third annual general meeting of the Trust Board, and at each annual general meeting thereafter, a minimum of two Trustees shall retire from office. The Trustees to retire shall be those who have been longest in office since they were most recently appointed. If more than two Trustees were most recently appointed on the same day, the Trustees to retire shall (unless they otherwise agree among themselves and with the Appointments Panel) be determined by lot. A retiring Trustee is eligible for reappointment, provided that any person who has been a Trustee for seven consecutive years will be ineligible for reappointment as a Trustee until a year has elapsed from when he or she ceased to be a Trustee.

5.6 **Retirement of Trustees**

A Trustee shall hold office until his or her appointment is terminated on the happening of any one or more of the following events:

- (a) the Trustee is removed at the discretion of the Appointments Panel (including having regard to the factors at clause 5(b) of Schedule One);
- (b) the Trustee retires at any time by giving written notice to the chairperson;
- (c) the Trustee becomes unsound of mind;
- (d) the Trustee becomes bankrupt or insolvent;
- (e) the Trustee is convicted of a criminal offence which, in the majority opinion of the other members of the Trust Board, warrants removal as a Trustee;
- (f) the Trustee dies;
- (g) the Trustee is unable to diligently and practically exercise the duties of a Trust Board member (including regular attendance at meetings) beyond any period of leave of absence granted by the Trust Board;
- (h) the Trustee becomes disqualified to be an officer of a charitable entity pursuant to the Charities Act 2005; and
- (i) the Trustee's term of appointment expires pursuant to clause 5.5 (subject to any reappointment pursuant to that clause).

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5.7 **Appointment of members**

- (a) **Term**
Subject to clauses 5.5. and 5.6, each Trustee named in this Deed shall hold office for the term provided for in their respective letters of appointment.
- (b) **Appointment**
All Trustees shall be appointed by the Appointments Panel.
- (c) **Agreement**
Each nomination to fill a vacancy on the Trust Board (whether casual or arising by virtue of rotational retirement) shall be signed by the candidate who, at the same time, if required, shall subscribe his or her name in writing in accordance with clause 5.4(f) above.
- (d) **Vacancy**
Any casual vacancy in the membership of the Trust Board whether occurring among the members or by virtue of a resolution to increase the number of trustees comprising the Trust Board shall be filled by an appointment made by the Appointments Panel.

5.8 **Minute book entry**

Upon every appointment, re-appointment, retirement or cessation of office of any Trustee the Trust Board shall cause an entry to that effect to be recorded in the minute book of the Trust (which may comprise digital records, and be kept electronically).

5.9 **Officers of the Trust Board**

The Trust Board shall have the following officers who shall be elected at the first meeting of the Trust Board in each year and in the event of there being an equality of votes for any election the matter shall be determined by lot:

- (a) **Officers & Roles**
 - (i) A **chairperson** who must be a member of the Trust Board, and who shall preside at all meetings at which the chairperson is present. In the absence of the chairperson, the members present shall appoint one of their number to act as chairperson at that meeting and that member whilst so acting shall have all the powers of the chairperson; and
 - (ii) Such other officers as the Trust Board determines from time to time, who may (as determined by the Trust Board) be members of the Trust Board or not.

6. **APPOINTMENTS PANEL**

The Appointments Panel shall be constituted, and have the composition, objectives, and responsibilities as set out in the Terms of Reference attached as Schedule One.

7. **PROJECT ADVISORY COMMITTEES**

7.1 **Establishment**

The Trust Board has the power to establish Project Advisory Committees for any projects it carries out, to provide the Trust Board with advice, and to vest and delegate such powers of

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management as the Trust Board sees fit in a Project Advisory Committee. A Project Advisory Committee may include both Trustees and non-Trustees.

7.2 Membership

The Trust Board has full power to determine the membership and powers of any Project Advisory Committee, and, in doing so, will seek to ensure the Project Advisory Committee has access to relevant expertise relating to the project, diversity of thought, and appropriate representation from the relevant communities (including relevant iwi / hapu) in which a project is taking place.

7.3 Terms of appointment

The Trust Board shall appoint members of the Project Advisory Committee on such terms as the Trust Board considers appropriate from time to time and may at any time remove any members of the Project Advisory Committee.

7.4 Status of members

Clauses 3.5, 10 and 11 of this Deed shall apply to every member of a Project Advisory Committee as though such members were Trustees.

8. ADMINISTRATION

8.1 Meetings of the Trust Board

(a) Types of meetings

- (i) Ordinary meetings of the Trust Board shall be held at such times and places as fixed by the Trust Board and the Trust Board shall regulate its own procedure;
- (ii) Annual general meetings of the Trust Board shall be held once a year on such days as shall be fixed by the Trust Board, notice of which shall be given to each member of the Trust Board in writing not less than fourteen (14) days prior to the scheduled date. Not more than 15 months shall elapse between the date of one annual general meeting of the Trust Board and that of the next; and
- (iii) Special meetings may be called at any time by the chairperson on a written request signed by any two (2) members including by email exchange. Three (3) days' notice of such special meeting shall be given in writing to each member and only the business stated in the notice shall be dealt with at the meeting

(b) Notice

Notice of each meeting of the Trust Board shall be given to all members of the Trust Board by the chairperson:

- (i) hand delivery or by posting a letter containing a copy of such notice and addressed to each member of the Trust Board at his or her last known address in New Zealand; or (preferably)
- (ii) sending by email a copy of such notice addressed to each member of the Trust Board at his or her last known email address.

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Every such notice must be at least seven (7) days prior to the date appointed for such meeting in the case of ordinary meetings, (fourteen (14) days in the case of annual general meetings, and three (3) days in the case of special meetings). The notice requirements may be waived with the approval (to be recorded in the minutes of such meeting) of not less than three (3) members of the Trust Board personally present at such meeting.

(c) **Quorum**

(i) A quorum of members necessary for the transaction of the business of the Trust Board shall consist of not less than two thirds of the total number of members appointed to the Trust Board for the time being eligible to vote on the business being considered. To avoid doubt, the number of members required for a quorum shall be rounded upwards, where necessary, to the nearest whole number.

(ii) Any commitment between the Trust Board and a third party that resulted from the acts and decisions of the Trust Board shall not be deemed to be invalid by reason of the fact that the number of members of the Trust Board is less than the number required by this Deed, provided that the third party has acted in reliance on that commitment in good faith and without notice of that fact.

(d) **Decisions**

(i) Decisions on questions arising at any meeting of the Trust Board shall be determined by a majority of votes of the Trust Board members present and eligible to vote on the question (except where this Deed provides to the contrary) and in any case of an equality of votes the chairperson shall have a second or casting vote.

(ii) Where it is provided that any question be determined by "**Special Resolution**" of the Trust Board that question shall be deemed to have been determined in favour of the affirmative if not less than three quarters of the Trust Board members present and eligible to vote on the question vote in favour of the affirmative (rounded up, where necessary, to the nearest whole number). The chairperson shall not have a second or casting vote in respect of any question to be determined by Special Resolution.

(e) **Minutes**

The Trust Board shall cause minutes to be duly entered in the minute book provided for that purpose recording details of all matters considered by the Trust Board at each meeting together with details of all decisions made and resolutions, whether passed or lost. Any minute of any meeting of the Trust Board if purporting to be signed by the chairperson of that meeting or by the chairperson of the next succeeding meeting shall be receivable as prima facie evidence of the matters stated in such minutes. To avoid doubt, minutes may be generated and stored in electronic form.

(f) **Resolutions**

A resolution in writing signed by all the members of the Trust Board for the time being shall be valid and effectual as if it had been passed by a meeting of the Trust Board duly convened and held. Such a resolution may consist of several like documents each

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signed by one or more members. To avoid doubt, resolutions can be recorded and passed pursuant to this clause by electronic communication methods.

(g) **Telephone and/or video conferences**

The contemporaneous linking by telephone, video, and/or computer of a number of members constituting a quorum shall be able to constitute a meeting of the Trust Board so long as:

- (i) all the members of the Trust Board have received notice of the meeting which may be given by telephone, video, and/or computer; and
- (ii) each member of the Trust Board taking part can hear the others at the commencement of the meeting and so acknowledges.

(h) **Leave of absence**

The Trust Board may grant a member leave of absence from time to time for such period or periods as the Trust Board may think fit.

(i) **Rules**

The Trust Board may from time to time make, alter, vary, add to and revoke such rules as the Trust Board may from time to time think fit in respect of or in any way relating to, meetings of the Trust Board and of committees and proceedings at any such meetings of the Trust Board or committees.

8.2 **Functions, powers and duties of the Trust Board**

(a) **Scope**

The Trust Board shall:

- (i) have the government, control, direction and management of and responsibility for application of the Trust Fund and from time to time to make, amend and rescind rules and regulations for the conduct, management and administration of the Trust Fund and for all other similar matters necessary or proper to give effect to the Objects of the Trust;
- (ii) carry out, effect and perform the Objects according to law and as provided in this Deed;
- (iii) do all such other things as, not being contrary to law and not prohibited by this Deed, shall or may be necessary or desirable for the carrying out and performance of the Objects;
- (iv) do all such other things as shall be necessary or desirable in order to comply with the provisions of the Charities Act 2005 and the Charitable Trusts Act 1957 (or any replacement legislation governing the conduct of charitable trusts) in their relation to the Trust.

(b) **Delegation**

The Trust Board may delegate any of the powers, authorities and discretions conferred upon it by these presents to any person or persons or committee or committees appointed by the Trust Board for that purpose whether or not any such

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person or member of a committee is a member of the Trust Board. Delegation may be with such functions and authority and subject to such restrictions as the Trust Board may think fit and from time to time direct or redirect.

8.3 Accounts & audits

(a) Bank accounts

The Trust Board shall operate such accounts with any registered bank as the Trust Board shall from time to time appoint, into which account or accounts shall be banked all moneys received by the Trust without exception.

(b) Payments

(i) All payments and withdrawals on any account or accounts with any bank or banks opened by the Trust Board, whether by way of internet banking or negotiable instruments (including cheques) shall be authorised and/or signed by any two (2) of the members of the Trust Board, or by any one member of the Trust Board and any one other person from time to time appointed by the Trust Board for that purpose.

(ii) The Trust Board may appoint different persons or sets of persons (being not less than two (2) in number) to authorise payments by internet banking, accounting software systems and/or sign cheques on different accounts and the Trust Board may from time to time by notice in writing revoke any such appointment or appointments and make other appointments.

(iii) In respect of any account designated by the Trust Board as an imprest account for the payment of ordinary day to day accounts and wages and salaries payable in connection with any business, the Trust Board may authorise any one or more person(s) whether or not members of the Trust Board to authorise payments by internet banking, accounting software systems and/or sign cheques on that account within such limits and subject to such terms and conditions as shall be specified by the Trust Board.

(c) Accounts systems

(i) The Trust Board shall cause proper books of account to be provided and true and accurate entries to be made therein of the assets and liabilities of the Trust Board and of all moneys received and paid by the Trust under the authority of this Deed and in pursuance of the Objects of the Trust Board.

(ii) Such books shall at all times be open to the inspection of every member of the Trust Board or any person appointed by the Trust Board who may take extracts from the same.

(iii) All monies collected or raised by the Trust Board or otherwise belonging to the Trust Board which shall have come into the hands of the Trustees shall be paid into a current account in the name of the Trust Board at such Bank as the Trust Board shall from time to time appoint.

(iv) Immediately after the end of the Trust Board's financial year (the balance date being determined by the Trust Board from time to time) the Trustees shall cause to be prepared an annual balance sheet of the Trust Board as at the end

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of that financial year together with a statement of income and expenditure of the Trust Board during that year and such balance sheet and statement of income and expenditure shall be submitted to and approved by the Trust Board.

- (v) A copy of such balance sheet and statement of income and expenditure shall be provided to each member of the Trust Board not less than seven (7) days prior to the meeting of the Trust Board at which it is to be considered.

(d) **Audit / review**

Accounts of the trust shall be audited or reviewed if required by any member of the Trust Board at or before the meeting at which the same are first to be considered but not otherwise. Any auditor or reviewer shall be a Chartered Accountant who shall not be:

- (i) a member of the Trust Board or of the Appointments Panel; or
- (ii) associated with a member of the Trust Board using the definition of associated person outlined in Subpart YB of the Income Tax Act 2007 (or any re-enactment of that section).

An auditor or reviewer may be appointed by resolution of the Trust Board or by the Appointments Panel at any time and will be appointed if required by the Charities Act 2005.

8.4 Registered Office

The Trust Board shall have a registered office which shall be at such place as appointed from time to time by Special Resolution of the Trust Board and the Trust Board shall (in the case of incorporation under the Charitable Trusts Act 1957) give notice of the place of the registered office to the Registrar of Incorporated Societies as and when required.

8.5 Common Seal

- (a) During any period of incorporation under the provisions of the Charitable Trusts Act 1957 (or any replacement legislation governing the conduct of charitable trusts) the Trust Board shall acquire and adopt a Common Seal which shall be kept in the custody of an officer as shall be appointed by the Trust Board. The Common Seal shall only be used by the authority of the Trust Board and the Common Seal shall only be affixed to a document or instrument in the presence of two (2) members who shall also affix their signatures to every document or instrument so sealed.
- (b) As regards third parties, the Common Seal shall be deemed to have been duly affixed, if the affixing is attested by two (2) members of the Trust Board and that notwithstanding any invalidity in the appointment of any member or any irregularity in the meeting at which the same was authorised and/or affixed or in any other matter connected with the affixing of the same and as regards third parties the signature of the persons attesting to the affixing of the Common Seal shall be sufficient evidence that these persons are members of the Trust Board.

8.6 Reporting

As soon as practicable after the end of each of the Trust's financial years, the Trust Board will produce a report regarding the activities of the Trust for that year, to which the financial

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statements of the Trust for the year (audited or reviewed as applicable) will be attached, and shall provide such report to the Appointments Panel for distribution pursuant to clause 5(h) of Schedule One to this Deed.

9. INTERPRETATION AND AMENDMENT

9.1 Interpretation

The Trust Board may obtain and act upon the opinion of any Barrister and/or Solicitor enrolled and certified to practice in the High Court of New Zealand in relation to this Deed (as to interpretation or otherwise) or any other document or statute or as to the administration of the Trust without being liable to any of the persons beneficially interested in respect of any act done by the Trust Board in accordance with such opinion. However, nothing in this clause shall prohibit the Trust Board from applying to any Court of competent jurisdiction, if the Trust Board should think fit to do so.

9.2 Amendment

The Trust Board, by Deed approved by a Special Resolution of the Trustees, may make any alteration or addition to the terms and provisions of this Deed provided that:

- (a) the Trust Fund and income arising from the Trust Fund must always be held for Charities and charitable purposes according to the law of New Zealand; and
- (b) no variation, addition or deletion shall be made to the Objects (clause 3.1), the pecuniary profit provisions (clause 10), or the winding up provisions (clause 12), in each case, which could prejudice the charitable nature of the Trust or the Trust's ability to meet the requirements for any exemption available to charities under New Zealand revenue laws; and
- (c) no alterations shall be made to the provisions of this clause which would have the effect of defeating the limitations contained in clauses 9.2(a) and 9.2(b) above; and
- (d) no alterations may be made to those provisions numbered clause 6 (Appointments Panel) and Schedule One (Appointments Panel – Terms of Reference) at the date of this Deed, and no other alterations may be made to this Deed that have the effect of changing the application of those provisions, in each case, without the prior unanimous approval of the Appointments Panel.

9.3 Implementation

Once the provisions in clause 9.2 above have been satisfied, the Trustees can effect the approved variation or variations by deed executed by all of the Trustees for the time being and the Trust Board under Common Seal.

9.4 General

All acts by the Trust Board or by a person acting as a Trustee shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Trustee or person acting or that they or any of them were for any reason disqualified be as valid as if such person had been duly appointed and was qualified to be a Trustee.

9.5 Application

All funds and assets of the Trust shall be applied within New Zealand towards the furtherance of the Objects of the Trust.

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10. **PERSONAL INTEREST**

10.1 **No private pecuniary profit**

No private pecuniary profit shall be made by any person from the Trust Fund, except that:

- (a) any Trustee may receive full reimbursement for all expenses properly incurred by that Trustee in connection with the affairs of the Trust;
- (b) the Trustees may pay reasonable and proper remuneration to any officer or servant of the Trustees (whether a Trustee or not including any member of a Project Advisory Committee) in return for services actually rendered to the Trustees;
- (c) any Trustee may be paid all usual, professional, business or trade charges for services rendered, time expended and all acts done by that Trustee or by any firm or entity of which that Trustee is a member, employee or associate in connection with the affairs of the Trustee;
- (d) any Trustee may retain any remuneration properly payable to that Trustee by any company or undertaking with which the Trustee may be in any way concerned or involved for which that Trustee has acted in any capacity whatsoever, notwithstanding that Trustee's connection with that company or undertaking is in any way attributable to that Trustee's connection with the Trust.

10.2 **Trustees to Comply with Restrictions**

Trustees, in determining all reimbursements, remuneration and charges payable in terms of clause 10.1 above shall ensure that the restrictions imposed by clause 10.3 below, are strictly observed **PROVIDED ALWAYS** that any Trustee shall not be able to determine or materially influence in anyway whatsoever any income, benefit or advantage that they may receive as a result of their employment by the Trust Board and those persons shall not participate in any proceedings by which that income, benefit or advantage is being determined.

10.3 **Recipient Not to Influence Benefit**

Notwithstanding anything contained or implied in this Deed, any person:

- (a) who is a trustee of the Trust or any trust which carries on business for or on behalf of or for the benefit of the Trust; or
- (b) who is a shareholder or director of any company by which a business is carried on, on behalf of or for the benefit of the Trust; or
- (c) who is a trustee of a trust that is a shareholder of a company by which a business is carried on, on behalf of or for the benefit of the Trust; or
- (d) where that person and a trustee or shareholder or director as set out above are associated persons (as defined in Subpart YB Income Tax Act 2007) (or any re-enactment of that section)), of any settlor, trustee, shareholder or director,

shall not by virtue of that capacity in any way (whether directly or indirectly) determine, or materially influence in any way (except as allowed by section CW42 of the Income Tax Act 2007 (or any re-enactment of that section)) the determination of the nature or the amount

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of any benefit or advantage or income of, or the circumstances in which it is or is to be received, gained, achieved, afforded or derived by that person.

10.4 Professional Services

A person who in the course of and as part of the carrying on of his/her business as a professional service provider shall not, by reason only of his/her rendering professional services to the Trustees or to any company by which any business of the Trustees is carried on, be in breach of the terms of this Deed.

10.5 Interested Trustees

In this Deed an "Interested Trustee" means a Trustee who is or may be in any other capacity whatsoever interested or concerned directly or indirectly in any property or undertaking in which the Trust Board is or may be in any way concerned or involved. An Interested Trustee shall disclose the nature and extent of that Trustee's interest to the other Trustees and shall not take any part whatsoever in any deliberations of the Trustees concerning any matter in which that Trustee is or may be interested other than as a Trustee of the trust and shall not be included in the quorum for the purposes of a meeting in relation to that matter.

11. TRUSTEES' LIABILITY AND INDEMNITY

11.1 No Liability of Trustees with exceptions

No Trustee or former Trustee shall be liable for any loss incurred by or in respect of the Trust Fund not attributable to that Trustee's own dishonesty, or to the wilful commission or omission by that Trustee of an act known by that Trustee to be a breach of trust. No Trustee shall be bound to take any proceedings against a co-Trustee or former Trustee for any breach or alleged breach of trust committed by a co-Trustee or former Trustee.

11.2 Indemnity of Trustees

Each Trustee or former Trustee shall be entitled to a full and complete indemnity from the Trust Fund for any liability which that Trustee or former Trustee may incur in any way arising out of or in connection with that Trustee acting or purporting to act as, or on behalf of, a Trustee of the Trust, provided that liability is not attributable to that Trustee's own dishonesty, or to the wilful commission or omission by that Trustee of an act known by that Trustee to be a breach of trust.

12. WINDING UP

If at any time the Objects of the Trust Board shall fail; or,

- (a) if for any reason the purpose of the Trust shall become wholly frustrated and incapable of being carried out, or
- (b) if at any time the Trust Board shall by Special Resolution resolve that in its opinion the Trust should be wound up,

then the Trust Board shall be wound up accordingly and the Trust Fund distributed after payment of all liabilities and expenses, to such organisation or organisations within the Waikato region which have charitable objects of a similar nature to the Objects of this Trust as directed by Special Resolution of the Trust Board and upon such terms and conditions as the Trust Board shall think fit. The Trust Board will require the recipient(s) of the Trust Fund to provide an acknowledgement that it/they will hold funds that are tagged for specific

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purposes for such purposes. If the Trust Board is unable to pass a Special Resolution, then the Trust fund will be distributed as directed by the High Court acting pursuant to section 27 of the Charitable Trusts Act 1957 (or any re-enactment of that section), provided that no resolution to wind up and no resolution to distribute the Trust Fund in accordance with the foregoing shall be effective until that resolution has been confirmed by Special Resolution of the Trust Board.

Executed as a deed.

SIGNED by DELWYN TE KURU
ABRAHAM

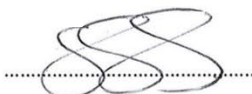
in the presence of:


) 
)

Witness signature 

Witness name: Benjamin Scott

SIGNED by FIONA KATHERINE MCNABB)
in the presence of:)




Witness signature 

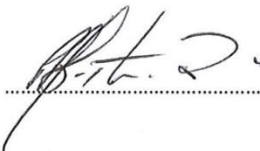

Witness name: Benjamin Scott

SIGNED by YVONNE MAY LOW)
in the presence of:)

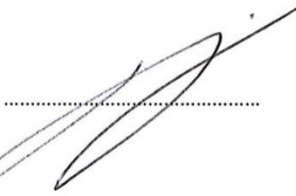



Witness signature 

Witness name: Benjamin Scott

SIGNED by PETER BRUCE SOUTHWICK)
in the presence of:) 
Witness signature 
Witness name: Benjamin Scott

SIGNED by STEPHEN ROBERT ATKINSON)
in the presence of:) 
Witness signature 
Witness name: Benjamin Scott

SIGNED by THOMAS NATHANAEL GIBBONS)
in the presence of:) 
Witness signature 
Witness name: Benjamin Scott

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SIGNED by JENNY ARISHMA NAND
in the presence of:

) J. Dand.
)

Witness signature

Witness name:

[Signature]
Benjamin Scott

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Item 11

Attachment 1

SCHEDULE ONE

APPOINTMENTS PANEL – TERMS OF REFERENCE

1. **Constitution**

The Appointments Panel shall be an independent panel, initially established as set out in clause 3.1 below.

2. **Objectives**

The objectives of the Appointments Panel are to establish the Trust Board's composition, by evaluating the competencies required of prospective trustees (both non-executive and executive), identifying those prospective trustees, establishing their degree of independence, developing succession plans for the Trust Board, and receiving recommendations from the Trust Board and administrative support from the Trust.

3. **Membership**

3.1 The Appointments Panel at the date of this Deed shall comprise:

- (a) Holly Snape (deemed to be appointed pursuant to 3.2(b));
- (b) Mayor Paula Southgate (deemed to be appointed pursuant to 3.2(c));
- (c) Dr Joan Forret (deemed to be appointed pursuant to 3.2(d));
- (d) Marae Tukere (deemed to be appointed pursuant to 3.2(e));
- (e) Simon Lockwood (deemed to be appointed pursuant to 3.2(f)); and
- (f) Lindsay Cumberpatch (deemed to be appointed pursuant to 3.2(g)).

3.2 Membership of the Appointments Panel, other than the initial membership referred to in clause 3.1 above, will comprise:

- (a) the chairperson or nominee of **Trust Waikato** or, if Trust Waikato declines to appoint a member to the Appointments Panel, then the chairperson or nominee of such other significant community organisation based in Waikato as determined by the balance of the Appointments Panel;
- (b) the chairperson or nominee of **Momentum Waikato**, or if Momentum Waikato declines to appoint a member to the Appointments Panel, then the chairperson or nominee of such other community trust or foundation based in Waikato as determined by the balance of the Appointments Panel;
- (c) the chairperson or nominee of the **Waikato Mayoral Forum** and up to one additional representative of the Waikato Mayoral Forum appointed by that chairperson or nominee or, if the Waikato Mayoral Forum declines to appoint at least one member to the Appointments Panel, then the balance of the Appointments Panel will instead select a minimum of one and maximum of two members with local government or similar experience.

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- (d) the chairperson or nominee of the **Waikato Branch of the Property Council New Zealand** or any other appropriate body which represents the property development and investment community within the Waikato region, as determined by the balance of the Appointments Panel;
- (e) the chairperson or nominee of **Waikato Tainui (Te Whakakitenga O Waikato Incorporated)** or, if Waikato Tainui declines to appoint a member to the Appointments Panel, then the chairperson or nominee of such other appropriate body representing tangata whenua in the Waikato region, as determined by the balance of the Appointments Panel;
- (f) the chairperson or nominee of the **Institute of Directors, Waikato Branch** or, if the Institute of Directors declines to appoint a member to the Appointments Panel, then the chairperson or nominee of such other organisation supporting good and effective governance (or similar) in the Waikato region, as determined by the balance of the Appointments Panel; and
- (g) a minimum of one and a maximum of three **independent** members appointed by the balance of the Appointments Panel taking into account the skills, expertise, experience and community connections when reflected against the purposes of the Trust required for the Appointments Panel to function in a balanced and effective manner.

4. **Secretarial, meetings and voting**

- 4.1 A quorum of members of the Appointments Panel shall be six.
- 4.2 Decisions of the Appointments Panel will be made by a majority of the members present and eligible to vote on any such decision at a meeting.
- 4.3 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Appointments Panel.
- 4.4 Meetings shall be held not less than once per year having regard to the occurrence of panel vacancies, actual or anticipated. Any member of the Appointments Panel may request a meeting at any time if they consider it necessary.
- 4.5 Minutes of all meetings of the Appointments Panel shall be kept.

5. **Responsibilities**

The responsibilities of the Appointments Panel are as follows:

- (a) To identify and appoint external candidates as Trustees in order to fill Trust Board vacancies as and when they arise.
- (b) To receive and consider recommendations from the Trust Board via the Trust Board chairperson with respect to:
 - (i) the re-appointment, or not, of any Trustee at the conclusion of their specified term of office.

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- (ii) the degree of independence of any Trustee.
 - (iii) any other matters relating to the continuation in office of any Trustee at any time, including, where applicable, the removal of any trustee. In respect of a recommendation by the Trust Board for the removal of a Trustee, the recommendation must be made with the unanimous approval of the Trustees (excluding the Trustee being removed).
- (c) Before making an appointment, to evaluate, in consultation with the Trust Board, the balance of skills, knowledge, experience and community connections on the Trust Board and, in light of the evaluation, to determine the role and capabilities required for the appointment, including ensuring there are sufficient members of the Trust Board with practical experience and success in property or development represented on the Trust Board. Where necessary, or appropriate, the Appointments Panel will also consider the previous governance experience and qualifications that are considered by the Appointments Panel to be necessary or desirable for appointees to the Trust Board. Where possible, the Appointments Panel will ensure that the Trust Board includes at least one practising lawyer and one practising accountant.
- (d) Before making an appointment, to evaluate the diversity of the Trust Board, having regard to the demography and history of the Waikato rohe.
- (e) To formulate succession plans for Trustees, taking into account the challenges and opportunities facing the Trust and the skills and expertise accordingly required on the Trust Board in the future.
- (f) To at least annually review the structure, size and composition (including skills, knowledge and experience) with the Trust Board and to make any changes as it considers necessary.
- (g) To keep under review the leadership requirements of the Trust, considering both the Trust Board and management, with a view to ensuring the continued ability of the Trust to maintain an exemplary level of integrity in delivering on the purposes of the Trust.
- (h) In undertaking the matters contemplated by clause 5(g), ensuring that the Trust Board, not less than annually, provides a written report to stakeholders (including the organisations represented by the appointees to the Appointments Panel), including (in addition where necessary) in a form which can be released to the public.
- (i) To consider such other matters relating to the Trust Board, including the removal of Trustees (under clause 5.6(a) of the main body of this Deed), together with nomination or succession issues as may be referred to it by the remaining Trustees (in the case of removal of a Trustee) or the Trust Board.

6. Authorities

- 6.1 Except as expressly provided in this Deed, the Appointments Panel's sole function is to evaluate candidates for vacancies on the Trust Board, in accordance with these Terms of

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Reference, and where appropriate appoint the same as Trustees / members of the Trust Board.

- 6.2 The Appointments Panel is authorised by the Trust Board to consult with such outside services for information and advice, as it considers necessary for carrying out its responsibilities, and with pre-approval from the chairperson of the Trust Board, pass on all agreed reasonable costs to the Trust Board.

7. Review of the Appointments Panel

The Appointments Panel will undertake an annual self-review of its objectives and responsibilities and the extent to which they have been achieved and completed. Such objectives and responsibilities and their attainment will also be reviewed by the Trust Board and any other person the Trust Board considers appropriate.

8. Reporting procedures

- 8.1 After each meeting of the Appointments Panel, the chairperson will report the Appointments Panel's recommendations, findings and decisions to the Trust Board chairperson. The minutes of all Appointments Panel meetings will be circulated to members of the Trust Board and to such other persons as the Trust Board directs.
- 8.2 The chairperson will present an annual report to the Trust Board summarising the Appointments Panel's activities during the year and any related significant results and findings.

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Initiating Group: Community Group

Group Contact Person: Lance Vervoort - General Manager Community • Community

Document Reference (TRIM Ref):

Contract Number (if applicable): Not applicable

Covering report or memo to CEO (TRIM Ref):

Type of document: Funding agreement

Name/address of other party:

Waikato Community Lands Trust, Chair - Delwyn Abrahan
 delwyn.abraham@xtra.co.nz
 Att: Social Development Manager
 Private Bag 3010
 Hamilton 3240

Approved Contract Sum: \$2,000,000 (plus GST)

Budget Approval Amount: \$2,000,000 (plus GST)

Date: 25.03.2021

Delegated Authority: CE has the authority to sign under the Delegated Authority by Council resolution of 17 September 2019.

Unexpended Budget

Documents approved for delivery to the Governance Unit

General Manager Name: Lance Vervoort

General Manager Signature:



Date: 25/3/2021

Contract Approved Under Delegated Authority by: Lance Vervoort

Council Resolution: The Council at its meeting of 17 September 2019: approved the Trust's Trust Deed; and delegated authority to the Chief Executive to enter into an agreement with the Trust to provide \$2,000,000 (Plus GST) of funding for the purpose of purchasing land within Hamilton.

Date of resolution: 17 September 2019

Documents delivered to the Governance Unit (signed)...../...../.....

Documents completed by the Governance Unit (signed)...../...../.....

Policy - All documents having legal significance must be executed and signed appropriately and in accordance with legislative requirements and delegations of authority. The Common Seal will be used only for ceremonial and charter type documents.

D-363008

DATED THIS DAY OF 2021 ('Effective Date')

PARTIES

1. **Te kaunihera o Kirikiriroa | Hamilton City Council** a territorial authority constituted under the Local Government Act 2002 ('the Council')
2. **Waikato Community Lands Trust ('the Trust')** a registered charitable trust Registration number: CC58268
(together, the 'parties').

BACKGROUND

- A. The Trust has been established with the primary purpose to make Trust funds available for programmes which provide affordable housing solutions to people who are in need.
- B. The Council at its meeting of 17 September 2019:
 - approved the Trust's Trust Deed; and
 - delegated authority to the Chief Executive to enter into an agreement with the Trust to provide \$2,000,000 (Plus GST) of funding for the purpose of purchasing land within Hamilton.
- C. This Agreement outlines the terms and conditions under which the Council will provide the funding to the Trust.

AGREEMENT

1. INTERPRETATION

Unless the context otherwise requires:

- a. a reference to a clause is a reference to a clause of this Agreement;
- b. a reference to an appendix or schedule is a reference to an appendix or schedule to this Agreement;
- c. a gender includes each other gender;
- d. the singular includes the plural and vice versa;
- e. a reference to a "party" is a reference to a party to this Agreement and includes a reference to that party's successors in title, permitted assignees and transferees (if any);
- f. a reference to "writing" includes email;
- g. whenever the words includes or including are used in this Agreement, they are deemed to be followed by the words "without limitation";

- h. a reference to any legislation, policy or standard includes a modification of that legislation, policy or standard or, in the case of legislation, legislation enacted in substitution for that legislation and a regulation, order-in-council and other instrument from time to time issued or made under that legislation;
- i. headings to clauses in this Agreement and the table of contents are included for the purpose of ease of reference only and are not to have any effect on construction and interpretation;
- j. the appendices and recitals form an integral part of this Agreement and will have effect as if set out in full in the body of this Agreement and any reference to this Agreement includes the appendices and recitals.
- k. a reference to any time is a reference to New Zealand time;
- l. a reference to currency is a reference to New Zealand currency, unless expressly provided otherwise; and
- m. a reference to a day, other than a Business Day, is a reference to any calendar day of the year.

2. TERM

This Agreement will commence on the Effective Date and will continue until the 23 December 2026 (the 'Term') subject to earlier termination pursuant to clause 8.

3. PROVISION OF FUNDING

The Council will make payment of \$2,000,000 (Plus GST) ('the Funding') to the Trust on:

- a. Receipt of an executed copy of this agreement; and
- b. Receipt of a valid Tax invoice from the Trust (reference code WCLT-LAND-2021).

4. PURPOSE AND USE OF THE FUNDING

- a. The Funding is to be applied solely to the purchase of land within the Hamilton City boundary ('Land') by the Trust for the purpose of enabling perpetual access to affordable housing.
- b. The Land shall be used for the purpose of affordable housing and the appropriate legal structures set up to enable this purpose in perpetuity.
- c. If the Funding is not fully spent by 31 October 2026, the Trust may, by giving three months prior notice, negotiate with the Council in good faith to extend the Term of this Agreement and continue to utilise the Funding for Land purchase.

5. OBLIGATIONS OF THE TRUST

The Trust agrees to:

- a. Use the Funding strictly and solely for the purpose specified in clause 4 of this Agreement;
- b. Make reasonable commercial endeavours to fulfil the purpose for which the Funding has been provided in a timely manner and within the Term of this Agreement; and
- c. Submit an Annual Report for each financial year before 31 October in such format as reasonably required by Council (currently the format is via the Smarty Grants application) including:
 - i. A completed set of annual accounts;
 - ii. Detail on how the Funding has been spent to date;
 - iii. Update on progress the focus areas outlined in the background to this agreement including any activities and actions undertaken, land purchased, impact and outcomes achieved; and
 - iv. Reporting on any other matters that may reasonably be required by the Council from time to time; and
- d. Acknowledge the Funding and any other contributions made by the Council in the acquisition and development of the Land. The Trust will obtain approval from the Council prior to using its name or logo in any promotional material.

6. OBLIGATIONS OF THE TRUSTEES

The Trustees of the Trust (Trustees) shall:

- a. Act in accordance with the terms of this Agreement;
- b. Act with all due care, skill, promptness and diligence as expected of a competent Trustee.
- c. promptly respond to any requests, requirements and directions reasonably given by the Council from time to time in relation to the provision of the Funding and the Trust's activities;
- d. comply with all laws and regulations relevant to achieving the Trust's purpose.

7. RIGHTS OF THE COUNCIL

- a. The Council reserves the right to investigate whether the Funding is or has been used appropriately and in accordance with the Purpose. The reasonable costs any investigation and independent audit shall be paid by the Trust.
- b. The Council retains the right, at its discretion, to recover the Funding if the Trust has not used the Funding for the approved purpose and/or breached the terms of this Agreement, in which event the Trust must refund the Funding immediately upon demand from the Council.

- c. The Council may withhold any separately agreed funding or grant (including any operating grants) if the Trust has not used the Funding for the approved purpose and/or otherwise breached the terms of this Agreement.

8. TERMINATION AND RETURN OF FUNDING

- a. This Agreement may be terminated by the Trust by three month's written notice and the Funding immediately returned to the Council.
- b. This Agreement may be terminated by the Council by three month's written notice, and recovery or return of the Funding sought under clause 7 in the event that:
 - i. A significant issue is identified under clause 7(a) of this agreement and the Trust has failed to remedy that breach to the satisfaction of the Council, within a timeframe reasonably specified by the Council;
 - ii. The Trust has breached this Agreement and failed to remedy that breach to the reasonable satisfaction of Council, within the timeframe reasonably specified by Council.
- c. Termination of this Agreement shall be without prejudice to the rights of the parties against each other.
- d. Clauses 10 (Official Information), 11 (Confidentiality) and 8 (Termination), together with those other clauses, the survival of which is necessary for the interpretation or enforcement of this Agreement, will continue to have effect notwithstanding termination of this Agreement.

9. GOOD FAITH

The Parties agree to:

- a. work together co-operatively and in good faith;
- b. make all reasonable endeavours to keep the other party fully informed of all matters relating to the Funding; and
- c. acknowledge each party's contribution to affordable housing projects within Hamilton City whenever called for in public statements or in any written publication.

10. OFFICIAL INFORMATION AND RELEASE

The parties recognise that:

- a. The Council is subject to the Local Government Official Information and Meetings Act 1987, the Privacy Act 1993 and the Public Records Act 2005 (collectively the "Acts"); and

- b. The parties agree to co-operate fully and promptly in assessing any request for the release of information under any of the Acts, with particular regard to the time limits for responding to requests under those Acts.

11. CONFIDENTIAL INFORMATION

- a. Subject to clause 10, each party will treat as confidential and not disclose to any third party nor use for its own benefit (other than for the purposes of this Agreement), any Confidential Information that is the Confidential Information of any other party.
- b. This clause 11 does not preclude a party disclosing Confidential Information:
 - i. if that information was known, or becomes known, to the public through no act or default of the recipient;
 - ii. that the recipient is required by law to disclose, so long as the recipient provides written notice of the required disclosure promptly upon receipt of notice of the required disclosure (if it is permitted to do so by law);
 - iii. that was lawfully known to the recipient prior to the date it was received;
 - iv. that becomes available to the recipient from a source other than a party to this Agreement provided that the recipient has no reason to believe such source is itself bound by an obligation of confidence to the person that disclosed that information or is otherwise prohibited under law from disclosing that information;
 - v. that has been or is independently developed by the recipient;
 - vi. to any professional adviser for the purposes of rendering professional services to a party and in relation to this Agreement;
 - vii. to the extent that that disclosure is authorised by this Agreement; or
 - viii. if that disclosure is approved for release with the prior written consent of the party from whom the Confidential Information is first received.

12. DISPUTE RESOLUTION

- a. **Initial process** - If a dispute arises or occurs (a "Dispute"), each party to the Dispute must use its reasonable endeavours to resolve that Dispute through good faith negotiations and informal dispute resolution techniques within 20 Business Days after the date on which the Dispute arose (the "Initial Negotiation Period").
- b. **Escalation** - If the Dispute is not resolved by the relevant parties by the end of the Initial Negotiation Period, then the unresolved Dispute shall be referred to the respective Chairpersons or Chief Executive Officers of the parties involved, who will use their best efforts to resolve the unresolved Dispute within 20 Business Days of the end of the Initial Negotiation Period (the "Second Negotiation Period").

13. **ARBITRATION**

- a. **Matters referred to arbitration:** If a Dispute is not resolved under clause 12 by the end of the Second Negotiation Period, then any person who is a party to the Dispute may give written notice to the other party or parties involved in the Dispute requiring that the unresolved Dispute be referred to arbitration for determination in accordance with this clause 13.
- b. **Conduct of arbitration:** In the event of a submission to arbitration under clause 13 single arbitrator will conduct the arbitration pursuant to the Arbitration Act 1996 (and protocols of the Arbitrators' and Mediators' Institute of New Zealand, Inc.) (together the Arbitration Act), provided that:
 - i. the arbitrator will be such person as the parties involved in the Dispute may agree upon in writing or, failing agreement being reached within 3 Business Days of the date upon which the notice is given under clause 13 the person appointed as arbitrator by the President or Vice-President of the Arbitrators' and Mediators' Institute of New Zealand, Inc. (or his or her nominee) after receiving a request in writing from any party involved in the Dispute to appoint an arbitrator;
 - ii. the place of arbitration will be Hamilton, New Zealand;
 - iii. the arbitrator will decide the Dispute in accordance with New Zealand law and conduct the arbitration in accordance with the Arbitration Act.
- c. **Urgent Relief** - Nothing in this clause 13 will preclude any relevant party involved in the Dispute from taking immediate steps to seek urgent equitable relief before a New Zealand court.

14. **NOTICES**

- a. Every notice to be given by a party to the other parties under or in connection with this Agreement must be in writing and delivered to:

Hamilton City Council

Attention: Lance Vervoort

Email Lance.Vervoort@hcc.govt.nz

260 Anglesea Street, Hamilton, 3240, New Zealand

Waikato Community Lands Trust

Delwyn Abraham

delwyn.abraham@xtra.co.nz

Att: Social Development Manager

Private Bag 3010

Hamilton

3240

- b. Every notice to be given by a party under or in connection with this Agreement will be deemed to be received, as follows:
 - i. personal delivery, at the time of delivery to such person's physical address;
 - ii. mailing by post, three Business Days after the date of mailing to such person's address; and
 - iii. email, at the time the sender's email application confirms that the email was transmitted to the email address of the recipient.
- c. For the purposes of this Agreement, any notice emailed or delivered after 5.00 pm on a Business Day, or at any time on a non-Business Day, will be deemed received at 9.00 am on the next Business Day.

15. GENERAL

- a. **No third-party benefit** - This Agreement does not and is not intended to confer any benefit or create any obligation enforceable by any person who is not a party to this Agreement.
- b. **Amendments** - Amendments to this Agreement shall only be effective if agreed by all parties in writing.
- c. **No Partnership** - Except as anticipated under this Agreement, nothing in this Agreement is intended to or will operate to create a partnership or joint venture of any kind between the parties, or to authorise any party to act as agent for the other, and no party will have authority to act in the name or on behalf of or otherwise to bind the other in any way (including but not limited to the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power).
- d. **Statutory Obligations of the Council** - The Trust recognises that the Council has statutory accountabilities, regulatory functions and obligations, under multiple statutes. The Trust acknowledges that the Council must perform its statutory functions and meet its obligations without improper influence of or consideration for the Trust.
- e. **Statutory Obligations of the Trust** - The Council recognises that the Trust has statutory accountabilities and obligations, predominantly under the Charities Act 2005. The Council acknowledges that the Trust must meet its obligations under the Charities Act 2005 without improper influence of or consideration for the Trust.

- f. **Severance** - The legality, invalidity or unenforceability at any time of any provision of this Agreement shall not affect the legal, validity or enforceability of the remaining provisions in this Agreement.
- g. **Further Assurances** - Each of the parties agree to execute and deliver any documents and do all things as may reasonably be required by one or other of the parties to obtain the full benefit of this Agreement to its true intent.
- h. **Reliance on Own Judgment** - Each of the parties confirms that it is acting on its own judgment and not in reliance upon any representation or warranty made by one or more of the other parties or their employees or agents.
- i. **No assignment** - There shall be no assignment, transfer or creation of any encumbrance over any rights or obligations in this Agreement. Any purported assignment in breach of this clause will confer no rights on the purported assignee.
- j. **No waiver** - A waiver of any right under this Agreement shall not be effective unless given in writing. A failure to exercise or delay in exercising any right under this Agreement shall not operate as a waiver of that right.
- k. **Counterparts** - This Agreement may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which will be an original, but all of which together will constitute one and the same instrument. This Agreement is not effective until each party has executed at least one counterpart.
- l. **Governing Law** - The validity, construction and performance of this Agreement (and any claim, dispute or matter arising under or in connection with it or its enforceability) and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with the law of New Zealand.

SIGNED AS AN AGREEMENT

IN WITNESS THEREOF this Agreement has been signed on the date above written

Signed for
Hamilton City Council
by:

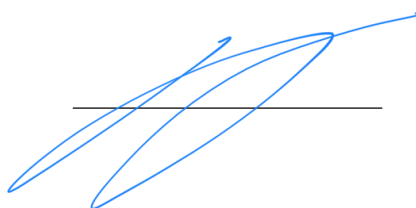
Richard Briggs
Chief Executive



Signed for
Waikato Community Lands
Trust by:

Thomas Gibbon

Trustee




Signed for
**Waikato Community
Lands Trust by:**

Delwyn Abraham

Trustee



In the presence of:


Name:

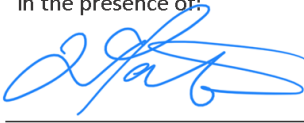
Emma Edgecombe

Occupation:

Executive Assistant

Address:

C/- Hamilton City Council

In the presence of:


Name:


Lee Patten

Occupation:

Consultant

Address:

Hamilton

In the presence of:


Name:

Gig Abraham

Occupation:

Student

Address:

Hamilton

Item 11

Attachment 2

OUR STRATEGY

WAIKATO COMMUNITY LANDS TRUST

OUR VISION

Every person and every family in the Waikato is well-housed

OUR PURPOSE

To be the kaitiaki of Trust land for current and future generations, ensuring perpetual access to affordable housing.

SCOPE

We will work with partners and collaborators to make WCLT owned land available for the development of quality housing, and associated community facilities, across the social and affordable housing spectrum.

FOCUS AREAS



FUNDING AND INVESTMENT

Leverage existing and new funding sources to increase our buying power



PARTNERSHIP + COLLABORATIONS

Work with partners and collaborators to build affordable housing across the housing spectrum



MEETING THE DIVERSE NEEDS OF OUR COMMUNITY

Work with our communities, partners and stakeholders to understand the housing needs of the Waikato



COMMUNICATION + ENGAGEMENT

Develop a communication package that captures the vision, projects and impact of the Waikato Community Lands Trust



DATA + IMPACT

Use available data to make informed decisions and understand our impact



ADVOCACY - PLAN CHANGES

Advocate for inclusionary zoning and other policies to enable the build of affordable housing on trust land

OUTCOMES



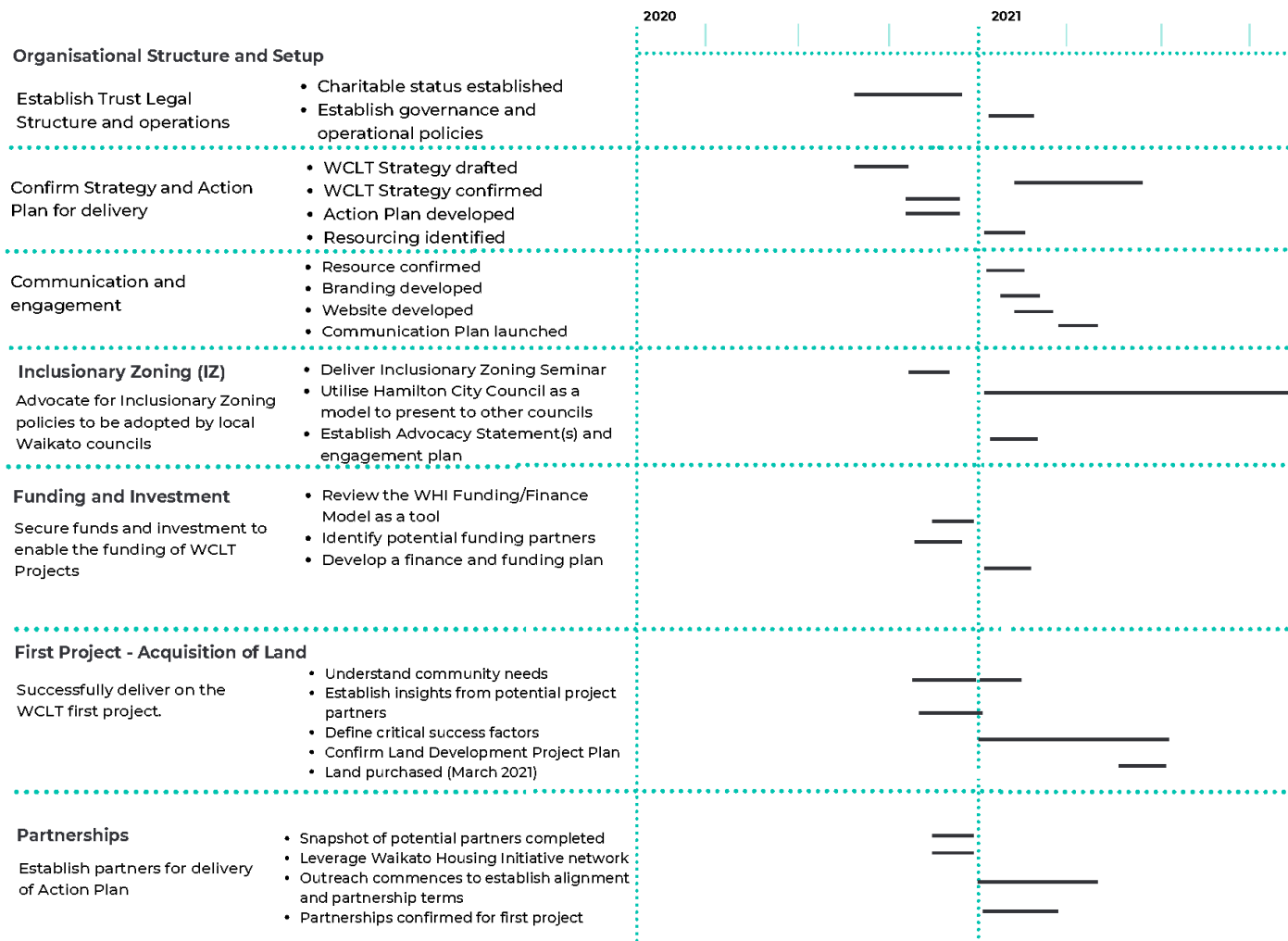
The Waikato people have access to affordable and quality housing across the social and affordable housing spectrum.



Thriving and sustainable communities

WAIKATO COMMUNITY LANDS TRUST

ACTION PLAN



Item 11

Attachment 4

Council Report

Committee: Council **Date:** 29 April 2021
Author: Liz Tuck **Authoriser:** Sean Hickey
Position: Corporate Planning Manager **Position:** General Manager Strategy and Communications
Report Name: Approval of HCC's Submissions to the 2021-31 Draft Long Term Plans of Waipa District Council, Waikato Regional Council and Waikato District Council

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

- To seek approval from the Council of HCC's submissions to the 2021-31 Draft Long Term Plans of Waipa District Council, Waikato Regional Council and Waikato District Council.

Staff Recommendation - *Tuutohu-aa-kaimahi*

- That the Council:
 - receives the staff report;
 - approves HCC's submissions (noting **Draft 1** is **Attachment 1** of the staff report) to the 2021-31 Draft Long Term Plans of Waipa District Council, Waikato Regional Council and Waikato District Council;
 - notes the approved submissions will be sent to the respective three councils by 30 April 2021;
 - notes that Council representatives will request to speak in support of the approved submissions at the hearings for the 2021-31 Draft Long Term Plans of the respective three councils; and
 - notes that the three approved submissions will be uploaded to Hamilton City Council's website.

Executive Summary - *Whakaraapopototanga matua*

- Waipa District Council, Waikato Regional Council and Waikato District Council are currently consulting on their 2021-31 Draft Long Term Plans.
- The submission closing dates for the three 2021-31 Draft Long Term Plans are:
 - Waipa District Council - 27 April 2021.
 - Waikato Regional Council - 30 April 2021.
 - Waikato District Council - 7 May 2021.
- Waipa District Council has provided HCC with an extension to the official 27 April submission closing date through to 30 April 2021.

6. Due to the close date for submissions, **Draft 1** of each of the submissions was circulated to Elected Members and Maangai Maaori on 19 April 2021 and are attached to this report.
7. Feedback from Members on each of the submissions will be incorporated into **Draft 2** which will be tabled at the 29 April 2021 meeting along with an outline of any updates.
8. Staff consider the decisions in this report have low significance and that the recommendations comply with the Council's legal requirements.

Background – Koorero Whaimaarama

9. At the 23 March 2021 Strategic Growth Committee meeting, it was resolved that *“Staff include in the Hamilton City Council submissions on the Waipa District and Waikato District Council Long Term Plans a request to include necessary budgetary provision to support an equitable contribution to future-proof the delivery of a new southern plant”*.
10. The request to include necessary budgetary provision to support an equitable contribution to future-proof the delivery of a new southern plant has been included in HCC's **Draft 1** submissions (**Attachment 1**) to the 2021-31 Draft Long Term Plans of Waipa District Council and Waikato District Council.
11. HCC's **Draft 1** submission to WRC's 2021-31 Draft Long Term Plan is attached (**Attachment 1**).
12. Representatives from Waikato Regional Council (WRC) presented their Waikato Regional Council's 2021-2031 Long Term Plan Roadshow to Members on 22 April 2021.
13. As a result of this roadshow, any requests from HCC's Elected Members and Maangai Maaori will be incorporated into **Draft 2** to Waikato Regional Council that would be tabled at the meeting.

Financial Considerations - Whaiwhakaaro Puutea

14. There are no financial costs to Hamilton City Council associated with this submission besides those incurred in the staff time utilised in the preparation of the submission and covering report.
15. Staff costs are included in the operational budgets for the 2020/21 financial year.

Legal and Policy Considerations - Whaiwhakaaro-aa-ture

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

Wellbeing Considerations - Whaiwhakaaro-aa-oranga tonutanga

17. 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').
18. 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.
19. The recommendations set out in this report are consistent with that purpose.

Social

20. HCC's participation in the submission process is a key mechanism for assisting in further development/refinement and finalising the 2021-31 Long Term Plans of Waipa District Council, Waikato Regional Council and Waikato District Council.
21. Finalisation of these plans will set the direction, priorities and funding of these three councils for the next 10 years, including enhanced social wellbeing.

Economic

22. HCC's participation in the submission process is a key mechanism for assisting in further development/refinement and finalising the 2021-31 Long Term Plans of Waipa District Council, Waikato Regional Council and Waikato District Council.
23. Finalisation of these plans will set the direction, priorities and funding of these three councils for the next 10 years, including enhanced economic wellbeing.

Environmental

24. HCC's participation in the submission process is a key mechanism for assisting in further development/refinement and finalising the 2021-31 Long Term Plans of Waipa District Council, Waikato Regional Council and Waikato District Council.
25. Finalisation of these plans will set the direction, priorities and funding of these three councils for the next 10 years, including enhanced environmental wellbeing.

Cultural

26. HCC's participation in the submission process is a key mechanism for assisting in further development/refinement and finalising the 2021-31 Long Term Plans of Waipa District Council, Waikato Regional Council and Waikato District Council.
27. Finalisation of these plans will set the direction, priorities and funding of these three councils for the next 10 years, including enhanced cultural wellbeing.

Risks - *Tuururu*

28. There are no known risks associated with the decisions required for this matter.

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

29. 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 low level of significance.

Engagement

30. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Submission to Waipa District Council - 2021-31 Long Term Plan

Attachment 2 - Submission to Waikato District Council - 2021-31 Long Term Plan

Attachment 3 - Submission to Waikato Regional Council - 2021-31 Long Term Plan

DRAFT 1

Submission by

Hamilton City Council

WAIPA DISTRICT COUNCIL - 2021-31 DRAFT LONG TERM PLAN

30 April 2021

Item 12

1.0 SUMMARY OF KEY POINTS AND RECOMMENDATIONS

- 1.1 Support the overall intent and direction of Waipa District Council's 2021-31 Draft Long Term Plan.
- 1.2 Hamilton City Council requests Waipa District Council makes provision in its Long Term Plan budget for operational contributions to facilities that are used by residents of the Waipa District.
- 1.3 Hamilton City Council requests Waipa District Council makes provision for an equitable contribution to future-proof the delivery of a new southern wastewater plant.

2.0 INTRODUCTION

- 2.1 Hamilton City Council supports the direction of Waipa District Council's 2021-31 Draft Long Term Plan in focusing on the outcomes of socially resilient, cultural champions, environmental champions and economically progressive.
- 2.2 Hamilton City Council requests Waipa District Council considers the following points in the deliberation of their 2021-31 Draft Long Term Plan.

3.0 ALTERNATIVE TRANSPORT AND MOBILITY NETWORKS

- 3.1 Hamilton City Council supports Waipa District Council commitment to the investment in the Pirongia-Ngā Roto-Te Awamutu cycling connection and the investment in urban mobility network.
- 3.2 Hamilton City Council notes that you have identified that 'population growth may create more transport movements on key routes leading to congestion or safety issues. Greater population density provides opportunities to transition to transport modes other than private cars. The Hamilton to Auckland passenger train service is one such opportunity'. Hamilton City Council would like to understand if you have provided any funding or capacity for the development of this project.

4.0 FACILITES USED BY OUR WIDER COMMUNITY

- 4.1 Hamilton City Council requests operational contributions for services used by Waipa District residents (incl. future developments identified in the Long Term Plan). These services include but are not limited to:
 - Hamilton Gardens
 - Recreation facilities
 - Hillcrest library upgrade.

Attachment 1

5.0 BUDGET PROVISION REQUIRED FOR SOUTHERN WASTEWATER PLANT

- 4.1 Completion of the Southern Metro Wastewater Business Case is subject to a commitment by Waipa District Council and Waikato District Council to invest in securing land and discharge consents for the new southern plant.
- 4.2 Hamilton City Council's Strategic Growth committee on 30 March 2021 has recommended to Council the Five Plant Option as the preferred wastewater servicing option for the Southern Metro Wastewater Detailed Business Case.
- 4.3 Hamilton City Council has included \$9 million of funding in years 1-3 of its draft 2021-31 Long Term Plan for a share of the sub-regional plant land acquisition/consenting and has noted a share of construction costs as an unfunded note in later years of the LTP.
- 4.4 Hamilton City Council would like to acknowledge the constructive resolutions at the Metro Wastewater meeting held on 16 April and encourage Waipa District Council to include the necessary budgetary provision in its final approved 2021-31 Long Term Plan to support an equitable contribution to future-proof the delivery of a new southern wastewater plant.
- 4.5 If Waipa District Council and Waikato District Council do not contribute to the costs of securing land and consents for a new plant, simply securing the land and consents may not be possible.

6.0 CAPACITY FOR JOINT INFRASTRUCTURE/PROJECTS

- 5.1 Hamilton City Council notes that Waipa District Council has indicated that their debt level will peak in 2027/28 at \$304 million but reduce to \$252.2 million by year 10 of the draft Long Term Plan.
- 5.2 Hamilton City Council requests if Waipa District Council can indicate if their forecast debt forecast provides capacity to provide for joint funding projects into the future.

7.0 FURTHER INFORMATION AND HEARINGS

- 7.1 Should Waipa District Council require clarification of Hamilton City Council's submission, or additional information, please contact **Liz Tuck** (Corporate Planning Manager, Strategy and Research) on 07 8585775, email liz.tuck@hcc.govt.nz in the first instance.
- 7.2 Hamilton City Council **does wish to speak** in support of this submission at the hearings for Waipa District Council's 2021-31 Draft Long Term Plan.

Yours faithfully

Richard Briggs
CHIEF EXECUTIVE

DRAFT 1**Submission by****Hamilton City Council****WAIKATO DISTRICT COUNCIL - 2021-31 DRAFT LONG TERM PLAN****30 April 2021****1.0 SUMMARY OF KEY POINTS AND RECOMMENDATIONS**

- 1.1 Support the overall intent and direction of Waikato District Council's 2021-31 Draft Long Term Plan.
- 1.2 Hamilton City Council requests Waikato District Council makes provision in its Long Term Plan budget for operational contributions to facilities that are used by residents of Waikato District.
- 1.3 Hamilton City Council requests Waikato District Council makes provision for an equitable contribution to future-proof the delivery of a new southern wastewater plant.

2.0 INTRODUCTION

- 2.1 Hamilton City Council supports the direction of Waikato District Council's 2021-31 Draft Long Term Plan in vision of building livable, thriving and connected communities, and aligning the budget to focus on community and Blueprint initiatives to deliver to this vision.
- 2.2 Hamilton City Council requests Waikato District Council considers the following points in the deliberation of their 2021-31 Draft Long Term Plan.

3.0 FACILITIES USED BY OUR WIDER COMMUNITY

- 3.1 Hamilton City Council requests operational contributions for services used by Waikato District residents (incl. future developments identified in the Long Term Plan). These services include but are not limited to:
 - Hamilton Gardens
 - Recreation facilities
 - Hillcrest library upgrade

4.0 BUDGETARY PROVISION REQUEST FOR NEW SOUTHERN WASTEWATER PLANT

- 4.1 Completion of the Southern Metro Wastewater Business Case is subject to a commitment by Waikato District Council and Waipa District Council to invest in securing land and discharge consents for the new southern plant.
- 4.2 Hamilton City Council's Strategic Growth committee on 30 March 2021 has recommended to Council the Five Plant Option as the preferred wastewater servicing option for the Southern Metro Wastewater Detailed Business Case.
- 4.3 Hamilton City Council has included \$9 million of funding in years 1-3 of its draft 2021-31 Long Term Plan for a share of the sub-regional plant land acquisition/consenting and has noted a share of construction costs as an unfunded note in later years of the LTP.

Item 12**Attachment 2**

- 4.4 Hamilton City Council would like to acknowledge the constructive resolutions at the Metro Wastewater meeting held on 16 April and encourage Waikato District Council to include the necessary budgetary provision in its final approved 2021-31 Long Term Plan to support an equitable contribution to future-proof the delivery of a new southern wastewater plant.
- 4.5 If Waikato District Council and Waipa District Council do not contribute to the costs of securing land and consents for a new plant, simply securing the land and consents may not be possible.

5.0 CAPACITY FOR JOINT INFRASTRUCTURE/PROJECTS

- 5.1 Hamilton City Council notes that Waikato District Council has indicated that their debt level will peak in 2028/29 at \$393 million and Council will have limited capacity to borrow more debt if needed.
- 5.2 Hamilton City Council requests if Waikato District Council can indicate if their forecast debt forecast provides capacity to provide for joint funding projects into the future.

6.0 FURTHER INFORMATION AND HEARINGS

- 6.1 Should Waikato District Council require clarification of Hamilton City Council's submission, or additional information, please contact **Liz Tuck** (Corporate Planning Manager, Strategy and Research) on 07 8585775, email liz.tuck@hcc.govt.nz in the first instance.
- 6.2 Hamilton City Council **does wish to speak** in support of this submission at the hearings for Waikato District Council's 2021-31 Draft Long Term Plan.

Yours faithfully

Richard Briggs
CHIEF EXECUTIVE

DRAFT 1**Submission by****Hamilton City Council****WAIKATO REGIONAL COUNCIL - 2021-31 DRAFT LONG TERM PLAN****30 April 2021****Item 12****1.0 SUMMARY OF KEY POINTS AND RECOMMENDATIONS**

- 1.1 Support the overall intent and direction of Waikato Regional Council's 2021-31 Draft Long Term Plan.
- 1.2 Hamilton City Council supports the biodiversity accord and requests the increase in resourcing to assist restoration efforts is directed to the Hamilton City gully network.
- 1.3 Hamilton City Council supports the sustainable homes programme to assist homeowners to make sustainable home improvements.
- 1.4 Hamilton City Council supports the Waikato Regional Council increased investment in Te Waka.
- 1.5 Hamilton City Council supports the proposal to extend the services operation for the passenger rail service.
- 1.6 Hamilton City Council requests clarification of the treatment of the \$5 million passenger rail credit collected from Hamilton City ratepayers.

Attachment 3**2.0 INTRODUCTION**

- 2.1 Hamilton City Council supports the overall intent and direction of the Waikato Regional Council's 2021-31 Draft Long Term Plan.
- 2.2 Hamilton City Council would like to acknowledge the value of our close working relationship with Waikato Regional Council through various regional partnerships such as Regional Passenger Transport Committee, Futureproof, Waikato Plan, Emergency Management as we collectively work to improve the wellbeing of our communities and region.
- 2.3 Hamilton City Council look forward to further strengthening the collaborative interactions of our teams when they relocate close to Hamilton City Council in the CBD.
- 2.4 Hamilton City Council requests Waikato Regional Council considers the following in their deliberations on their Long Term Plan.

3.0 PROTECTING OUR BIODIVERSITY

- 3.1 Hamilton City Council supports developing a biodiversity accord with key partners in the region including Hamilton City. This will assist with the delivery of the Biodiversity Strategy.
- 3.2 Hamilton City Council supports an increase in resourcing to assist the restoration efforts of communities and landowners.
- 3.3 Hamilton City Council requests that an allocation of resources are directed to the Hamilton City gully network.

4.0 SUSTAINABLE HOMES SCHEME

- 4.1 Hamilton City Council supports the outcome of everyone in the Waikato region to have a healthy home to live in by the creation of a sustainable homes programme for the region. This programme will assist home owners with loans to make sustainable improvements like water tank installation, insulation, double-glazing, heating, ventilation and solar power and septic tank upgrades.

5.0 REGIONAL ECONOMIC DEVELOPMENT FUNDING

- 5.1 Hamilton City Council supports Waikato Regional Council's proposal to invest more in Te Waka, our regional economic development agency, lifting the investment from \$300,000 per annum to \$750,000 per annum.
- 5.2 Waikato's economic development ecosystem extends across many local government boundaries. As such, an appropriately funded regional economic development agency such as Te Waka is a critical component to strengthening and growing a culture of collaboration and shared economic success in the Waikato.
- 5.3 The boundaryless, regional approach taken by Te Waka is also reflected in Hamilton City Council's economic development agenda, which supports the Future Proof Te Tau Tiitoki strategy of a diverse and vibrant metropolitan centre strongly tied to distinctive, thriving towns and rural communities.
- 5.4 Importantly, Te Waka is also a vital resource that supports Hamilton City Council's work to contribute to Maaori wellbeing in Hamilton through the Waikato Region Maaori Economic Development Plan, increasing Maaori employment and career pathways through partnerships and projects.
- 5.5 Increased funding for Te Waka will support Hamilton City Council's work to enable our economic development success with initiatives that include sector-based action planning, partnerships with education providers, economic intelligence, a regional labour market strategy, employment initiatives, and the aggressive promotion of our value proposition for regional, national, and international investment opportunities.
- 5.6 A properly resourced Te Waka will only strengthen the partnership with Hamilton City Council to create economic conditions that are conducive to growth, investment, and new employment while providing the data, insights, tools and connections to support the needs of a wide range of organisations.
- 5.7 Without sufficient funding, Hamilton City Council is concerned that Waikato's economic development ecosystem will be unable to meet the moment, and could fall short of bringing the type of transformational investments and economic growth that would otherwise be possible.

6.0 PASSENGER RAIL SERVICE

- 5.8 Hamilton City Council supports Waikato Regional Council's proposal to extend the services operation from 2023/24 to an additional interpeak service on weekdays and to investigate the opportunities to extend the service from Papakura further into Auckland.
- 5.9 Hamilton City Council notes the proposed impact on Hamilton City ratepayers will be:
- 2021/22 - 53 cents per \$100,000 capital value
 - 2022/23 – 13 cents per \$100,000 capital value
 - 2023/24 – 1.61 cents per \$100,000 capital value

- 5.10 Hamilton City Council requests clarification on the treatment of the \$5m targeted rate collected from Hamilton City ratepayers for the passenger rail service. In particular, the application of the credit held over, and if this will be applied to the rates of Hamilton City ratepayers in 2021/22.

7.0 FURTHER INFORMATION AND HEARINGS

- 7.1 Should Waikato Regional Council require clarification of Hamilton City Council's submission, or additional information, please contact **Liz Tuck** (Corporate Planning Manager, Strategy and Research) on 07 8585775, email liz.tuck@hcc.govt.nz in the first instance.
- 7.2 Hamilton City Council **does wish to speak** in support of this submission at the hearings for Waikato Regional Council's 2021-31 Draft Long Term Plan.

Yours faithfully

Richard Briggs
CHIEF EXECUTIVE

Council Report

Committee: Council **Date:** 29 April 2021
Author: Claire Foster **Authoriser:** Jen Baird
Position: Property Officer **Position:** General Manager City Growth
Report Name: Domain Endowment Lease - Freeholding - 5 Cotter Place

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

1. To seek the Council's approval of the sale of Council's freehold interest in Domain Endowment land described in the Schedule and physically located at 5 Cotter Place, Hamilton East.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council:
 - a) approves the sale of freehold interest in the Schedule to the Lessee for a price of not less than \$435,000.00 including GST (if any);
 - b) delegates authority the Chief Executive to prepare and execute an Agreement for Sale and Purchase, and any other instrument required to give effect to this resolution; and
 - c) notes that all proceeds will be credited to the Domain Endowment Cash Investment Fund.

SCHEDULE

All that piece of land situated in the city of Hamilton containing 679m² (more or less) being Lot 8 DPS 4051 and being all the fee simple land comprised in Certificate of Title SA6A/855 situated at 5 Cotter Place, Hamilton.

Executive Summary - *Whakaraapopototanga matua*

3. Hamilton City Council owns land originally acquired by endowment from the Crown to be held by Council for the purposes of the Domain Endowment Fund.
4. The land is subject to perpetually renewable 21-year term leases. The leasehold interest in 5 Cotter Place is owned by the lessee.
5. On 7 December 2020, Council received an application from the lessee to freehold the property at 5 Cotter Place. The form and content of the application comply with Council's Freeholding Policy.
6. The Lessee (a private individual) owns the leasehold interest in the land situated at 5 Cotter Place, Hamilton, and all the improvements. The property is shown bordered in red on **Attachment 1** of this report.
7. The lessee has requested to freehold the land in accordance with the Council's [Freeholding of Council Endowment Land Policy](#) ("Freeholding Policy").

8. All Council's costs associated with the freeholding (including, but not limited to, valuation and legal fees) are paid by the applicant.
9. The freeholding of Domain Endowment land must proceed at 100% of the current market value of land based on independent valuation.
10. The land has been valued at \$435,000 including GST (if any) by a registered valuer.
11. On 25 March 2021 the Community Committee considered the matter and resolved that it be referred to this Council meeting to enable staff time to respond to questions from Members.
12. Staff recommend that the Council approves the sale of the land at 5 Cotter Place and confirm that there are no risks associated with this recommendation.
13. Staff consider the decision in this report has low significance and that the recommendation complies with the Council's legal requirements.

Discussion - *Matapaki*

14. Hamilton City Council owns land originally acquired by endowment from the Crown to be held by Council for the purposes of the Domain Endowment Fund.
15. Council owns freehold interest in the Domain Endowment lands. The land is subject to perpetually renewable 21-year term leases. The leasehold interest in 5 Cotter Place is owned by the lessee.
16. On 7 December 2020, Council received an application from the lessee to freehold the property at 5 Cotter Place. The form and content of the application comply with Council's Freeholding Policy.
17. The Lessee (a private individual) owns the leasehold interest in the land situated at 5 Cotter Place, Hamilton, and all the improvements. The property is shown bordered in red on **Attachment 1** of this report.
18. The freeholding of Domain Endowment land must proceed at 100% of the current market value of land based on independent valuation.
19. All Council's costs associated with the freeholding (including, but not limited to, valuation and legal fees) are paid by the applicant.
20. At the Community Committee meeting of 25 March 2021 ([Agenda](#) and [Minutes](#)), the Committee considered the matter and resolved the following:
That the Community Committee:
 - a) approves that the matter be referred to the Council Meeting of 26 April 2021;
 - b) requests that staff undertake an updated appraisal prior to the meeting; and
 - c) requests legal advice on the potential risks to Council prior to the meeting.
21. The appraisal for the reviewed value due 23 April 2021 will be circulated to Elected Members prior to this Council meeting of 29 April 2021.
22. The General Manager City Growth circulated the legal advice to the Elected Members on 14 April 2021.
23. Staff recommend that the Council approves the sale of the land at 5 Cotter Place. The recommendation is supported by the Council's Freeholding Policy. The lessee can apply at any time to freehold the land.
24. If the recommendation is not approved, the land will remain in a leasehold with the current lessee.

Financial Considerations - *Whaiwhakaaro Puutea*

25. In line with the Council's Freeholding Policy, the current market value of the land, based on an unencumbered freehold title and excluding all lessee improvements, was assessed by a registered valuer at \$435,000 including GST (if any).
26. In line with Council's [Investment and Liability Management Policy](#), proceeds from the sale of assets or investments will in the first instance be used to repay outstanding borrowings unless otherwise specifically authorised by the Council. The exception to this is in relation to the sale of endowment properties where any surplus cash is held in the Domain Endowment Fund to be used to reinvest on behalf of the Fund.
27. The land currently generates a 0.90% annual return of \$3,900. Net sale proceeds of \$435,000 will generate a 0.72% annual return of \$3,132.
28. The balance of the Domain Endowment Cash Reserve is \$8,144,063 (as at 31 January 2021).
29. The annual Hamilton City Council rates for 2020/21 (paid by the lessee) are \$2,151.65 including GST.

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

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

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

31. 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 4 wellbeings').
32. 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.
33. There are no social, environmental or cultural wellbeings to this matter to be considered.
34. The recommendation set out in this report shows that the Council supports the leaseholder's right to apply to freehold the endowment land.

Risks - *Tuuraru*

35. There are no known risks associated with the decisions required for this matter.

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

Significance

36. 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 low level of significance.

Engagement

37. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Aerial Plan - 5 Cotter Place



Print Size: A4 Portrait

5 Cotter Place



Scale: 1 : 500

0 25 50 Meters

Print Date: 16-02-2021

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Council Report

Committee: Council **Date:** 29 April 2021

Author: Andrew Parsons **Authoriser:** Blair Bowcott

Position: Executive Director Strategic Infrastructure **Position:** Executive Director Special Projects

Report Name: Three Waters Reform update

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

1. To inform the Council of direction, issues, opportunities, and matters relating to Three Waters Reform.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Council receives the report.

Discussion - *Matapaki*

3. Previously, Three Water reform updates were reported to the Strategic Growth Committee. This report is in the form of a general managers report and is the first of a regular report to Council on direction, issues, opportunities, and matters relating to Three Waters Reform:
 - i. Three Waters Reform
 - ii. Waikato/Bay of Plenty Three Water Reform Consortium
 - iii. Requests for Information
 - iv. Waikato-Tainui
 - v. Water Stimulus Programme
4. Having considered the Significance and Engagement Policy, staff have assessed that the matters in this report have low significance.

Three Waters Reform

5. On 14 December 2020, Government released the [December 2020 Cabinet Paper and Minute – Progressing the Three Waters Service Delivery Reforms](#). (See also **Attachment 1**). The Cabinet Paper and associated minute reconfirms Government's commitment to progressing the reforms in this term of Government. The Cabinet paper also included a timeline for the Reform programme (see **Attachment 2**).
6. The paper sought Cabinet's direction on:
 - i. The reform strategy and timetable;
 - ii. The voluntary approach to reform and legislation to facilitate a voluntary approach;
 - iii. Work with iwi/Māori – as our Treaty partners – throughout the reform programme;

- iv. The process for identifying the numbers and boundaries of new water services entities;
 - v. The entity design scenarios that would be tested with credit rating agencies;
 - vi. Potential incentives/financial and non-financial support packages for next phase of Reform.
7. The Department of Internal Affairs also released [this briefing](#) (**Attachment 3**) summarising the results of the 'Stage one' report analysing the likely scale of investment required to meet drinking water quality and environmental standards, and the potential implications for household bills under various aggregation scenarios. This was prepared by the Water Industry Commission for Scotland. A second stage will be undertaken once the information from the Request for Information process is available. A more detailed analysis of the summary information is available on the [Three Waters Reform](#) website.
8. A Zone 2 workshop was held by the Department of Internal Affairs in Rotorua on Friday 26 March 2021. The workshop was very well attended by iwi and councils across the Waikato and Bay of Plenty regions. A copy of the presentation mater is available on the [Three Waters Reform](#) website (See also **Attachment 4**).
9. Key points from the workshop are:
- i. Council's will make a decision in late 2021 – remain involved or opt out of reform (assumption of Government reform programme is that Councils are in, they must publicly consult if they desire to opt out);
 - ii. Government is still considering the form of any incentives/financial support package (subject to Budget process in May 2021) that sits alongside the Government proposal;
 - iii. During 2021, the Local Government Act is to be amended around decision making in relation to the Three Waters Reform;
 - iv. The Government is still on track to establish the new regional water entities by mid 2024.
10. Council staff are actively involved in supporting and contributing to the Reform programme thinking, including representation on national working parties alongside the Government to provide sector expertise into the Reform proposal.

Waikato/Bay of Plenty Three Water Reform Consortium

11. Taituara (formally known as the Society for Local Government Managers) we have been participating in a Waikato/Bay of Plenty Three Waters Consortium of Councils. A team has been working on a dashboard for each Council area summarising their Three Waters position ahead of any reform programme. It remains a working draft document but gives a flavour of the information being captured and assessed, and there will be some matters that require further investigation/testing to ensure we understand what the information is telling us. A summary of the dashboard can be accessed at this [website](#).
12. During May/June 2021, Government will make decisions on the water entity design, size and boundaries. To support and be prepared for reform, the consortium will undertake the following preparatory work:
- i. A communications programme to raise awareness.
 - ii. A risk and opportunities register.
 - iii. An engagement programme for iwi to raise awareness and operationalise co-governance
 - iv. A workforce programme covering communications, recruitment and retention and culture change.
 - v. A proposal to establish a 'shadow' water entity early with phasing, timescales and resources as well as a proposal for a pilot for a Three Waters leadership programme.

- vi. Transformation proposals for procurement and asset management .
- vii. An outline plan to harmonise rates and charges in a phased and measured way, including a proposal for Government funding to phase in increases to smooth extreme bumps and shocks.
- viii. An assessment of councils' data preparedness for setting up the new entity, including standards for consistency, critical risks (including out of system data) and mitigations
- ix. A proposed deal for the Waikato/Bay of Plenty including financial elements and other opportunities.

Requests for Information

- 13. The Department of Internal Affairs is using consultants from the Water Industry Commission for Scotland (WICS) and Ernst Young (EY) to gather and analyse data across the country to inform the Three Waters Reform process.
- 14. WICS provided the Request for Information (RFI) templates, training and support to councils to complete the RFI by end of January 2021.
- 15. The initial data analysis from WICS indicates there is significant room for improvement in 3 Waters operations nationally.
- 16. A summary of the information via WICS as it relates to Hamilton, is in **Attachment 5**. Staff note on page 19 of the slides Hamilton is given a score of around 120 points on a scale to measure overall performance assessment of 3 waters entities – we understand that Hamilton scores in the very top percentile of all NZ Councils/entities.

Waikato-Tainui

- 17. A joint hui was held between Waikato-Tainui, Waikato Regional Council, Hamilton City Council, Waikato District Council and Waipa District Council on 31 March 2021 as joint management agreement partners.
- 18. Waikato-Tainui provided a brief summary of their priorities at part of the hui (refer **Attachment 6**). Page 7 of the attachment sets out Waikato-Tainui position in relation to the Three Waters Reform and Rights and Interests in Freshwater.
- 19. Staff will provide the Council report to the next Waikato-Tainui / Hamilton City Council Joint Management Committee and seek joint discussion about next steps in the Three Waters Reform.

Water Stimulus Programme

- 20. In conjunction with the Three Waters Reform programme, the Government is investing in water service delivery to both improve waters network systems and support economic recovery from the COVID-19 pandemic through job creation and supply chain investment.
- 21. Hamilton City Council have entered into a Funding Agreement with the Government to complete a programme of waters works delivery to a total value of \$17.46m by 31 March 2022 – fully funded by Government.
- 22. The delivery programme is managed by the Infrastructure Operations Committee and is reported on separately to that committee.

Financial Considerations - *Whaiwhakaaro Puutea*

23. The implementation of the approved Three Water Stimulus funding (\$17.46m approved early November 2020) and associated detailed programme of works is being reported separately to the Infrastructure Operations Committee.
24. The Hamilton City Council estimated cost to prepare for and participate in the reform process forms part of the Stimulus Funding package which includes \$500,000 operational budget for the reform work to 30 June 2021 (refer Council meeting 17 September 2020). In addition, the DIA has confirmed that a further \$60,000 can be reassigned within the \$17.46m fund resulting in a budget of \$560,000.
25. Examples of the actual or future costs that will be incurred against the \$560,000 budget include:
 - i. The cost to compile and lodge the Request for Information
 - ii. The cost to backfill staff positions to free them up to engage in the reform
 - iii. Provision of project manager as reform programme and associated complexity increases
 - iv. The cost of a communications resource moving forward
 - v. The costs of option development, analysis and understanding the implication for Hamilton City Council and the residual business
 - vi. The cost of resource to facilitate and plan for change management

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

26. Staff confirm that subject matter in this report is for information only and complies with Council's legal and policy requirements.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

27. 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').
28. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report.
29. The recommendations set out in this report are consistent with that purpose.
30. Staff understand that the Department of Internal Affairs has their own programme of engagement with Iwi as part of the Three Waters Reform programme. Notwithstanding the government approach, Hamilton City Council staff will engage with Waikato-Tainui through the upcoming joint management committee.
31. For the water stimulus programme of works, engagement will be undertaken with Maaori via Te Haa o te Whenua o Kirikiriroa (THaWK) to ensure projects take into account and align with the culture and traditions of water, ancestral land, sites, waahi tapu, valued flora and fauna, and other taonga as well as optimise opportunities to support communities and Maaori to share their heritage, language and stories.

Risks - *Tuuraru*

32. There are a range of risks associated with the Three Waters Reform programme, given the scale, complexity and criticality of the services involved, as well as the integration of Three Waters into council's business and delivery of its overall purpose and well beings.

33. A risk register has yet to be developed but will be a key part of the next phase of HCC project planning and participation in the Reform programme once there is a proposal to respond to.

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

Significance

34. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the recommendations in this report have a low level of significance, at the present time in the process. As the Reform programme progresses, the significance will increase.

Engagement

35. Given the low level of significance determined, the engagement level is low. No engagement is required at the present time in the process.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Progressing the Three Waters Service Delivery Reforms - Cabinet Paper and Minute - December 2020

Attachment 2 - Three Waters Reform Timeline - December 2020

Attachment 3 - Analysis of Economic Impacts of Water Services Aggregation - DIA Briefing to Minister - November 2020

Attachment 4 - Three Waters Reform - Local Government and Iwi/Hapu Engagement Slides - March 2021

Attachment 5 - Water Industry Commission for Scotland (WICS) - Hamilton City Council Data Analysis Summary - March 2021

Attachment 6 - Waikato Tainui Position Summary on Three Waters Reform and Rights and Interests in Freshwater - March 2021

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Hon Nanaia Mahuta, Minister of Local Government

Proactive release of Cabinet material related to progressing the
three waters service delivery reforms, 14 December 2020

The following documents have been proactively released:

14 December 2020, CAB-20-MIN-0521.01 Minute: Progressing the Three Waters Service Delivery Reforms, Cabinet Office; and

14 December 2020, Cabinet Paper: Progressing the three waters service delivery reforms, Office of the Minister of Local Government.

Some parts of this information would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to Redaction Codes:

- 9(2)(f)(iv) – to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials, including the redaction of Budget Sensitive material; and
- 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between Ministers.

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Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Progressing the Three Waters Service Delivery Reforms

Portfolio(s) **Local Government**

On 14 December 2020, following reference from the Cabinet Business Committee, Cabinet:

Context and progress update

- 1 **noted** that New Zealand's three waters system is facing a number of significant challenges, and will continue to do so without major, transformational reform of service delivery arrangements;
- 2 **noted** that in July 2020, the government announced a \$710 million waters-related funding package to support economic recovery relating to COVID-19, and to address persistent issues facing the three waters sector, through a combination of infrastructure investment stimulus and service delivery reform [CAB-20-MIN-0328.13];
- 3 **noted** that since then, a comprehensive service delivery reform programme (the reform programme) has been established by the Department of Internal Affairs, which is progressing well, including:
 - 3.1 rolling out stimulus funding of \$523 million, in instalments, to every eligible council;
 - 3.2 developing and implementing a large-scale, multi-faceted work programme;
 - 3.3 setting up and supporting a Joint Central/Local Government Three Waters Steering Committee (the Joint Steering Committee);
 - 3.4 engaging and communicating with local government and iwi/Māori through a series of initial workshops, hui-ā-motu, and webinars;
- 4 **noted** that there will be continued engagement with iwi/Māori throughout the reform programme, including to ensure the Crown delivers on its obligations relating to the Treaty of Waitangi;
- 5 **agreed** that a high-level principle of partnership with iwi/Māori will be followed throughout the reform programme, and reflected in the new three waters service delivery system;

Confirming critical details of the future reform strategy and timetable

- 6 **noted** that:
- 6.1 on 3 June 2020, the Cabinet Economic Development Committee agreed to the high-level approach to reforming three waters service delivery over a three-year period [DEV-20-MIN-0079];
 - 6.2 many of the details involved in delivering this approach had not been fully developed at that time;
- 7 **noted** that it is imperative to set an ambitious timeframe for this reform programme, and to confirm critical details of the preferred reform strategy and timetable, to enable it to continue at pace;
- 8 **agreed** that the reform timetable include the following key milestones:
- 8.1 substantive policy decisions relating to the reforms in April/May 2021, to enable drafting instructions to be issued, including decisions on:
 - 8.1.1 the core design features of the new water services entities and system;
 - 8.1.2 the number and boundaries of the new water services entities;
 - 8.2 introduction of legislation to create the new service delivery system in late 2021, and enactment by mid-2022;
 - 8.3 transition, entity establishment, and implementation of the new service delivery system from 2022/23;
- 9 **noted** that the reform programme currently involves a voluntary, partnership-based approach with the local government sector, and that:
- 9.1 continuing with a voluntary approach has a number of benefits, as well as some risks and challenges;
 - 9.2 an alternative approach, in which council participation in the reforms and asset transfer is mandated by legislation, also carries considerable risk;
 - 9.3 a voluntary approach is only likely to be achievable and effective in conjunction with a number of other factors, including the use of:
 - 9.3.1 a nationwide public information and education campaign;
 - 9.3.2 9(2)(f)(iv) incentives to encourage council participation in the reforms;
 - 9.3.3 early legislation to enable councils to consult and make decisions on participation in the new service delivery system;
- 10 **agreed**, 9(2)(f)(iv) to continue to take a voluntary approach to reform, in which:
- 10.1 councils would be asked to decide to participate in the new service delivery system in late 2021;

- 10.2 this decision would be in the form of an 'opt out' approach, whereby all affected councils would be included in one of the new water service delivery entities by default, but can decide not to continue to participate;
- 10.3 central government would provide councils with detailed proposals and a package of supporting information ahead of the decision-making window, including details on:
- 10.3.1 entity design proposals, such as ownership, governance, control, and accountability arrangements;
 - 10.3.2 the financial and other implications of participating in the proposed new service delivery system, including any applicable 9(2)(f)(iv) incentives;
 - 10.3.3 which water services entity each council would be part of, and its boundaries;
- 11 **agreed** that central government will use a nationwide public information and education campaign to provide a national picture of the case for change and build support for the reforms;
- 12 9(2)(f)(iv)

Confirming the process for identifying the number of new water services entities

- 13 **noted** that the paper considered by Cabinet in June 2020 [DEV-20-SUB-0079] reflected Ministerial preferences for the creation of a small number of large-scale water service entities, which would be separate from local authorities, pending further discussions with Ministers and local government about the exact number of entities and their boundaries;
- 14 **noted** that there is a need to confirm the process that will be used to identify the number of entities and their boundaries, so this process can be communicated to the local government sector and iwi/Māori;
- 15 **agreed** to proceed with a centrally-led process for identifying the number of entities and their boundaries, in which:
- 15.1 a shortlist of options is identified, based on analysis of key factors such as achieving scale benefits, communities of interest, and relationship with other boundaries, including catchments;
 - 15.2 there is engagement on this shortlist of options with the local government sector and iwi/Māori in March 2021;
 - 15.3 proposals for the final number and boundaries of entities, and which entity each council would be part of, are considered by Cabinet in April/May 2021, followed by the preparation of legislation to give effect to the decisions made;
- 16 **noted** that the options referred to in paragraph 15 above will be developed by the Minister of Local Government, in consultation with other Three Waters Ministers (these being the Ministers of Finance, Infrastructure, Housing, Commerce and Consumer Affairs, Environment, Rural Communities, Climate Change, Health, and Economic and Regional Development) and the Joint Steering Committee;

- 17 **noted** that decisions about the number of entities will be connected to considerations about equity of pricing and equity of access to services, and that there will be further discussions with Three Waters Ministers about these matters in early 2021, when more data and analysis become available;

Early direction on entity design scenarios to be tested with credit rating agencies

- 18 **noted** that independent, competency-based governance of water services entities is critical to realising the benefits of reform, and that balance sheet separation from councils is needed to provide entities with the financial capacity to meet the infrastructure deficit and future investment needs;
- 19 **agreed** that the proposed water services entities will have:
- 19.1 financial and operational autonomy, including independent and competency-based governance arrangements;
 - 19.2 a commercial objective, among other objectives;
- 20 **noted** that officials are continuing to explore collective council ownership options that meet the reform objectives, including statutory entities on a shareholding or non-shareholding ownership basis, consistent with directions in the paper considered by Cabinet in June 2020 [DEV-20-SUB-0079];
- 21 **noted** that officials will also consider options for Crown and iwi/Māori interests in the new water services entities;
- 22 **noted** that local authorities may seek influence in areas of strategic direction, governance and strategic planning, and that officials will test various levers and levels of influence with credit rating agencies in early 2021;

Early direction regarding economic regulation

- 23 **noted** that economic regulation plays a critical role in protecting consumer interests and providing high-quality performance information that supports other important players in the three waters system;
- 24 **agreed in principle**, subject to further reports to Cabinet, that an economic regulation regime will be employed in a reformed New Zealand three waters sector;
- 25 **noted** that, all else being equal, economic regulation will be able to provide greater and more effective oversight, the smaller the number of regulated water services entities;
- 26 **agreed in principle**, subject to further reports to Cabinet, that an information disclosure regime that allows the performance of entities to be compared will apply, at a minimum, to a substantively reformed three waters sector;
- 27 **noted** that whether or not stronger forms of economic regulation, such as price-quality regulation, should also be employed will depend on the number of reformed water services entities and their governance arrangements;

Financial implications

- 28 **noted** that on 6 July 2020, as part of the COVID-19 Response and Recovery Fund July Package, Cabinet:
- 28.1 agreed that up to \$710 million be available for the three waters reform programme, including:
 - 28.1.1 an investment package of up to \$701.940 million to support local government to maintain planned investment and asset quality, and support large-scale asset replacements and the bringing forward of “no regrets” investment in the latter part of the reform programme;
 - 28.1.2 up to \$8.060 million in departmental funding to meet the costs associated with the initial implementation of the three waters reform programme;
 - 28.2 agreed to set aside an operating contingency of \$710 million for the three waters infrastructure investment and service delivery reform programme, indicatively phased in 2020/21 with corresponding funding charged against the COVID-19 Response and Recovery Fund;
 - 28.3 authorised the Minister of Finance, Minister of Local Government, Minister for Infrastructure, Minister of Internal Affairs, and any other relevant appropriation Ministers (Joint Ministers), to jointly draw down the contingency referred to above (the three waters contingency);
- [CAB-20-MIN-0328.13]
- 29 **noted** that the reform programme is only partially funded and faces cost pressures of \$7 million in 2020/21, driven by additional policy, commercial and legal advisory support, substantial engagement activity, and support for the Society of Local Government Managers and councils to engage with the reform programme;
- 30 **noted** that an investment of 9(2)(f)(iv) (\$2 million in 2020/21 9(2)(f)(iv)) is required to undertake a public information and education campaign directed to provide a national picture of the case for change and to build wider community support for the reforms;
- 31 **noted** that the reform programme is unfunded after 30 June 2021;
- 32 9(2)(f)(iv)
- 33 **noted** that \$148.8 million of the three waters contingency is currently unallocated;
- 34 **agreed** that a further 9(2)(f)() of the unallocated portion of the three waters contingency be allocated as follows:
- 34.1 \$9 million to programme costs for the remainder of 2020/21 to address the current cost pressures and commence the public information campaign;
 - 34.2 9(2)(f)(iv) departmental funding to support the continued delivery of the reform programme in 2021/22 and 2022/23, and to further progress the public information and education campaign;

- 35 **agreed** to extend the scope of the three waters contingency to include departmental programme costs, the public information and education campaign, and support for the local government sector to engage with the reform programme;
- 36 **rescinded** the decisions in paragraphs 20.1 and 20.2 of CAB-20-MIN-0328.13, referred to in paragraphs 28.1.1 and 28.1.2 above, to give effect to paragraph 34 above;
- 37 **9(2)(f)(iv)**

- 38 **agreed** to extend the expiry date of the three waters contingency from 1 March 2021 to 1 March 2022, to align with the timeframes agreed with councils through their Delivery Plans and Funding Agreements;
- 39 **agreed** to draw down \$9 million from the three waters contingency, to address the programme cost pressures described in paragraph 29 above, and to commence in 2020/21 the public information and education campaign referred to in paragraph 30 above;
- 40 **approved** the following change to appropriations to provide for paragraph 39 above, with corresponding impact on the operating balance and net Crown debt:

	Smillion – increase/(decrease)				
Vote Internal Affairs Minister of Local Government	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Department Output Expense: Local Government Policy and Related Services (funded by revenue Crown)	9.000	-	-	-	-

- 41 **agreed** that the change to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that in the interim the increase be met from Imprest Supply;
- 42 **agreed** the expenses incurred under paragraph 40 above be charged against the three waters contingency;
- 43 **noted** that:
- 43.1 there is inherent uncertainty around the timing of releasing the remaining stimulus funding to councils, as this is based on achieving agreed milestones;
- 43.2 there is uncertainty about the timing of approval of the rural drinking water supplies' package and the overall timing of the departmental programme costs;
- 44 **noted** that on 6 July 2020, Cabinet agreed that any and all underspends related to the initiatives approved in the COVID-19 Response and Recovery Fund (CRRF) July Package be returned to the CRRF, until it ceases to exist, at which point they be returned to the centre [CAB-20-MIN-0328.13];

- 45 **agreed** that any unspent funds in 2020/21, which result from the delay in councils delivering milestones in their Delivery Plans, or have been committed to by Joint Ministers for programme funding and rural drinking water supplies, are not considered underspends for the purposes of the decision referred to in paragraph 44 above;

Legislative implications

- 46 **noted** that, if there is agreement to continue to take a voluntary approach to reform, under paragraph 10 above:
- 46.1 councils would be asked to decide to participate in the new service delivery system in late 2021; and
 - 46.2 giving effect to a decision to participate would involve transferring council water infrastructure and service delivery responsibilities to new water service entities in around 2023/24;
- 47 **noted** that there are a number of provisions in the Local Government Act 2002 (LGA02) that create statutory obstacles for councils to make these decisions, or may make it difficult to achieve a desirable outcome from a local government and central government perspective, including:
- 47.1 provisions that oblige councils to maintain water services, and prohibit them from divesting ownership of these services, or from selling, transferring, or losing control of the infrastructure needed to provide water services;
 - 47.2 provisions relating to consultation, long-term planning, and decision making that would apply due to the significance of a decision of this kind;
- 48 **noted** that if a voluntary approach to reform is to work, these statutory obstacles will need to be addressed through legislative amendments to the LGA02;
- 49 **noted** that the Local Government (Three Waters Reform) Amendment Bill will:
- 49.1 address the statutory obstacles in local government legislation that prohibit councils from divesting ownership of, or control over, water infrastructure assets and services, but only for the purposes of making a decision to participate in the government's reform proposals to create new water service entities;
 - 49.2 remove or amend the detailed legislative requirements in local government legislation relating to council consultation, long-term planning, and decision making for the purposes of making a decision to participate in the government's reforms;
 - 49.3 provide a fit-for-purpose consultation process, based on the provisions in the LGA02, which sets out how local government would engage with communities and iwi/Māori about the reform proposals, and make decisions;
- 50 **noted** that the Minister of Local Government will seek a category 2 priority for the Local Government (Three Waters Reform) Amendment Bill on the 2021 Legislation Programme (must be passed in 2021);
- 51 **invited** the Minister of Local Government to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above proposals;
- 52 **noted** that drafting instructions will be provided to the Parliamentary Counsel Office by 1 February 2021;

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- 53 **noted** that the Local Government (Three Waters Reform) Amendment Bill should be introduced no later than 1 April 2021, and passed no later than 1 November 2021;
- 54 **authorised** the Minister of Local Government to approve matters of detail consistent with policy that may arise during the course of drafting, including any consequential amendments to other legislation that may be required;
- 55 **agreed** that technical experts from the local government sector and iwi/Māori can be consulted, if needed, during the drafting process.

Michael Webster
Secretary of the Cabinet

***Secretary's Note:** This minute replaces CBC-20-MIN-0109. A Cabinet minute has been issued for this item as it involves rescinding previous Cabinet decisions (see paragraph 36).*

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Proactively released by the Minister of Local Government

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Office of the Minister of Local Government

Chair

Cabinet Business Committee

Progressing the three waters service delivery reforms

Proposal

1. This paper seeks decisions on several critical issues relating to the three waters service delivery reform programme (the reform programme), namely:
 - 1.1 the key components of the reform strategy and timetable;
 - 1.2 continuing with a voluntary approach to reform;
 - 1.3 agreement to introduce legislation needed to facilitate a voluntary approach, by enabling and supporting councils to make decisions to participate in the new service delivery system;
 - 1.4 the process for identifying the numbers and boundaries of new water services entities;
 - 1.5 the entity design scenarios that would be tested with credit rating agencies;
 - 1.6 programme funding.
2. Decisions and directions on these matters are requested now to enable the reform programme to continue to proceed at pace.

Relation to government priorities

3. In April 2019, it was agreed that the Three Waters Review is a Government priority. The 2020 Labour Party Manifesto committed to reform New Zealand's drinking water and wastewater system, and upgrade water infrastructure to create jobs across the country.

Executive summary

4. New Zealand's three waters system is facing a number of significant challenges, and will continue to do so without major, transformational reform. Latest estimates indicate that the size of the infrastructure deficit facing local government water service providers is in the order of \$30 billion to \$50 billion, against an annual spend of around \$1.5 billion. Eliminating this deficit could take 30 years, and will be beyond the funding and operational capacity of most councils and communities under current arrangements.
5. We have an opportunity to address this situation by reforming three waters service delivery arrangements, to create a small number of large-scale water entities, with sufficient balance sheet capacity to raise debt to fund these investment requirements. This would deliver the necessary infrastructure upgrades at a lower, more efficient cost to households than under current delivery and funding arrangements.

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6. In July 2020, the Government announced a \$710 million funding package to support economic recovery relating to COVID-19, and to start to address the persistent issues facing the three waters sector, through a combination of infrastructure investment stimulus and service delivery reform. Councils that agreed to participate in the initial phase of the reform programme were eligible to receive a share of this funding package.
7. Since then, a comprehensive service delivery reform programme has been established by the Department of Internal Affairs, and is progressing well – using a partnership approach between central and local government. Stimulus funding totalling \$523 million is being provided to every eligible council, in instalments. Of this, approximately 44 per cent (by value) has been attributed to drinking water infrastructure, 39 per cent to wastewater, and 10 per cent to stormwater. Based on council reporting, the stimulus funding is expected to generate approximately 2000 jobs across New Zealand.
8. To maintain momentum with the reforms, it is imperative that we continue to work to an ambitious timeframe. As indicated in the diagram at **Appendix A**, I am proposing that:
 - 8.1 substantive policy decisions are made in April/May 2021 – to enable drafting instructions to be issued;
 - 8.2 legislation to create the new service delivery system is introduced in late 2021 and enacted by mid-2022 (prior to the local government elections);
 - 8.3 transition, entity establishment, and implementation occur from 2022.
9. Achieving these milestones means we need to provide early direction on critical details of our preferred reform strategy and key components of the reform programme. Key decisions sought through this paper relate to:
 - 9.1 whether to continue to proceed with a voluntary approach, and the likely benefits, challenges, risks and incentives associated with this approach;
 - 9.2 agreement to introduce legislation, ahead of the main reform programme, to enable and support councils to consult and make decisions on participation in the new service delivery system;
 - 9.3 how council decisions would be ‘framed’ – with the preference being for an ‘opt out’ approach, in which the starting position is that all councils would be included in one of the new water services entities, unless they decide not to participate in the reforms and opt out;
 - 9.4 communications and engagement, including the role of central government in presenting a national picture of the case for change, and undertaking a public information and education campaign;
 - 9.5 the approach to identifying and agreeing the number and boundaries of new entities – with a preference for a centrally-led process;
 - 9.6 how to work with iwi/Māori – as our Treaty partners – throughout the reform programme, and ensure their rights and interests are reflected appropriately;
 - 9.7 the entity design options and key features that would be tested with credit rating agencies.

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10. Developing and delivering the reforms involves a large and complex work programme, specialist commercial, legal and policy resources, substantial engagement with the local government sector and iwi/Māori, and support for the Joint Central/Local Government Three Waters Steering Committee (Joint Steering Committee) that was established to oversee the reforms. The ability to continue to deliver the programme, and to do so at the necessary pace, is subject to ongoing funding.
11. The reform programme has only been partially funded, and the Department of Internal Affairs is facing significant funding pressures. The Department has been appropriated \$8.06 million in 2020/21, but is forecast to spend an additional \$7 million by 30 June 2021, and is unfunded for future years. The Department is unable to reprioritise such significant cost pressures within baseline funding.
12. In addition, I have requested that officials prepare a nationwide strategic communications strategy to socialise the benefits of reform with ratepayers. Further cost pressures would be created in order to proceed with a national public information campaign, which is an important part of the reform strategy.
13. A portion (\$148.8 million) of the operating contingency that was established for the *Three Waters Infrastructure Investment and Service Delivery Reform Programme*, is currently unallocated. This provides a potential avenue for funding these cost pressures within the \$710 million already committed by Cabinet, and in line with the outcomes sought.
14. The Treasury has advised that accessing the operating contingency for programme costs would require an extension of the scope of this contingency, and agreement by Cabinet. I am seeking these decisions through this paper.
15. I am also seeking agreement to an in-principle transfer of any underspend in the appropriation, to reflect agreements with councils that any stimulus funding must be spent by 31 March 2022. This will help to manage the uncertainty around the timing for releasing instalment payments to councils. By the end of November 2020, the Department was forecast to pay \$261.5 million to councils (equating to 50 per cent of eligible funding). Subsequent instalments will be released on the achievement of milestones linked to the completion of defined activities.

Background

16. Over the past three years, I have been leading the cross-government Three Waters Review. Through this work, we are seeking to address a complex set of issues relating to the regulation, funding, financing, and provision of drinking water, wastewater, and stormwater services (the three waters), and to deliver better outcomes for New Zealand's people, environment, and economy.
17. Core outcomes include: safe, affordable drinking water; improved environmental performance of wastewater and stormwater networks; infrastructure to support housing and economic development; addressing infrastructure deficits and resilience issues; and improved efficiency of service delivery, with benefits for investment, jobs, and productivity.

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18. The regulatory reforms – which were a large part of our initial focus – are progressing well. Legislation has been enacted to create Taumata Arowai, the water services regulator, and work to establish this new Crown agent is underway within the Department of Internal Affairs. A separate Water Services Bill, containing the new regulatory framework that Taumata Arowai will administer, is awaiting its first reading.
19. Strengthening the regulatory framework for drinking water, wastewater and stormwater quality is an essential first step to improving the three waters system. However, the regulatory reforms are unlikely to be successful unless they are accompanied by the restructuring of service delivery arrangements necessary to address other critical issues facing three waters services. Likewise, the success of service delivery reform is contingent on the regulatory framework being clear and fit for purpose, and Taumata Arowai being equipped with the right regulatory strategy, tools and resources.
20. Both central and local government have acknowledged there are many challenges facing our water services, and the communities that fund and rely on these services. In particular, a significant infrastructure deficit is resulting in poor quality infrastructure, substandard network performance, and higher than necessary costs of delivery.
21. In July 2020, the Government announced a \$710 million funding package to support economic recovery relating to COVID-19, and address persistent systemic issues facing the three waters sector, through a combination of:
 - 21.1 stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and
 - 21.2 reforming current water service delivery arrangements into larger-scale entities – to realise significant economic, public health, environmental, and other benefits over the medium to long term.
22. The Cabinet paper that preceded this announcement (the June 2020 paper), signalled some of our minimum expectations, objectives, and starting intentions for the service delivery reforms.¹ This included:
 - 22.1 in-principle agreement to the creation of a small number of new multi-regional water service providers, which would be statutory, asset-owning entities;
 - 22.2 a preference that the new entities would be collectively owned by local authorities, but with legal and financial separation, and a competency-based board;
 - 22.3 confirmation that there would be safeguards against privatisation, and mechanisms that provide for continued public ownership, community input, and local service delivery.
23. Final decisions on a service delivery model are to be informed by more detailed policy, legal and commercial work, and engagement with local government and iwi/Māori. The Department of Internal Affairs is leading this work programme and engagement, overseen by a Programme Board.²

¹ *Investing in water infrastructure to accelerate reform and support economic recovery post COVID-19*, June 2020 [DEV-20-SUB-0079 refers].

² The Programme Board is led by the Chief Executive of the Department of Internal Affairs, and includes senior officials from The Treasury, Te Arawhiti, and Taumata Arowai.

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24. The service delivery reforms were conceived of as a three-year, multi-phase programme, with the potential for further tranches of funding. The initial phase involves an 'opt in', good faith approach with councils, and the provision of funding from the stimulus package to those councils that decided to participate.
25. The work to date has been predicated on a shared understanding between central and local government that a partnership approach will best support wider community interests, and ensure that any transition to new service delivery arrangements is well managed and as smooth as possible.
26. To reflect this understanding, a Joint Steering Committee, comprising central and local government representatives, has been formed to provide oversight and guidance on service delivery reform.³
27. A group of Three Waters Ministers⁴ will continue to provide direction and support across this work. I have already met with this group for an initial discussion about the substantive matters in this paper, and anticipate having regular meetings throughout 2021 as we develop and roll out the reform proposals. This approach will also enable strategic connections to be made between this work and other reform programmes, such as the proposed changes to the resource management system, which are likely to amend planning and consenting arrangements for water and infrastructure.

Analysis

Stimulus funding of \$523 million is being rolled out to every eligible council

28. Every eligible council decided to participate in the initial phase of the reform programme, and signed the Memorandum of Understanding (MoU) with the Crown by the deadline of 31 August 2020. Funding is now being distributed to those councils, in accordance with approved Delivery Plans and Funding Agreements.
29. Of the \$523 million available in stimulus funding, approximately 44 per cent (by value) has been attributed to potable water infrastructure, 39 per cent to wastewater infrastructure, 10 per cent to stormwater infrastructure, two per cent toward advisory services on reform, and five per cent on other related infrastructure (water storage and network management). A further \$30 million has been allocated to support rural drinking water supplies.
30. By the end of November 2020, the Department of Internal Affairs was forecast to pay \$261.5 million to councils. Subsequent instalments will be released to councils on the achievement of milestones linked to completion of defined activities, which will be agreed between the Department, Crown Infrastructure Partners, and each council by the end of January 2021.

³ The Joint Steering Committee comprises Mayors, Chief Executives, and regional council representation, as well as the Society of Local Government Managers, Local Government New Zealand, the Department of Internal Affairs, the Ministry of Business, Innovation and Employment, and the Treasury.

⁴ This is an informal group currently comprising the Ministers of/for Finance, Infrastructure, Housing, Commerce and Consumer Affairs, Environment, Rural Communities, Climate Change, Health, and Economic and Regional Development.

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31. The insights gained through a review of council Delivery Plans reinforces the service delivery reform programme and case for change. Delivery Plans revealed that many councils have under-invested in three waters infrastructure, either due to historical underfunding, poor service delivery, a lack of engineering capability or capacity, or the lack of a sustainable funding model to support such investment. It is evident across the sector that there are a lack of economies of scale and scope, due to the small size of some of the water utility operations within many councils.
32. Given the high public interest in the programme, a quarterly report will be published on the progress of councils against their Delivery Plans, and outcomes that have been achieved. This is consistent with Open Government protocols.
33. Signing the MoU commits councils to engage with the reform programme and share information on their three waters assets, but does not legally require them to continue with future stages of the reforms. Officials are currently implementing a 'request for information' (RFI) process to gather this information, and are supporting councils to comply with this request. Given the work associated with the RFI, councils may re-allocate up to \$60,000 of their stimulus funding allocation to help them to respond.
34. The RFI process represents a major undertaking by the local government sector to improve the state of knowledge and understanding about three waters assets, network performance, service delivery costs, commercial arrangements, and future investment requirements.
35. Analysis of the data acquired through this process is being undertaken by expert commercial and financial advisors, including the Water Industry Commission for Scotland. This analysis will be used to support advice on key aspects of the reform proposals, such as the number, size, and boundaries of new service delivery entities, and the entities' commercial and financial structures.

The rest of the reform programme is also progressing well

36. This is a large-scale, highly complex, 'transformational' reform programme. It involves exploring a number of difficult policy matters, designing new service delivery models and associated legislation, and developing the transitional arrangements needed to separate out a core function from 67 council providers, and merging these services into a much smaller number of new water entities. Treaty-related rights and interests are being considered and addressed throughout this process.
37. A substantial work programme and significant resources are required to continue developing and implementing the reforms. A number of workstreams have been established and are underway, covering: system design; entity design; economic regulation; iwi/Māori and Treaty-related considerations; transition arrangements; legislative design; communications and engagement; and supporting the Joint Steering Committee and associated reference groups.
38. This work needs to be informed by, and developed in the context of, the local government system, the Crown's Treaty partnership with iwi/Māori, and a range of community and stakeholder interests. Effective engagement and communications are essential if we are to understand all parties' perspectives.

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39. Initial engagement with the local government sector occurred in July/August 2020. Officials held a series of regional workshops with councils and iwi/Māori partners, supplemented by webinars and written material. These covered the high-level case for change, key design features of new water services entities, the MoU, and the process for accessing stimulus funding.
40. The Joint Steering Committee has also been meeting regularly over the past few months, to consider and provide input into the emerging policy options.
41. Discussions so far indicate there are likely to be three areas of particular interest for the local government sector. These relate to:
- 41.1 the number and boundaries of the new entities (how big will they be?);
 - 41.2 retaining local 'voice' and influence, including regarding prioritisation of infrastructure to support growth, climate change adaptation, and ensuring water services entities are responsive to the needs and concerns of local communities;
 - 41.3 the impact of the reforms on councils, including immediate financial impacts, concerns about their ongoing sustainability and future role in the community, and concerns about the implications for staff.
42. These points are all being considered as part of the policy work programme, and will feature in future advice. They are also being considered in the wider context of the reforms to the resource management system, which are proceeding along a similar timeframe.
43. The third of these points – the impact of the reforms – is also part of a parallel conversation and piece of work with local government. It is worth noting that the likelihood of a voluntary approach to the three waters reforms succeeding may depend on central government support for this 'future of local government' work, and provision of a 9(2)(f)(iv) package.
44. More recently, officials have been conducting dedicated hui-ā-motu with iwi/Māori, in conjunction with Taumata Arowai. These sessions provided a useful indication of matters that are likely to be of particular relevance to iwi/Māori as Treaty partners, and to the Crown-Māori relationship going forward.
45. In acknowledging that the reform of water services is an important kaupapa, iwi/Māori expressed the view that resolving matters of ownership and allocation of freshwater are higher priorities to them. Some participants emphasised that, if the three waters reforms are to progress ahead of broader ownership and allocation claims, the reforms must, at the very least, not preclude any progress in these claims.
46. Other key themes from the hui-ā-motu included: cautious optimism about working together to design something that works better than the status quo for iwi/hapū and small rural communities; the need to ensure continued iwi/Māori involvement in all aspects of the reforms; ensuring strong protections against privatisation; not breaking catchments and whakapapa/iwi boundaries when designing the new entities; and a desire to see these changes utilised to build iwi/hapū skills and improve practices around water use and treatment.
47. A summary report on the hui-ā-motu is currently being prepared, and will be published on the Department of Internal Affairs' Three Waters webpage.

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48. We will continue to engage with iwi/Māori throughout the reform process, and to deliver on our Treaty-related obligations. I am proposing that we commit to a high-level principle of partnership in this work, and seek to ensure this approach is reflected in the governance and operational arrangements of the new water service delivery entities and broader regulatory system.

The reform programme will need additional funding to continue to operate

49. Developing and implementing these reforms involves an extremely large and complex work programme, and a multi-year commitment. The scale of reform is similar to the local government reforms in 1989, electricity industry reform in the late 1980s, and the merger of 16 Institutes of Technology and Polytechnics into the New Zealand Institute of Skills and Technology. The resources involved should not be underestimated.
50. Significant progress has already been made in a short time with this work programme. However, the ability to continue to deliver the programme – and to do so at the necessary speed – is subject to funding.
51. As indicated in my June 2020 paper, substantial resources are required to progress the reforms. This work has only been partially funded in 2020/21, and is unfunded from 1 July 2021.
52. The Department of Internal Affairs (the Department) is facing significant funding pressures relating to the reform programme. The Department has been appropriated \$8.06 million in 2020/21 to progress this work, but is forecast to spend an additional \$7 million by 30 June 2021. The Department is unable to reprioritise such significant cost pressures within baseline funding.
53. Further cost pressures of approximately 9(2)(f)(iv) would be created in 2020/21 and 2021/22 in order to proceed with a public information and education campaign. This is an important component of the reform strategy outlined below, and is crucial if we continue to pursue the reforms in partnership with the local government sector.
54. The programme also needs to secure funding to operate after 30 June 2021. The next 18 months will involve an intensive period of work, which will be pivotal to delivery. The Department needs funding certainty now in order to plan and carry out the extensive number and range of activities involved in implementing reforms of this magnitude, and to retain essential personnel.
55. 9(2)(f)(iv)
56. I consider the operating contingency that was established for the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* provides a potential avenue for funding these cost pressures in 2020/21 and 2021/22 within the \$710 million already committed by Cabinet. A portion of this contingency (\$148.8 million) is currently unallocated and, with Cabinet's agreement, could be used for this purpose.
57. Further information on this matter is included in the Financial Implications section.

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Before proceeding any further, we need to agree and provide direction on critical details of the reform strategy

58. In my June 2020 paper, I outlined a high-level approach to reforming three waters service delivery arrangements over a three-year period. However, many of the details involved in delivering this approach had not yet been fully developed or discussed. I am seeking to confirm these details now.
59. It is imperative that we continue to set an ambitious timeframe for this programme. As indicated in the diagram at **Appendix A**, I am proposing:
- 59.1 substantive policy decisions are made in April/May 2021, to enable drafting instructions to be issued – including decisions on the core design features of the new water services entities and system, and the number and boundaries of the new entities;
 - 59.2 legislation to create the new service delivery system is introduced in late 2021 and enacted by mid-2022 (prior to the local government elections); and
 - 59.3 transition, entity establishment, and implementation occur from 2022/23.
60. Before this programme can be progressed further, we need to consider and clarify critical aspects of our preferred reform strategy. Key considerations relate to:
- 60.1 proceeding with a voluntary approach – and the likely benefits, challenges and risks of this approach;
 - 60.2 the incentives that might be needed to support a voluntary approach;
 - 60.3 early legislative changes that are required to enable and support councils to consult their communities and make decisions on participation;
 - 60.4 how to ‘frame’ the decision councils would make, and associated processes and timeframes – including the potential roles for both central and local government in communications, engagement, and consultation;
 - 60.5 what councils would be participating in, and the information they would need to make these decisions;
 - 60.6 the approach to identifying and agreeing the number and boundaries of new entities;
 - 60.7 how to work with iwi/Māori – as our Treaty partners – throughout the reform programme, and ensure their rights and interests are reflected appropriately;
 - 60.8 the entity design options and key features that would be tested with credit rating agencies.

I am seeking to confirm details relating to a voluntary approach

61. The reform programme currently involves a voluntary, partnership-based approach with the local government sector. This was signalled through the Central-Local Government Forum in May 2020, and in my June 2020 Cabinet paper.
62. This approach has been given effect and further developed by central and local government representatives through the Joint Steering Committee. I am advised that this has been a highly constructive and productive arrangement, so far.

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63. A voluntary approach has a number of benefits. Central government benefits from a 'willing partner' to develop and implement the reform proposals, and it is important the local government sector is supportive and collaborative. Councils own, and hold information about, most of the assets, and are mindful of the wellbeing of their communities. The Joint Steering Committee and sector reference groups provide valuable sources of political and technical expertise.
64. I note that a voluntary approach was used for the MoU in August 2020, and was highly effective, gaining buy-in from all eligible councils. A similar approach could be used next year, in relation to council decisions on whether to commit to new water services entities on an enduring basis.
65. The diagram at **Appendix A** provides further details about what a voluntary approach might look like in practice, within the context of Cabinet decision making, engagement with local government and iwi/Māori, and public communications.
66. We have a choice about whether or not to continue with a voluntary approach to reform. While this is my preference, it has a number of risks, challenges, and dependencies.
67. Key to achieving the Government's objectives for water services reform is unlocking the potential for significant economic efficiencies. Realisation of these efficiencies is necessary to ensure the investment required to 'catch up' on the historic infrastructure deficit is affordable for current and future generations of New Zealanders. Aggregation of water service delivery into a small number of large, multi-regional entities, together with clear policy objectives and an appropriate economic regulatory regime, is a key means by which these efficiencies can be achieved.
68. The scale of potential efficiency gains is significant, as demonstrated by similar reforms overseas. In New Zealand, the potential benefits are demonstrated through a recent (mock) draft determination of Watercare by the Water Industry Commission for Scotland (WICS), the economic regulator for Scotland.
69. This assessment concluded that, while Watercare is performing at a level that is unrivalled in New Zealand, it lags significantly behind the performance of the leading companies in the United Kingdom. WICS concluded there is significant scope for Watercare to reduce its operating costs by 4.4 per cent per annum over 10 years (that is, an improvement of more than 50 per cent in operating efficiency), while simultaneously improving its levels of service to customers. These estimated efficiency gains indicate the scale of benefits that might be potentially realised across the sector as a whole.
70. The success of the reforms in New Zealand is dependent on a significant majority of councils agreeing to be part of the new water services entities, and transferring their service delivery responsibilities and assets to these entities. Key factors include securing the participation of all metropolitan and large provincial councils, and arriving at a sufficiently small number of entities to achieve an effective economic regulatory regime.
71. With a voluntary approach, there is a risk that some councils choose not to participate, jeopardising the feasibility and effectiveness of the new system. If there is insufficient buy-in from councils – particularly the larger ones – this could mean there will not be the minimum 'threshold' needed to ensure the new entities are viable, and many of the benefits of the reform programme will be unrealisable.

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72. In addition, it is likely that a voluntary approach is only achievable in conjunction with a number of other factors – including the use of 9(2)(f)(iv) incentives, public information campaigns, and early legislation. These factors are discussed further later in this paper.
73. I note that an alternative approach, in which council participation and asset transfer are mandated by legislation, also carries considerable risk. 9(2)(g)(i)
74. On balance, I consider that we should continue with a voluntary approach, and am seeking decisions to this effect 9(2)(f)(iv). However, we may need to reassess this position in the future, should it become clear that the reforms are at risk of not being achieved. I will work with the Joint Steering Committee and Three Waters Ministers to form a view on this judgement call, and include this in advice to Cabinet in April/May 2021.
75. To optimise the chances that a voluntary approach will be effective, councils and the public will need to have access to comprehensive, reliable information about the reforms. This will involve support from central government in two respects.
76. Firstly, it will be important that councils know what they are being asked to participate in, so they can consult appropriately with their communities, consider the financial and other implications of the proposals, and make informed decisions. Key pieces of information relate to:
- 76.1 entity design – including ownership, governance, control, and accountability arrangements;
 - 76.2 the consequences of transferring infrastructure, functions, staff, and service delivery to the new entities, including immediate financial impacts, and implications for the future financial sustainability of the council;
 - 76.3 financial arrangements – including balance sheets (pre and post reform), the terms of asset/liability transfers and other considerations, and stranded overheads;
 - 76.4 core system design features – including consumer protection mechanisms;
 - 76.5 the case for change – including the expected benefits of the reforms;
 - 76.6 which entity they would be part of, and its boundaries.
77. Under my proposed reform timetable at Appendix A, advice on all of these matters will be developed to inform policy decisions in April/May 2021. Central government would then prepare the detailed information listed above, and provide this to each council ahead of the decision-making window in late 2021.
78. Secondly, I am proposing to use a public information and education campaign to provide a national picture of the case for change, and to build wider support for the reforms. It will be critical for communities to understand the extent of the current infrastructure and funding challenges, and the opportunities this major transformational programme presents, as they engage with their councils on proposals. Funding will be required to support this comprehensive national campaign.

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79. In addition, we need to consider how to frame the decisions that councils would be asked to make, to maximise the potential to achieve a successful outcome. I am proposing that this would be an 'opt out' decision, rather than the 'opt in' approach that was used for the MoU in August 2020.
80. Council participation would still be voluntary. However, the starting position would be that all councils would be included in one of the new entities, unless they choose to opt out. I consider that the case for change is likely to be sufficiently strong that councils and communities will recognise the benefits of continued participation.

If we proceed with a voluntary approach, we will need early legislation to enable and support councils to consult and make decisions

81. Although advice on the details of the new entities is still being developed, the in-principle decisions Cabinet made in June 2020 indicated our intention that these would be asset owning, statutory entities, structurally separate from local authorities.⁵ I anticipate these would be core features of any proposed new service delivery model.
82. Under the proposed reform strategy, councils will be asked to decide whether to make a commitment to participate in a new service delivery system. These decisions are likely to be sought in the last quarter of 2021.
83. As described further below, there are a number of provisions in the Local Government Act 2002 (LGA02) that create obstacles for councils in this respect. I am therefore proposing the Government introduces early legislation to deal with these obstacles, to enable and support councils' participation in the reform process.
84. Instructions would need to be issued to Parliamentary Counsel immediately, and a bill drafted for introduction in the first quarter of 2021, so any new arrangements are in place in advance of council decision making.
85. The first legislative obstacle is that provisions in the LGA02 oblige councils to maintain water services, and prohibit them from divesting ownership of these services, or from selling, transferring, or losing control of the infrastructure needed to provide the services (except to another council or council-controlled organisation).
86. These provisions need to be addressed to ensure councils are not barred from making a decision to participate in a new service delivery system that, on the passage of the substantive reform legislation, would result in the transfer of their water infrastructure and service delivery responsibilities to new water services entities.
87. The second legislative obstacle relates to statutory requirements around council consultation, long-term planning, and decision-making processes. This is a complex situation because an array of provisions, spread across local government legislation, would be 'triggered', due to the significance of a decision of this kind. The local government sector has asked for clarity about the process councils would follow in this respect.
88. These provisions would ordinarily mean, for example, that each council would be required to:

⁵ 'Structurally separate' refers to a water service entity operating, funding, and financing itself independently from its owner councils, so it can be rated by credit rating agencies on a standalone basis and raise debt in its own name.

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- 88.1 amend its long-term plan, after consulting on the proposed decision/amendments using the special consultative procedure, which would require it to;
 - 88.1.1 issue a consultation document, containing information relating to the proposed decision, including an analysis of all the reasonably practicable options, and the likely consequences of proceeding with the proposal on rates, debt, and levels of service;
 - 88.1.2 have both the consultation document and amended long-term plan audited;
 - 88.1.3 provide people who are interested in the proposal with opportunities to present their views (with a minimum period of one month for doing so);
 - 88.2 provide opportunities for Māori to contribute to the decision-making process;
 - 88.3 give consideration to the views and preferences of interested and affected people during the decision-making process;
 - 88.4 when making a decision, take account of the community's interests within its district, the interests of future as well as current communities, and the likely impact of any decision on social, economic, environmental, and cultural wellbeing.
89. These consultation and decision-making requirements are not fit for purpose in this particular context, and are unlikely to achieve a desirable outcome from either a local or central government perspective. For example:
- 89.1 Councils are concerned about the cost, resources, and time associated with preparing, consulting on, and auditing long-term plan amendments.
 - 89.2 There are risks that the Government's reform proposals and case for change are not presented accurately, consistently or comprehensively across the country, and that not all views are reflected – including the national interest.
 - 89.3 Requirements to identify, assess, and consult on all reasonably practicable options at an individual council level could mean there is a lack of focus on the Government's proposal, and the potential inclusion of options that do not align with our reform objectives.
 - 89.4 The consultation and decision-making requirements in the LGA02 do not include a role for central government in communications and engagement about the reforms, or reflect the Crown's obligations as a Treaty partner in relation to its role in these reforms.
 - 89.5 When making a decision, councils are expected to take account of community interests *within the district*. Some councils may consider that the multi-regional or national interest inherent in the reform proposals is outside their statutory mandate.
 - 89.6 Some interested parties – such as special interest groups and industry organisations that span across New Zealand – may find it difficult to participate in 67 separate council consultation processes. Iwi that cross district boundaries may also face challenges engaging with multiple councils simultaneously.

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90. My preferred approach is to use legislation to address these matters. In summary, this legislation would:
- 90.1 address the statutory obstacles in local government legislation that prohibit councils from divesting ownership of, or control over, water infrastructure assets and services – but only for the purposes of making a decision to participate in the Government’s reform proposals to create new water service entities;
 - 90.2 remove or amend the detailed legislative requirements in local government legislation relating to council consultation, long-term planning, and decision making, for the purposes of making a decision to participate in the Government’s reforms;
 - 90.3 provide a fit-for-purpose consultation process, based on the provisions in the LGA02, that sets out how local government would engage with communities and iwi/Māori about the reform proposals, and make decisions.
91. I am advised that initial conversations with the local government sector, including the Joint Steering Committee, have indicated there is support for this approach – providing decision making about whether to participate continues to sit with individual councils.
92. I understand the sector would welcome central government taking a leadership role in communicating the reform proposals, presenting the case for change, and supplying the detailed analysis councils will need to make decisions. I propose to continue to work closely with the Joint Steering Committee to develop and communicate the material to support consultation processes.
93. I am seeking agreement to issue drafting instructions and proceed with legislation in early 2021, with a view to achieving the following outcomes:
- 93.1 Councils are able to make decisions, in a timely manner, on whether to participate in Government-led reforms to water service delivery arrangements, which – on the passage of substantive reform legislation – would result in the transfer of their water infrastructure and service delivery responsibilities to new water services entities.
 - 93.2 Any legal impediments to councils consulting on and making these decisions are addressed.
 - 93.3 Councils have access to the information and support they need from central government, and there is a minimal burden on their resources.
 - 93.4 The New Zealand public is well informed of the details of the reform proposals, including the benefits and implications for each council or district, the objectives of the reforms, and the broader case for change.
 - 93.5 There is transparency throughout the reform process.
 - 93.6 There are roles for central and local government in communications and engagement, and the ability to work together where desirable.
 - 93.7 There are appropriate mechanisms for understanding the views and preferences of iwi/Māori, and to enable the Crown to fulfil its role under the Treaty of Waitangi.
 - 93.8 The risk of legal challenge is minimised.

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94. I note that some of these outcomes may be achievable without prescription in legislation. This will be considered during the drafting process. As noted earlier in this paper, I have also indicated a preference for a centralised public information and education strategy, and have asked officials to prepare a nationwide communications strategy to socialise the benefits of reform with ratepayers and communities.
95. It will be important to ensure there is consistency with the existing local government legislative framework, including the emphasis on enabling democratic local decision making. Any new legislation would apply only in this specific context and would be time limited. There would be protections in place to ensure this legislation cannot be used to circumvent the usual obligations for councils to retain the ownership of their critical infrastructure and maintain service delivery.

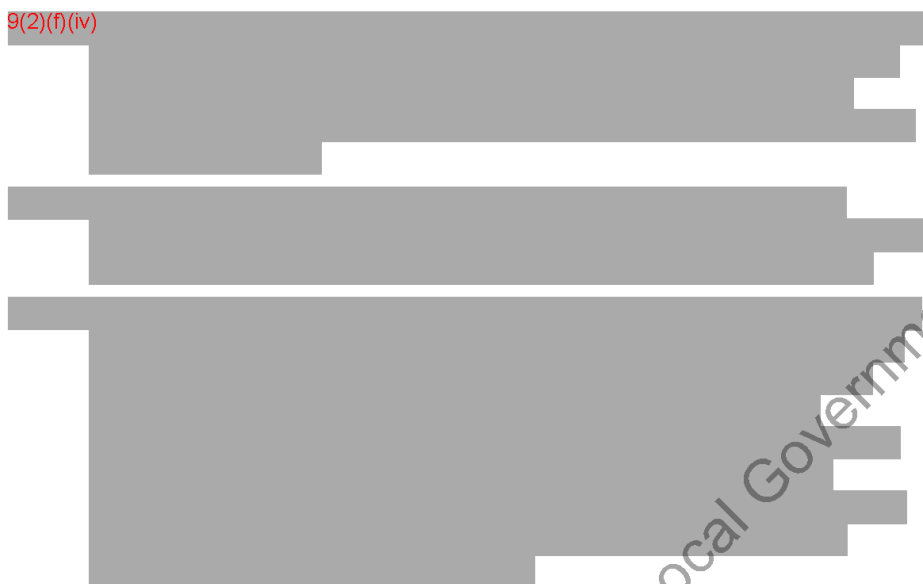
A voluntary approach is only likely to be successful if supported by an incentives package, and other factors to encourage participation

96. As noted earlier, funding from the \$710 million three waters stimulus package, announced in July 2020, was made available to councils that agreed to participate in the initial phase of the reform programme. This acted as an effective incentive, as all eligible councils chose to sign the MoU, initiating such participation.
97. The initial reform strategy outlined in June 2020 signalled the likely need for further tranches of investment later in the reform process, though no funding commitments were made beyond the first incentive package.
98. Early discussions with the local government sector have indicated that, if the Government proceeds with a voluntary approach to service delivery reform, this will need to be accompanied by a further package of incentives.
99. To be effective, it is likely that an incentives package will need to both:
- 99.1 provide positive incentives that deliver immediate benefits for councils that agree to transfer responsibility for water service delivery to new water services entities; and
 - 99.2 make it clear that the future regulatory operating environment for three waters providers (including new water services entities, and any councils that choose not to participate in the reforms) will involve stronger enforcement of existing standards, and the potential introduction of new obligations and compliance requirements that add further costs.

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103. There are also potential **non-financial and regulatory measures**, which could affect councils' willingness to participate in the reforms.
104. The most significant measure would be **provision of a clear role and future for local government after the three waters reforms**. Having a well-articulated future pathway would help to address councils' concerns about the impact of the reforms on their role in the community and ongoing sustainability.
105. Other measures relate primarily to improved transparency, and increased oversight in the regulatory system – in addition to the more stringent regulatory requirements that will apply to all three waters providers (including the new water services entities) over the next few years.
106. One potential measure is **increased requirements for disclosure of asset condition, service performance and cost of delivery**. Some of the current problems with water services, including persistent under-investment in infrastructure, poor network performance, inconsistent levels of service, and higher than necessary costs of delivery, are at least in part a function of a lack of transparency, oversight, and public accountability. The underground nature and long life-span of the infrastructure means these assets get less attention and priority than above ground community infrastructure.
107. As discussed later in this paper, it is anticipated that economic regulation would be an integral part of the service delivery system. This would ensure there is accountability, oversight, and transparency relating to the performance of the new water services entities. The entities (like all drinking water providers) would also be subject to monitoring by Taumata Arowai.
108. We could also consider introducing information disclosure requirements for a small number of councils that choose not to participate in the new entities, and continue providing water services directly. This would provide greater transparency about asset condition, levels of service, network performance, and the costs of delivery, and could be independently verified by an economic regulator.

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109. There would be administrative and compliance costs associated with an information disclosure regime, which would be ultimately borne by consumers. Care would need to be taken during the design of any new regime to ensure the costs do not outweigh the benefits of increased transparency.
110. This approach may strengthen incentives on council suppliers to demonstrate they are maintaining and investing in their assets, and delivering water services in compliance with applicable regulatory standards. It would enable performance (including cost of service delivery) to be benchmarked against other suppliers.
111. Another potential measure relates to the development and implementation of **national performance standards for wastewater**, including improvements to consenting and monitoring of wastewater networks and regulation of discharges.
112. A number of wastewater plants and networks are currently operating on expired (or soon-to-be expired) consents, which are a cause of significant environmental issues. An extensive infrastructure upgrade programme is required, and will need to be paid for.
113. The proposed service delivery reforms provide a mechanism to address this situation. The increased scale of multi-regional water services entities also creates an opportunity to take a more strategic, catchment-based approach. For example, this could include upgrading networks and plants based on greatest environmental and cultural impact on water catchments, rather than upgrading individual plants on the basis of resource consent timeframes.
114. Councils that choose not to join the new water services entities would face increased performance standards and stronger regulatory enforcement of consenting requirements, which they would need to address alone. For some communities, this will likely lead to significant affordability challenges associated with the need to upgrade or replace their existing wastewater plants and networks.
115. Finally, the **implications of our drinking water regulatory reforms** will start to take effect soon. Taumata Arowai, and the Water Services Bill (if enacted), will mean there will be more emphasis on compliance with drinking water regulatory requirements, and greater transparency about the environmental performance of wastewater and stormwater networks.
116. Councils are already starting to recognise that they will be facing significant scrutiny from Taumata Arowai and their communities. They will be under increasing pressure to comply with drinking water quality standards, and could face enforcement action if they fail to do so. The proposed changes to the resource management system, if implemented, would have additional implications; for example, by strengthening compliance with, and enforcement of, environmental standards, limits, and targets. This situation may encourage many councils to pass their responsibilities to new water services entities.

We need to confirm the process for identifying the numbers and boundaries of the new water services entities

117. My June 2020 paper reflected Three Waters Ministers' preferences for the creation of a small number of large-scale water service entities, which would be separate from local authorities. Cabinet agreed there would be further discussions with Ministers and local government about the exact number of entities, and their boundaries.

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118. Ultimately, the decision about the number and boundaries of any entities will relate to the benefits offered by scale, against relevant community of interest considerations. Significant work is underway to ensure the benefits of scale are clear, and community interests are understood beyond current administrative constructs.
119. There is currently a level of uncertainty about the process for identifying and agreeing the number and boundaries of the new water services entities. This is of significant interest to local government, the Joint Steering Committee, and iwi/Māori, and the lack of an agreed process is becoming problematic.
120. I am seeking decisions on the process that will be followed, so this can be signalled as early as possible. This would provide much-needed clarity, and minimise the risk that councils will spend unnecessary time and resources pursuing other (sub-optimal) approaches.
121. I am proposing a **centrally-led process**, which involves the following steps:
- 121.1 Cabinet makes decisions about the reform strategy in December 2020 (through this paper), and publicises the proposed process for identifying entity numbers and boundaries.
 - 121.2 Officials complete analysis relating to entity numbers and boundaries, and work with the Joint Steering Committee and Three Waters Ministers to identify and confirm a shortlist of options.
 - 121.3 There is engagement on these options with the local government sector and iwi/Māori in March 2021 (noting that this will not be a formal consultation process, and the final proposals may differ).
 - 121.4 Cabinet makes decisions on the number and boundaries of entities, and other reform proposals relating to the new service delivery system, in April/May 2021 – followed by the preparation of legislation to give effect to these decisions, and public communications.
 - 121.5 Councils are invited to make decisions about whether or not to participate in the new service delivery system, and are equipped with the knowledge about which entity they would be part of (that is, its size and boundaries) at that time. They would also receive details on other key aspects of the reform proposals, such as entity design and transition arrangements.
122. I am advised that some local government representatives have suggested using an alternative, sector-led, 'expressions of interest' approach, in which groups of councils propose the boundaries of the entity they would form. I consider this approach is unlikely to be successful, take considerably longer, and provide no certainty of outcome. It is unlikely councils could agree on this issue, in the absence of agreement of other aspects of the reforms.
123. Key concerns and risks associated with a council-led approach include:
- 123.1 it may not result in many or any expressions of interest being agreed and proposed by councils (for example, because councils cannot agree);

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- 123.2 expression of interest proposals might not contain all of the features that are important from a central government perspective – such as sufficient coverage and uptake to create viable, sustainable entities; metros to ‘anchor’ each entity; consideration of iwi boundaries and catchments; and being of sufficient scale to access debt markets, and attract high-quality governance and specialist staff;
 - 123.3 councils and communities would not know which entity they would be part of during consultation and decision making;
 - 123.4 delays to the reform programme timetable – given it is likely to take a significant amount of time for councils to assess the implications of the reform proposals, consult their communities on whether to participate, work out which councils to collaborate with, and then prepare an expression of interest for government consideration;
 - 123.5 fragmentation – with multiple, different operational and legislative systems running simultaneously;
 - 123.6 lack of realisable benefits due to insufficient entity scale;
 - 123.7 an inefficient use of councils’ time and resources;
 - 123.8 iwi/Māori views are not taken into account;
 - 123.9 a lack of compatibility with other central government reform programmes, such as the reforms to the resource management system.
124. In addition, the analysis so far indicates that there is likely to be a relatively narrow set of choices about the number of entities – if we want to set them up for success and meet the reform objectives. This is discussed further below.

The case for change analysis is pointing to a small number of water services entities

- 125. Over the past three years, we have been developing the case for reforming local government water service delivery arrangements. As noted above, Three Waters Ministers have generally expressed a preference for a small number of large-scale entities (as indicated in the scenarios appended to the June 2020 paper). The intent is to realise a suite of medium-to-long-term economic, public health, environmental, and other benefits associated with entity scale, a large population/customer base, and achieving balance sheet separation.
- 126. Since June 2020, my officials have continued to develop the evidence base to support future discussions and decisions, and to inform communications with local government, iwi/Māori, and the general public about the potential benefits of reform. This work has been undertaken with oversight from the Joint Steering Committee.
- 127. So far, the economic case for change makes a compelling argument for a small number of entities. However, this cannot be viewed in isolation, and there are other factors that will need to be considered – including relationships with other boundaries (including catchments and iwi boundaries); communities of interest; the viability of implementing economic regulation; and future price paths. This will also need to be considered in the context of the proposed resource management reforms, as these are developed, particularly the proposed new regional spatial strategies that will set long-term objectives for urban growth and land use.
- 128. Further analysis has been commissioned to inform future advice and decisions.

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Decisions about the number of entities are connected with considerations about equity

129. The case for change analysis indicates there are currently large differences across the country in the cost, price, and quality of water service provision. There is also limited transparency and understanding about the relationship between these factors across New Zealand communities.
130. Concerns about these issues were expressed throughout our early discussions, and are reflected in the reform objective to “ensure all New Zealanders have equitable access to affordable three waters services”. However, the nature and extent of our ambitions in this respect, what this might mean in practice, and the trade-offs that may need to be made, have not yet been decided.
131. Delivering this objective raises questions about the scope of the reforms, and how they would be designed and implemented. This will be particularly relevant to:
 - 131.1 considerations about the number and boundaries of new entities;
 - 131.2 entity design choices around funding and pricing arrangements, service levels, and coverage (including potential obligations on, or responsibilities for, water service entities to extend services to, or provide support for, supplies that are not currently operated by councils);
 - 131.3 considerations about how central government can ensure costs and acceptable service levels are efficient and affordable for all communities;
 - 131.4 the timeframe for transition, the period over which investment ‘catch up’ occurs, and how much assistance can be made available to ease the transition.
132. There are several dimensions we will need to consider, under two broad headings:
 - 132.1 **Equity of pricing:** The considerations here relate to our tolerance for different prices for households across different entities, and within entities; the extent to which we want to ‘smooth’ prices over time, or ‘harmonise’ prices across different customer groups; and affordability issues facing some groups. There are trade-offs between harmonisation and the achievement of efficient price signals, including ensuring prices create incentives for consumers to conserve water in areas or periods of constrained supply.
 - 132.2 **Equity of access to services, and service quality:** This includes the extent to which we will tolerate differences in service coverage, and levels of service; and whether or not the new entities would provide services to households and communities that do not currently receive water services from their local council. There is an interplay with pricing and charging, including considering how new connections would be funded.
133. We will have choices about how to address these issues, and may need to refine our objectives. Regarding pricing and charging, one approach would be to place constraints on the new water service entities. This would require careful consideration, though, as it could have unintended consequences. An alternative option could be to deal with affordability concerns outside of the entity, through central government payments designed to support vulnerable customers.
134. I will be seeking to have further discussions with Three Waters Ministers about these matters early next year, when more data and analysis become available.

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There are other matters that require early direction if we are to keep on track with the reform timetable

Entity design scenarios need to be tested with credit rating agencies

135. In the June 2020 Cabinet paper, there was an 'in principle agreement' that new water services entities – if established – would be asset-owning, and have separation from local government to ensure the ability to borrow on similar terms to other utilities. The paper also acknowledged that independent, competency-based governance of water services entities is critical to achieve the governance and organisational capability improvements that will be required to realise the benefits from reform.
136. Achieving balance sheet separation and appropriate credit worthiness are crucial for ensuring the entities' long-term financial sustainability, and embedding the ability to fund current and future investment needs. There are some key entity design considerations that will influence our ability to achieve these outcomes; for example: ownership; governance and control arrangements; and the number and boundaries of entities.
137. We need to provide some direction to officials now, so they can progress more detailed analysis, and provide advice on entity design features that meet our objectives of independent and quality governance, and financial autonomy to undertake infrastructure deficit investment.⁶
138. It is important to know, ahead of final entity design choices in April/May 2021, how a proposed structure may affect the balance sheet of local authorities, or the credit worthiness of the entity itself. Officials would, therefore, like to undertake a formal Ratings Engagement Service (RES)⁷ with Standard and Poor's (S&P) in early 2021. Officials will test potential entity structures, within the 'landing zones' outlined below, and whether we can achieve a favourable rating outcome while meeting wider reform objectives.
139. These indicative 'landing zones' relate to three key entity design areas that S&P will be particularly interested in: the **governance arrangements**; the **objectives** of water services entities; and the **ownership structure**. Direction in these areas will enable officials to test, with more certainty, whether we will achieve a favourable rating treatment for the proposed entities, while also meeting wider reform objectives, ahead of seeking final policy decisions in April/May 2021.

Landing zone one: governance and autonomy requirements

140. In order to achieve balance sheet separation and independence consistent with reform objectives, councils will have less influence over water services entities than currently exists – particularly in areas of governance, and operational and financial decision making.
141. I expect councils to have a role in influencing:
 - 141.1 the **strategic direction** of water services entities (for example, through a letter of expectations or similar mechanism);

⁶ A full suite of options will be canvassed and assessed as part of the regulatory impact analysis in May 2021.

⁷ A RES is an analytical assessment from S&P that provides guidance on the creditworthiness and balance sheet treatment of an initiative, such as the establishment of water services entities.

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- 141.2 the **board appointments process** for water services entities (with the ability to influence removal of directors); and
- 141.3 **strategic planning decisions** (particularly as they relate to growth infrastructure), most likely through existing planning and regulatory mechanisms relating to land-use planning.
142. Officials intend to test a spectrum of options with S&P, which vary the influence that councils could have over water services entities, to understand what level of independence is required while also delivering balance sheet separation.
143. The current expectation is that both iwi/Māori and Crown will have influence over water services entities, alongside local authorities. Officials are considering options, and further engagement with iwi/Māori and Ministers is required to determine the form this should take.
144. The water services entities will need **operational and financial independence from local authorities**⁸ to achieve balance sheet separation. This is critical for the entities to have the balance sheet capacity and appropriate credit worthiness to meet current and future investment needs. Agreeing this base requirement will help to facilitate an efficient RES process.
145. Providing water services entities with financial independence, and limited local authority oversight, will require consumer protection and accountability mechanisms. Officials are still developing appropriate mechanisms but, at a minimum, I expect these to include:
- 145.1 **economic regulation** to protect consumer interests and to act as a driver of efficiency gains over time;
- 145.2 **consultation requirements** on the water services entity when developing its statement of corporate intent, investment plans, and proposed prices (tariffs);
- 145.3 **mechanisms that enable communities and consumers to participate** in water services entities' decision-making processes, which could provide checks and balances at several levels; and
- 145.4 **protections for vulnerable consumers**, such as requirements on water services entities to provide continuity of service.

Landing zone two: potential purpose and objectives

146. Water services entities will likely have their purpose and primary objectives expressed in legislation, which will serve as both a guide and a constraint on the function and operation of the entities.
147. The **purpose** of a water services entity is expected to relate to the provision of water services. To help achieve balance sheet separation, the water services entities need to have an express commercial objective – among other, non-commercial objectives.
148. Officials are seeking confirmation of our intended direction, at a high level; specifically, that the primary objectives will be targeted at the following key aspects:

⁸ Financial independence means the water services entities will have responsibility for determining an appropriate financial structure, making appropriate investments in the water network, and setting appropriate pricing to raise revenue. Influence from local authorities in these decisions, from the perspective of rating agencies, creates moral recourse that would not result in balance sheet separation.

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- 148.1 a **commercial objective**; for example, “to operate as a successful business” or “to operate on an economic and commercial basis”;
- 148.2 **objectives reflecting the interests of key stakeholders and iwi/Māori**; for example, “give effect to Te Mana o te Wai”; and
- 148.3 **objectives that address fundamental sector issues**; for example, “operate in accordance with best practice asset management”.⁹

Landing zone three: potential ownership structure

- 149. Officials would like to test with S&P and stakeholders two main ownership options that are consistent with Cabinet’s June 2020 positions:
 - 149.1 a **collective (non-share based) ownership model**, where assets are owned by water services entities on behalf of the relevant local authorities; and
 - 149.2 a **share-based ownership model**, where assets are owned by water services entities, and relevant local authorities hold shares in the entities. Shareholding would reflect relative governance rights, rather than asset values.
- 150. How best to give effect to the two ownership models is still being explored. It is anticipated that new legislation will be required to establish the entities and/or the framework in which they operate. Bespoke forms of statutory entities are among the models being considered.
- 151. An ownership model, where shareholding is based on water asset values (or a similar proxy), is unfavourable given:
 - 151.1 issues associated with determining asset value (both upfront and over time);
 - 151.2 expected impact on balance sheet separation if this results in a large single shareholding; and
 - 151.3 limited value in any shareholding, especially if no dividends are paid and there are legislative restrictions on the sale of shares to ensure continued public ownership of water services entities.
- 152. Officials’ current thinking is that entities would not pay dividends, but would be able to make a surplus that could be reinvested in the business, helping to meet the costs of investment required to close the infrastructure deficit. A ‘no dividend’ policy would help protect against future privatisation, provide for a more favourable financial and pricing structure, and facilitate a less complex regulatory environment.
- 153. In the absence of dividends, the ability for water services entities to generate a surplus will be important for the effective operation of economic regulation. Final decisions on entities’ financial objectives, including any restrictions on dividends, will be sought in April/May 2021.

Economic regulation will be an integral part of the new system

- 154. Like other network utility sectors, three waters networks have strong natural monopoly characteristics that can lead to a lack of investment and innovation, and inefficient and/or poor-quality services being delivered to end consumers.

⁹ These objectives are subject to further advice.

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155. Evidence from overseas jurisdictions and other utility sectors in New Zealand (such as electricity, telecommunications, gas and airports) is clear that economic regulation will play a critical part in a well-functioning three waters system. It will do this by protecting and enhancing the long-term interests of consumers, and providing system-wide performance information that will be utilised by a range of system players and stakeholders.
156. In particular, economic regulation drives:
- 156.1 efficient pricing, procurement and asset management practices;
 - 156.2 incentives to invest and innovate; and
 - 156.3 the provision of services at a quality and level of resilience that reflects consumer and wider community demands.
157. Effective economic regulation will support and reinforce good governance (another essential component of the reforms), by shining a light on the relative performance of water services entities, and strengthening the reputational incentives on boards to deliver services that meet consumer demands. In turn, economic regulation will need to be supported by high-quality governance arrangements, and a strong and enduring consumer and community voice throughout the three waters system.
158. Furthermore, economic regulation will support the drinking water regulation functions of Taumata Arowai, and the environmental regulation functions of regional councils, through its strong focus on asset management and the provision of high-quality performance information.
159. To function effectively, local and international evidence suggests that economic regulators need to be independent, credible, accountable, appropriately funded, and have an unrelenting focus on delivering the best possible outcomes for consumers.
160. Economic regulation regimes typically employ some combination of information disclosure that allows the performance of entities to be easily compared, engagement and negotiation between suppliers and consumers, and regulatory controls on the price and quality of services delivered to consumers.
161. There are administration and compliance costs involved in economic regulation regimes. The precise approach chosen needs to reflect the sector structure, institutional settings, and particular issues being faced by the sector. There are two main approaches:
- 161.1 **Information disclosure** is the lowest cost and least intrusive form of economic regulation, but it relies on reputational impacts from comparative benchmarking to drive performance.
 - 161.2 **Price-quality regulation** provides a stronger degree of regulatory control, to drive better outcomes for consumers, but requires a more individualised approach that is more expensive to administer.
162. In general, the smaller the number of entities in a given sector, the more efficient and effective the economic regulation will be. For example, a sector of one-to-five entities would allow greater economic regulation oversight through the use of individualised price-quality regulation, similar to that applied to the national grid operator, Transpower.

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163. Responsibilities relating to economic regulation fall within the portfolio of the Minister of Commerce and Consumer Affairs. I anticipate we will work together – in discussion with other Three Waters Ministers – to identify an appropriate approach to regulating water services entities.
164. Taking into account all of the above factors, our initial view is that:
- 164.1 an efficient and effective economic regulation regime has a critical role to play in delivering on the objectives of the Government's three waters reform programme;
 - 164.2 at a minimum, an **information disclosure** regime that allows the performance of water services entities to be easily compared should apply to a substantively reformed three waters sector;
 - 164.3 **price-quality regulation** is desirable to drive efficiency and better outcomes for consumers, but has significantly higher administrative and compliance costs. Whether or not it will deliver net benefits or net costs to consumers will depend on the final industry structure and the governance arrangements of the proposed new water services entities.
165. Further information on the options for economic regulation, and the costs associated with different options, will be provided when Cabinet is asked to make substantive decisions on this matter. We note, though, that an industry levy is typically used to meet the costs of economic regulation.

Implementation

166. The June 2020 paper, *Investing in water infrastructure to accelerate reform and support economic recovery post COVID-19*, outlined an initial, high-level approach to implementing a three waters service delivery reform programme.
167. This paper seeks to refine, clarify, and/or confirm many of the essential components that are involved in implementing the reform programme. In particular, it seeks agreement to the key components of the overall reform strategy and timeline, and to the programme funding needed to deliver this strategy and achieve the proposed milestones.
168. As indicated in the diagram at Appendix A, key milestones and deliverables include:
- 168.1 further engagement with the local government sector and iwi/Māori in March 2021;
 - 168.2 substantive policy decisions in April/May 2021;
 - 168.3 a national public information and education campaign running throughout 2021;
 - 168.4 legislation to create the new service delivery system and entities being introduced in late 2021 and enacted by mid-2022;
 - 168.5 councils being asked to decide to participate in the new system and entities in late 2021;
 - 168.6 transition, entity establishment, and system implementation arrangements being designed during 2021 and starting to come into effect from 2022.

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169. This is an ambitious timeframe and work programme, which will be challenging to deliver. The Programme Board referred to in the background section of this paper has oversight of the risks associated with this work, and how these risks are being managed.
170. Programme funding and resourcing issues are discussed in the section below.

Financial implications

171. As indicated in the June 2020 paper, substantial resources are required to progress the reforms. This work has only been partially funded.
172. On 6 July 2020, Cabinet agreed that up to \$710 million be available for the three waters service delivery reform programme, including:
- 172.1 an investment package of up to \$701.940 million to support local government to maintain planned investment and asset quality; and to support large-scale asset replacements and the bringing forward of “no regrets” investment in the latter part of the reform programme; and
 - 172.2 up to \$8.060 million in departmental funding to meet the costs associated with the initial implementation of the three waters reform programme [CAB-20-MIN-0328.13 refers].

Addressing current cost pressures and future funding needs

173. The funding was set aside in the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency. This contingency expires on 1 March 2021 and is indicatively phased in 2020/21. The Ministers of/for Finance, Local Government, Internal Affairs, and Infrastructure are jointly authorised to draw down funding from this contingency.
174. To date, \$269.634 million of the above-mentioned contingency has been drawdown: \$8.060 million in departmental funding, and \$261.574 million for the first 50 per cent instalment of the funding stimulus to eligible councils.
175. The second 50 per cent of the stimulus package to councils, of \$261.574 million, is expected to be drawn down in December 2020, and a further \$30 million of the contingency has been allocated for rural drinking water supplies. The remaining \$148.800 million is currently unallocated.
176. The Department of Internal Affairs (the Department) is facing significant funding pressures relating to the reform programme. The Department has been appropriated \$8.06 million in 2020/21 to progress this work, and is forecasting to spend an additional \$7 million by 30 June 2021. The programme is only funded until 30 June 2021. The Department is unable to fund such significant cost pressures within existing baselines.
177. The reform programme’s cost pressures in 2020/21 are driven by:
- 177.1 additional policy, commercial and legal advisory support, including specialist economic and independent regulatory expertise to develop the evidence base to support reform proposals (for example, the Water Industry Commission for Scotland);

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- 177.2 substantial engagement activity, including the sector engagement workshops, hui-ā-motu, and further intensive sector and iwi/Māori engagement proposed for March 2021;
- 177.3 support for the Society of Local Government Managers and councils to engage with the reform programme, including significant support for the RFI process.

9(2)(f)(iv)

179. The public information and education campaign is an important component of the proposed reform strategy and is crucial if we continue to pursue the reforms in partnership with the local government sector. I propose to commence this campaign this financial year and allocate \$2 million towards it, taking the overall programme funding needs for 2020/21 to \$9 million.

9(2)(f)(iv)

181. I consider the currently unallocated contingency provides a potential avenue for funding the immediate cost pressures in 2020/21 (of \$9 million), 9(2)(f)(iv)

182. Specifically, I am seeking agreement to allocate the unallocated portion of the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency as follows:

- 182.1 \$9 million to programme costs for the remainder of 2020/21 to address the current cost pressures and commence the public information campaign, to be drawn down immediately;
- 182.2 9(2)(f)(iv) departmental funding to support the continued delivery of the reform programme in 2021/22 and 2022/23, and to further progress the public information campaign, to be drawn down pending completion of a clear and robust forecast.

183. The table below shows the current and proposed allocation of the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency.

Table 2: Allocation of the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency

Purpose/application	\$ million
Stimulus package to councils - appropriated	261.574
Departmental programme costs - appropriated	8.060
Stimulus package to councils - agreed allocation	261.574

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Rural drinking water suppliers' package -agreed allocation	30.000
Total allocated	561.208
Proposed allocation	
Departmental programme costs for 2020/21 (including public information campaign)	9.000
9(2)(f)(iv) [REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Total Investment Package	710.000

9(2)(f)(iv)

[REDACTED]

[REDACTED]

Financial decisions sought in this paper

Extending the scope of the Three Waters Infrastructure Investment and Service Delivery Reform Programme operating contingency

186. The Treasury has advised that accessing the operating contingency for further departmental programme costs would require agreement by Cabinet. Therefore, I am seeking agreement to amend the decision made on 6 July 2020, which allocated \$701.940 million of the operating contingency to support local government to maintain planned investment and asset quality, and to support large scale asset replacement.
187. In particular, I am seeking to expand the scope of this contingency (in addition to the initial \$8.060 million) to include departmental programme costs, the public information and education campaign, and funding to enable councils to participate in the reforms and to address concerns about their future roles and sustainability. This aligns with the outcomes originally sought by Cabinet; that is, to support local government to maintain planned investment and asset quality, and support the reform programme.

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Extending the expiry date of the Three Waters Infrastructure Investment and Service Delivery Reform Programme operating contingency

188. As agreed with councils in the Delivery Plans and Funding Agreements, any stimulus funding must be spent by 31 March 2022. Therefore, I am proposing to extend the expiry date of the operating contingency from 1 March 2021 to 1 March 2022, to better align with this timeframe.

Submitting actual and in-principle expense transfers

189. Finally, when Cabinet agreed the establishment of the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency, it also agreed that any and all underspend related to the initiative would be returned to the COVID-19 Response and Recovery Fund, until it ceases to exist, and then to the centre [CAB-20-MIN-0328.13 refers].
190. There is inherent uncertainty around when councils will achieve the agreed milestones for the purpose of releasing the stimulus funding. There is also uncertainty on the timing of approval of the rural drinking water supplies' package and the overall timing of the departmental programme costs.
191. To manage this uncertainty, and ensure the funding is paid as per the planned amount, I am seeking agreement that any unspent funds in 2020/21, which result from the delay in councils delivering milestones in their Delivery Plans, or have been committed to by Joint Ministers for programme funding and rural drinking water supplies, are not considered underspends for the purposes of the decision in paragraph 8 of CAB-20-MIN-0328.13.

9(2)(f)(iv)

[REDACTED]

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Legislative implications

196. I am seeking agreement to implement some of the proposals in this paper through a Local Government (Three Waters Reform) Amendment Bill, and approval to include this Bill on the 2021 Legislation Programme, with a priority category 2 (must be passed in the year).
197. Subject to this approval, I am intending to provide drafting instructions to the Parliamentary Counsel Office by 1 February 2021, in order that the Bill can be introduced no later than 1 April 2021, and passed no later than 1 November 2021.
198. As discussed earlier in this paper, if there is agreement to continue to take a voluntary approach to reform, councils would be asked to decide to commit to the new service delivery system in late 2021. Giving effect to a decision to participate would involve the enactment of substantive legislation establishing new water services entities in 2022, and transferring council water infrastructure and service delivery responsibilities to new entities in around 2023/24.
199. There are a number of provisions in the Local Government Act 2002 (LGA02) that create statutory obstacles for councils to make these decisions, or may make it difficult to achieve a desirable outcome from a local government and central government perspective. These include:
- 199.1 provisions that oblige councils to maintain water services, and prohibit them from divesting ownership of these services, or from selling, transferring, or losing control of the infrastructure needed to provide water services;
 - 199.2 provisions relating to consultation, long-term planning, and decision making that would apply due to the significance of a decision of this kind.
200. The proposed Local Government (Three Waters Reform) Amendment Bill will, if agreed:
- 200.1 address the statutory obstacles in local government legislation that prohibit councils from divesting ownership of, or control over, water infrastructure assets and services – but only for the purposes of making a decision to participate in the Government’s reform proposals to create new water service entities;
 - 200.2 remove or amend the detailed legislative requirements in local government legislation relating to council consultation, long-term planning, and decision making for the purposes of making a decision to participate in the Government’s reforms;
 - 200.3 provide a fit for purpose consultation process, based on the provisions in the LGA02, that sets out how local government would engage with communities about the reform proposals, and make decisions.
201. Subject to Cabinet approval, I may wish to seek input from technical experts from the local government sector and iwi/Māori during the drafting process.

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202. I note that this proposed Bill will be the first of several pieces of legislation needed to implement a new three waters service delivery system and create new water services entities. I anticipate that policy decisions resulting in drafting instructions would be made in April/May 2021, and that Parliamentary Counsel Office would be asked to begin drafting the next Bill shortly afterwards. We may then need an additional Bill to give effect to further decisions relating to transitional arrangements to the new system.

Impact analysis

Regulatory Impact Statement

203. "The Regulatory Quality Team at the Treasury has determined that the legislative proposals in this paper, amending the Local Government Act 2002 to remove statutory obstacles for councils making decisions on the three waters reforms, are exempt from the requirement to provide a Regulatory Impact Statement on the basis that they have no or minor impacts on businesses, individuals, or not for profit entities. Detailed impact analysis will still be undertaken to inform final policy decisions by Cabinet on the three waters reforms."

Climate Implications of Policy Assessment

204. None.

Population implications

205. None.

Human Rights

206. None.

Consultation

207. The Ministry for the Environment; Ministry of Health; Ministry of Business, Innovation and Employment; The Treasury; New Zealand Transport Agency; Ministry for Primary Industries; National Emergency Management Agency; Ministry of Housing and Urban Development; Department of the Prime Minister and Cabinet; Kāinga Ora; Ministry of Transport; Te Puni Kōkiri; and Te Arawhiti have been consulted on this paper.
208. The Department of Conservation, Ministry of Education, New Zealand Defence Force, and Department of Corrections have operational responsibility for three waters services and have been consulted in this capacity.
209. The Department of Corrections and Department of Conservation have noted that they are experiencing many of the issues identified in this paper, and are facing similar infrastructure investment deficits and funding requirements as local government. They would like to explore the opportunities that may become available with the creation of new water services entities. Officials will discuss this further as the reform programme develops.

Communications

210. A plan for communicating the decisions in this paper is being prepared. This forms part of a broader communications strategy relating to the reform programme, including the potential for a public information and education campaign signalled in this paper.

Proactive Release

211. I intend to publish this paper, subject to any redactions, pursuant to Cabinet Office circular CO (18) 4.

Recommendations

212. The Minister of Local Government recommends that the Cabinet Business Committee:

Context and progress update

1. **note** that New Zealand's three waters system is facing a number of significant challenges, and will continue to do so without major, transformational reform of service delivery arrangements;
2. **note** that in July 2020, the Government announced a \$710 million funding package to support economic recovery relating to COVID-19, and to address persistent issues facing the three waters sector, through a combination of infrastructure investment stimulus and service delivery reform;
3. **note** that since then a comprehensive service delivery reform programme (reform programme) has been established by the Department of Internal Affairs, which is progressing well, including:
 - 3.1 rolling out stimulus funding of \$523 million, in instalments, to every eligible council;
 - 3.2 developing and implementing a large-scale, multi-faceted work programme;
 - 3.3 setting up and supporting a Joint Central/Local Government Three Waters Steering Committee (Joint Steering Committee); and
 - 3.4 engaging and communicating with local government and iwi/Māori through a series of initial workshops, hui-ā-motu, and webinars;
4. **note** that there will be continued engagement with iwi/Māori throughout the reform programme, including to ensure the Crown delivers on its obligations relating to the Treaty of Waitangi;
5. **agree** that a high-level principle of partnership with iwi/Māori will be followed throughout the reform programme, and reflected in the new three waters service delivery system;

Confirming critical details of the future reform strategy and timetable

6. **note** that the June 2020 paper, *Investing in water infrastructure to accelerate reform and support economic recovery post COVID-19* [DEV-20-SUB-0079], outlined a high-level approach to reforming three waters service delivery arrangements over a three-year period, but many of the details involved in delivering this approach had not been fully developed at that time;

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7. **note** that it is imperative to set an ambitious timeframe for this reform programme, and to confirm critical details of the preferred reform strategy and timetable, to enable it to continue at pace;
8. **agree** that the reform timetable includes the following key milestones:
 - 8.1 substantive policy decisions relating to the reforms in April/May 2021, to enable drafting instructions to be issued, including decisions on:
 - 8.1.1 the core design features of the new water services entities and system;
 - 8.1.2 the number and boundaries of the new water services entities;
 - 8.2 introduction of legislation to create the new service delivery system in late 2021, and enactment by mid-2022;
 - 8.3 transition, entity establishment, and implementation of the new service delivery system from 2022/23;
9. **note** that the reform programme currently involves a voluntary, partnership-based approach with the local government sector, and that:
 - 9.1 continuing with a voluntary approach has a number of benefits, as well as some risks and challenges;
 - 9.2 an alternative approach, in which council participation in the reforms and asset transfer is mandated by legislation, also carries considerable risk;
 - 9.3 a voluntary approach is only likely to be achievable and effective in conjunction with a number of other factors, including the use of:
 - 9.3.1 a nationwide public information and education campaign;
 - 9.3.2 9(2)(f)(iv) incentives to encourage council participation in the reforms; and
 - 9.3.3 early legislation to enable councils to consult and make decisions on participation in the new service delivery system;
10. **agree**, 9(2)(f)(iv) to continue to take a voluntary approach to reform, in which:
 - 10.1 councils would be asked to decide to participate in the new service delivery system in late 2021;
 - 10.2 this decision would be in the form of an 'opt out' approach, whereby all affected councils would be included in one of the new water service delivery entities by default, but can decide not to continue to participate;
 - 10.3 central government would provide councils with detailed proposals and a package of supporting information ahead of the decision-making window, including details on:
 - 10.3.1 entity design proposals, such as ownership, governance, control, and accountability arrangements;
 - 10.3.2 the financial and other implications of participating in the proposed new service delivery system, including any applicable 9(2)(f)(iv) incentives;
 - 10.3.3 which water services entity each council would be part of, and its boundaries;

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11. **agree** that central government will use a nationwide public information and education campaign to provide a national picture of the case for change and build support for the reforms;

12. 9(2)(f)(iv)

Confirming the process for identifying the number of new water services entities

13. **note** that the June 2020 paper [DEV-20-SUB-0079] reflected Ministerial preferences for the creation of a small number of large-scale water service entities, which would be separate from local authorities, pending further discussions with Ministers and local government about the exact number of entities and their boundaries;
14. **note** there is a need to confirm the process that will be used to identify the number of entities and their boundaries, so this process can be communicated to the local government sector and iwi/Māori;
15. **agree** to proceed with a centrally-led process for identifying the number of entities and their boundaries, in which:
 - 15.1 a shortlist of option is identified, based on analysis of key factors such as achieving scale benefits; communities of interest; and relationship with other boundaries, including catchments;
 - 15.2 there is engagement on this shortlist of options with the local government sector and iwi/Māori in March 2021;
 - 15.3 proposals for the final number and boundaries of entities, and which entity each council would be part of, are considered by Cabinet in April/May 2021, followed by the preparation of legislation to give effect to the decisions made;
16. **note** that the options referred to in recommendation 15 will be developed by the Minister of Local Government, in consultation with other Three Waters Ministers (these being the Ministers of/for Finance, Infrastructure, Housing, Commerce and Consumer Affairs, Environment, Rural Communities, Climate Change, Health, and Economic and Regional Development) and the Joint Steering Committee;
17. **note** that decisions about the number of entities will be connected to considerations about equity of pricing and equity of access to services, and there will be further discussions with Three Waters Ministers about these matters in early 2021, when more data and analysis become available;

Early direction on entity design scenarios to be tested with credit rating agencies

18. **note** that independent, competency-based governance of water services entities is critical to realising the benefits of reform, and that balance sheet separation from councils is needed to provide entities with the financial capacity to meet the infrastructure deficit and future investment needs;
19. **agree** that the proposed water services entities will have:
 - 19.1 financial and operational autonomy, including independent and competency-based governance arrangements;
 - 19.2 a commercial objective, among other objectives;

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20. **note** that officials are continuing to explore collective council ownership options that meet the reform objectives, including statutory entities on a shareholding or non-shareholding ownership basis, consistent with directions in the June 2020 paper [DEV-20-SUB-0079];
21. **note** that officials will also consider options for Crown and iwi/Māori interests in the new water services entities;
22. **note** that local authorities may seek influence in areas of strategic direction, governance and strategic planning, and that officials will test various levers and levels of influence with credit rating agencies in early 2021;

Early direction regarding economic regulation

23. **note** that economic regulation plays a critical role in protecting consumer interests and providing high-quality performance information that supports other important players in the three waters system;
24. **agree**, in principle, that an economic regulation regime will be employed in a reformed New Zealand three waters sector;
25. **note** that, all else being equal, economic regulation will be able to provide greater and more effective oversight, the smaller the number of regulated water services entities;
26. **agree**, in principle, that an information disclosure regime that allows the performance of entities to be compared will apply, at a minimum, to a substantively reformed three waters sector;
27. **note** that whether or not stronger forms of economic regulation, such as price-quality regulation, should also be employed will depend on the number of reformed water services entities and their governance arrangements;

Financial implications associated with this paper

28. **note** that on 6 July 2020, as part of the COVID-19 Response and Recovery Fund July Package, Cabinet:
 - 28.1 agreed that up to \$710 million be available for the three waters reform programme, including:
 - 28.1.1 an investment package of up to \$701.940 million to support local government to maintain planned investment and asset quality, and support large-scale asset replacements and the bringing forward of “no regrets” investment in the latter part of the reform programme; and
 - 28.1.2 \$8.060 million in departmental funding to meet the costs associated with the initial implementation of the three waters reform programme;
 - 28.2 agreed to set aside an operating contingency of \$710 million for the three waters infrastructure investment and service delivery reform programme, indicatively phased in 2020/21 with corresponding funding charged against the COVID-19 Response and Recovery Fund;

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- 28.3 authorised the Minister of Finance, Minister of Local Government, Minister for Infrastructure, Minister of Internal Affairs, and any other relevant appropriation Ministers (Joint Ministers), to jointly draw down the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* contingency [CAB-20-MIN-0328.13 refers];
29. **note** that the reform programme is only partially funded and faces cost pressures of \$7 million in 2020/21, driven by additional policy, commercial and legal advisory support, substantial engagement activity, and support for the Society of Local Government Managers and councils to engage with the reform programme;
30. **note** that an investment of 9(2)(f)(iv) (\$2 million in 2020/21 9(2)(f)(iv)) is required to undertake a public information and education campaign directed to provide a national picture of the case for change and to build wider community support for the reforms;
31. **note** that the reform programme is unfunded after 30 June 2021;
32. 9(2)(f)(iv)
33. **note** that \$148.8 million of the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* contingency is currently unallocated;
34. **agree** that a further 9(2)(f)(iv) of the unallocated portion of the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency is allocated as follows:
- 34.1 \$9 million to programme costs for the remainder of 2020/21 to address the current cost pressures and commence the public information campaign;
- 34.2 9(2)(f)(iv) departmental funding to support the continued delivery of the reform programme in 2021/22 and 2022/23, and to further progress the public information and education campaign;
35. **agree** to extend the scope of the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* contingency, previously agreed by Cabinet [CAB-20-MIN-0328.13 refers], to include departmental programme costs, the public information and education campaign, and support for the local government sector to engage with the reform programme;
36. **rescind** the decision in paragraph 20 of CAB-20-MIN-0328.13, referred to in recommendation 28 above, to give effect to recommendation 34 above;
37. 9(2)(f)(iv)

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38. **agree** to extend the expiry date of the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency from 1 March 2021 to 1 March 2022, to align with the timeframes agreed with councils through their Delivery Plans and Funding Agreements;
39. **agree** to draw down \$9 million from the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency, to address the programme cost pressures described in recommendation 29 above, and to commence in 2020/21 the public information and education campaign referred to in recommendation 30 above;
40. **approve** the following change to appropriations to provide for the decision in recommendation 39 above, with corresponding impact on the operating balance and net Crown debt:

	\$million -increase/(decrease)				
Vote Internal Affairs Minister of Local Government	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Department Output Expense: Local Government Policy and Related Services (funded by revenue Crown)	9.000	-	-	-	-

41. **agree** that the proposed change to appropriations for 2020/21 above be included in the 2020/21 Supplementary Estimates and that in the interim the increases be met from Imprest Supply;
42. **agree** the expenses incurred under recommendation 40 above be charged against the *Three Waters Infrastructure Investment and Service Delivery Reform Programme* operating contingency established on 6 July 2020 [CAB-20-MIN-0328.13 refers];
43. **note** that there is inherent uncertainty around the timing of releasing the remaining stimulus funding to councils, as this is based on achieving agreed milestones, and there is uncertainty about the timing of approval of the rural drinking water supplies' package and the overall timing of the departmental programme costs;
44. **note** that on 6 July 2020, Cabinet agreed that any and all underspends related to the initiatives approved in COVID-19 Response and Recovery Fund (CRRF) July Package be returned to the CRRF, until it ceases to exist, at which point they be returned to the centre [CAB-20-MIN-0328.13 refers];
45. **agree** that any unspent funds in 2020/21, which result from the delay in councils delivering milestones in their Delivery Plans, or have been committed to by Joint Ministers for programme funding and rural drinking water supplies, are not considered underspends for the purposes of the decision in paragraph 8 of CAB-20-MIN-0328.13;

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Legislative implications associated with this paper

46. **note** that, if there is agreement to continue to take a voluntary approach to reform, under recommendation 10 above:
 - 46.1 councils would be asked to decide to participate in the new service delivery system in late 2021; and
 - 46.2 giving effect to a decision to participate would involve transferring council water infrastructure and service delivery responsibilities to new water service entities in around 2023/24;
47. **note** that there are a number of provisions in the Local Government Act 2002 (LGA02) that create statutory obstacles for councils to make these decisions, or may make it difficult to achieve a desirable outcome from a local government and central government perspective, including:
 - 47.1 provisions that oblige councils to maintain water services, and prohibit them from divesting ownership of these services, or from selling, transferring, or losing control of the infrastructure needed to provide water services;
 - 47.2 provisions relating to consultation, long-term planning, and decision making that would apply due to the significance of a decision of this kind;
48. **note** that if a voluntary approach to reform is to work, these statutory obstacles will need to be addressed through legislative amendments to the LGA02;
49. **note** that the Local Government (Three Waters Reform) Amendment Bill will:
 - 49.1 address the statutory obstacles in local government legislation that prohibit councils from divesting ownership of, or control over, water infrastructure assets and services – but only for the purposes of making a decision to participate in the Government's reform proposals to create new water service entities;
 - 49.2 remove or amend the detailed legislative requirements in local government legislation relating to council consultation, long-term planning, and decision making for the purposes of making a decision to participate in the Government's reforms;
 - 49.3 provide a fit-for-purpose consultation process, based on the provisions in the LGA02, which sets out how local government would engage with communities and iwi/Māori about the reform proposals, and make decisions;
50. **approve** the inclusion of a Local Government (Three Waters Reform) Amendment Bill, on the 2021 Legislation Programme, with a priority category 2 (must be passed in the year);
51. **invite** the Minister of Local Government to issue drafting instructions to Parliamentary Counsel Office, in accordance with the decisions in this paper;
52. **note** that drafting instructions will be provided to the Parliamentary Counsel Office by 1 February 2021;
53. **note** that the Local Government (Three Waters Reform) Amendment Bill should be introduced no later than 1 April 2021, and passed no later than 1 November 2021;

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54. **authorise** the Minister of Local Government to approve matters of detail consistent with policy that may arise during the course of drafting, including any consequential amendments to other legislation that may be required;
55. **agree** that technical experts from the local government sector and iwi/Māori can be consulted, if needed, during the drafting process.

Authorised for lodgement

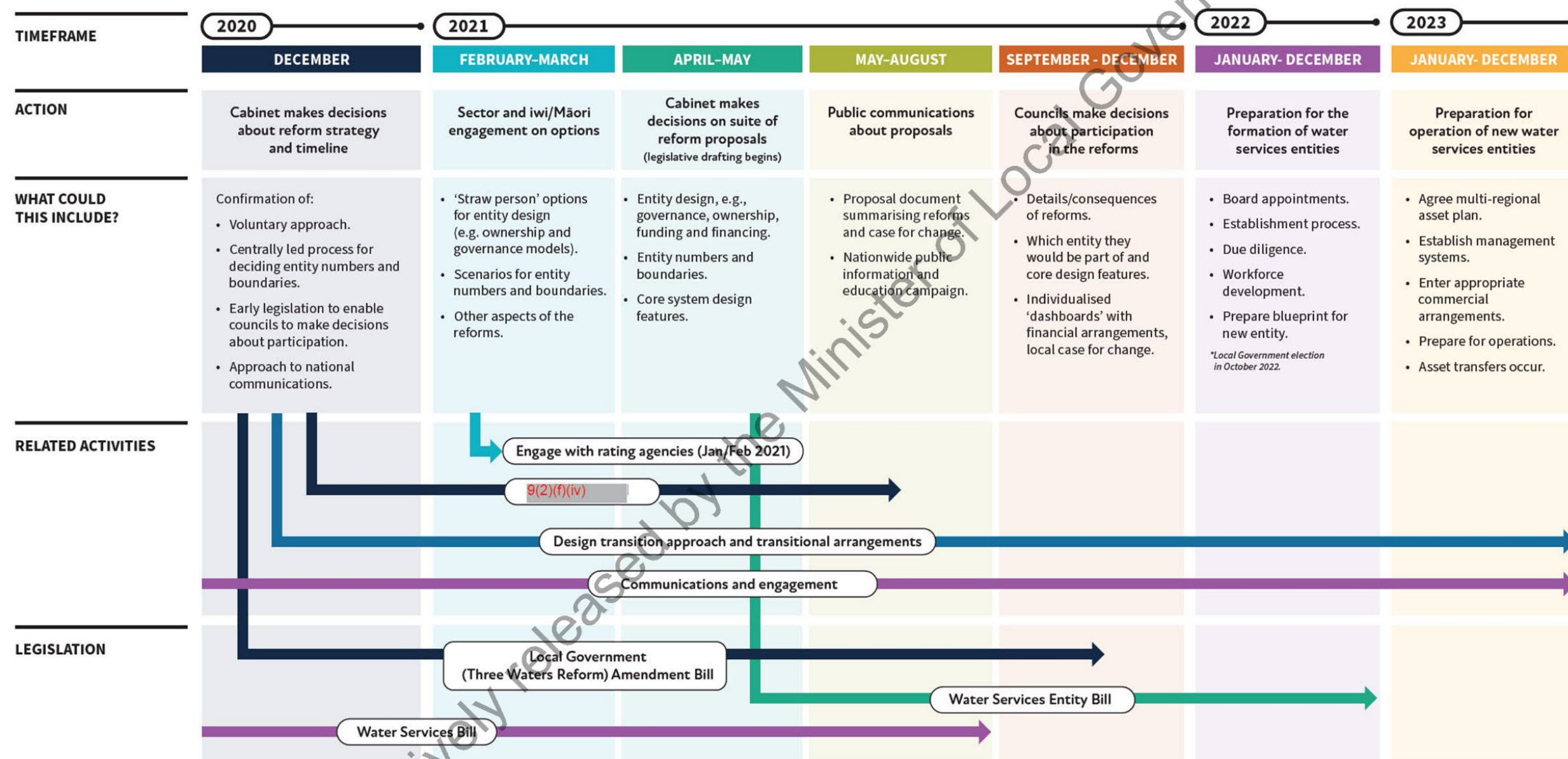
Hon Nanaia Mahuta

Minister of Local Government

Proactively released by the Minister of Local Government

Three waters services delivery reform programme

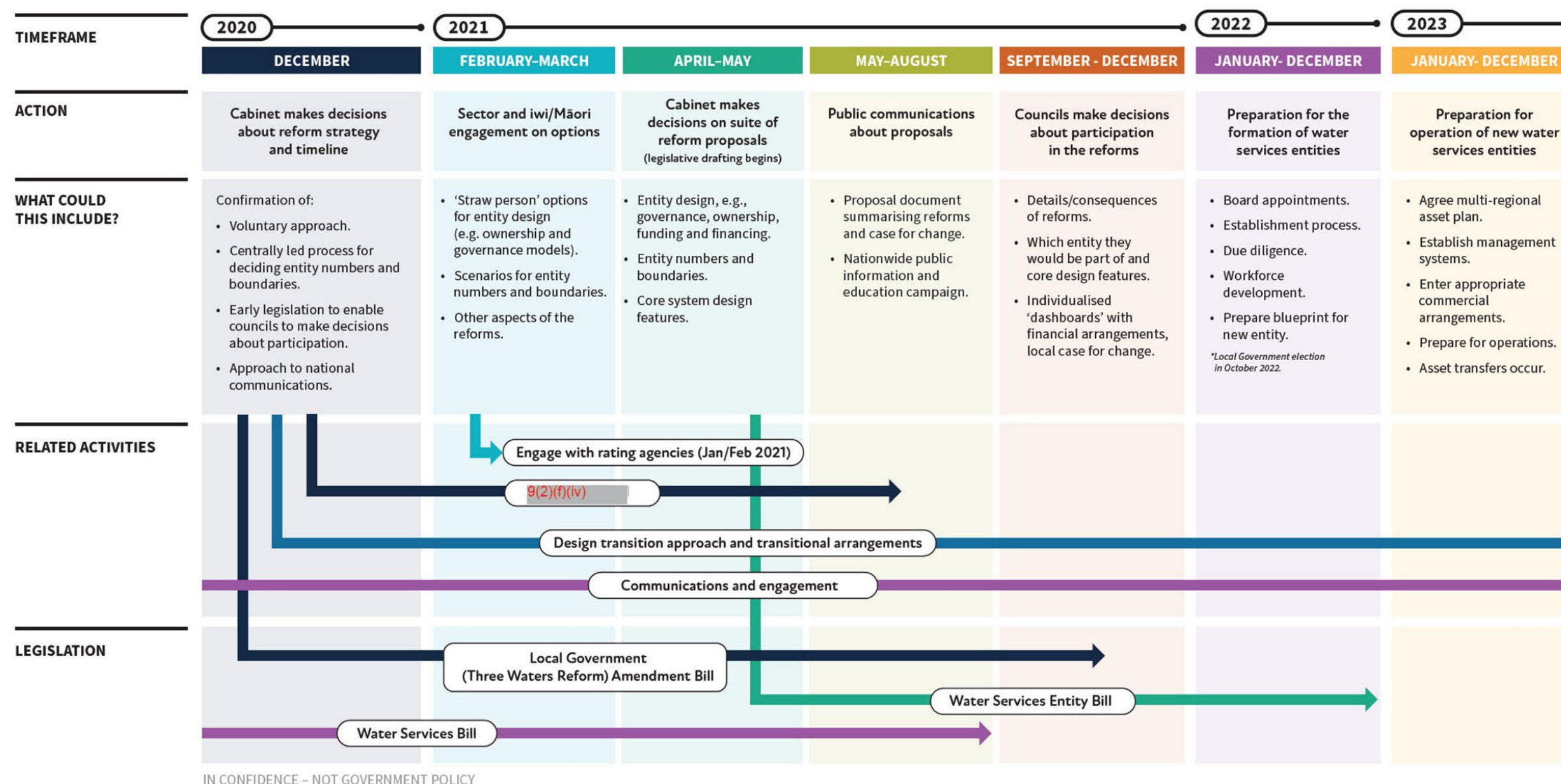
Proposed reform strategy and timeline



IN CONFIDENCE – NOT GOVERNMENT POLICY

Three waters services delivery reform programme

Proposed reform strategy and timeline



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Department of Internal Affairs

The following documents have been proactively released:

30 November 2020, briefing for the Minister of Local Government: Three Waters Review: Preliminary analysis of the economic impacts of water services aggregation, Department of Internal Affairs

Some parts of this information would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant sections of the Act that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to Redaction Codes:

- 9(2)(a) – to protect the privacy of natural persons; and
- 9(2)(f)(iv) – maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

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Priority: Urgent



Te Tari Taiwhenua
Internal Affairs

Local Government briefing

Hon Nanaia Mahuta
Minister of Local Government

Title: **Three Waters Review: Preliminary analysis of the economic impacts of water services aggregation**

Date: 30 November 2020

Key issues

Economic analysis of impacts of various aggregation scenarios will be a key input into decisions about the number and boundaries of new water services entities.

This briefing advises you of the findings from a preliminary analysis of the likely scale of investment required to meet drinking water quality and environmental standards, and the implications for average household bills under various aggregation scenarios. We would like to discuss these findings with you when we meet at 5pm on Wednesday 2 December 2020.

We also outline our plans for a more detailed, second stage of analysis, and seek your agreement to publicly release the summary report from Stage One of the analysis and the Terms of Reference for Stage Two.

Action sought

Note the contents of this briefing and attached slide-pack (Appendix A) for discussion at your meeting with officials on 2 December 2020;

agree to publicly release the preliminary analysis of the economic benefits from aggregation of water service delivery entities (summary report, Appendix B) together with the Terms of Reference for Stage Two of the analysis and the accompanying independent review of the methodology and assumptions (Appendix C); and

forward a copy of this briefing to the group of Three Waters Ministers.

Timeframe

5pm on Wednesday
2 December 2020

Contact for telephone discussions (if required)

Name	Position	Direct phone line	After hours phone	Suggested 1 st contact
Allan Prangnell	Executive Director, Three Waters	021 865 809	021 865 809	✓
Nick Davis	Policy Lead, Three Waters	9(2)(a)	9(2)(a)	
Sarah Baddeley	Workstream Lead, Three Waters	9(2)(a)	9(2)(a)	

Return to	Sarah Baddeley (sarah.baddeley@martinjenkins.co.nz)
Ministerial database reference	LG202000949

IN-CONFIDENCE

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Purpose

1. This briefing advises you of the findings from a preliminary, Stage One analysis of the scale of investment required to meet drinking water quality and environmental standards, and the implications for average household bills under various aggregation scenarios. It also outlines our plans for a more detailed, second stage of analysis.
2. We wish to:
 - 2.1 discuss the contents of this briefing and the attached slide-pack (**Appendix A**) at your meeting with officials on Wednesday 2 December 2020; and
 - 2.2 seek your agreement to publicly release the summary report from Stage One of the indicative analysis (**Appendix B**) and the Scope of Work for Phase Two of the analysis (**Appendix C**).

Background

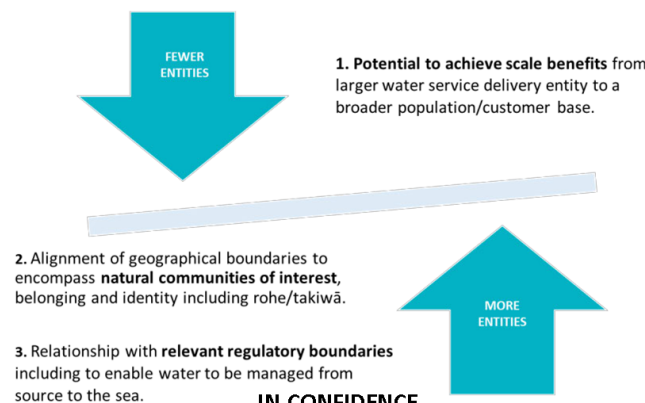
3. In June 2020, Cabinet agreed there would be further discussions with Ministers and local government about the exact number of water service delivery entities and their boundaries. Final decisions would be based on the following factors:
 - 3.1 achieving scale benefits;
 - 3.2 communities of interest; and
 - 3.3 relationships with other jurisdictional boundaries, including catchments (DEV-20-MIN-099 refers).
4. Since those decisions were made, we have continued to develop the evidence base to support future discussions and decisions, and to inform engagement with local government, iwi/Māori and the general public about the potential benefits of reform. This work has been undertaken with oversight from the joint Three Waters Reform Steering Committee (Steering Committee).

Comment

Determining the number and boundaries of water service delivery entities will require a trade-off between competing principles

5. Guided by the factors previously considered by Cabinet, there are a range of considerations that will guide advice on the number and boundaries of entities:

Figure one: Key principles to inform decisions on number and boundary of entities



6. These principles sit in tension with each other, with the potential for scale benefits and efficiency gains supporting the case for fewer entities, and alignment with communities of interest and regulatory boundaries providing a case for a greater number of entities.
7. Additional factors that are relevant for determining the number and boundaries of entities include the need to consider alignment with Resource Management Act reforms, and the implications for the cost effectiveness of economic regulation.

Economic analysis of the impacts of various scenarios for water services aggregation will be a key input into decision making

8. Key to achieving the Government's objectives for water services reform is unlocking the potential for significant economic efficiencies through aggregation of water services delivery. Realisation of these economic efficiencies is necessary to ensure the investment required to 'catch-up' on the historic infrastructure deficit is affordable for current and future generations of New Zealanders.
9. Aggregation of water services delivery into a small number of large, multi-regional entities, together with clear policy objectives and an appropriate regulatory regime, is a key means by which these efficiency gains can be achieved. The types of efficiency gains associated with entity scale include:
 - 9.1 **Financing efficiency:**
 - 9.1.1 Increased financial capacity and capability, with stronger, more flexible and resilient balance sheets, greater access to capital, and a more reliable investment pipeline.
 - 9.2 **Operating expenditure efficiency:**
 - 9.2.1 Increased capacity and capability, including building technical capabilities, with access to a larger, more specialist workforce, and the ability to innovate and make use of new technology.
 - 9.2.2 Improved operating efficiencies and lower operating costs, by consolidating administration and overhead costs, and improving organisational capabilities.
 - 9.2.3 Increased ability to meet the likely compliance costs of the new regulatory regime, including a new economic regulatory regime that will require performance benchmarking.
 - 9.3 **Capital expenditure efficiency:**
 - 9.3.1 Improved asset management, including opportunities to take a strategic and coordinated approach to consider infrastructure needs at a larger scale and in the context of wider catchment outcomes.
 - 9.3.2 Improved procurement efficiency arising from scale benefits and improved risk sharing.
10. Smaller entities are unlikely to be able to fully achieve the above benefits. However, it is also possible that there would be diseconomies of scale associated with very large entities. Deciding the number and boundaries of entities is therefore a critical decision as part of the reform process, and a key determinant of the outcomes from reform.

11. In addition to influencing the extent to which economic efficiencies can be realised, decisions on the number and boundaries also have implications for the sharing of costs between communities. If price harmonisation and cost-sharing between urban and rural communities are policy objectives for the Government, decisions on the number and boundaries of entities will have a significant influence over the extent to which these objectives can be achieved.
12. The Scottish reform experience shows that the choice of where boundaries are drawn can have significant implications for the sustainability of the chosen configuration of entities.

To assist with consideration of these issues, the Department of Internal Affairs commissioned a preliminary analysis of the economic benefits from aggregation of water services delivery

13. The Department of Internal Affairs (the Department) commissioned the Water Industry Commission for Scotland (WICS) to undertake a preliminary analysis of the economic benefits aggregating water service delivery entities in New Zealand. This analysis drew on publicly available data from local authorities' Long-Term Plans and Annual Reports, as well as data from Water New Zealand's National Performance Survey.
14. The summary of the final report from this preliminary analysis (WICS Stage One) is attached at **Appendix B**.
15. WICS was selected to undertake this work because of its significant experience as an economic regulator of water services delivery, and because of its growing familiarity with New Zealand through its advisory work with Watercare and Wellington Water. WICS has comprehensive, in-depth knowledge and experience of water services reform in the United Kingdom and Scotland, and several other jurisdictions in the European Union and beyond.
16. WICS approached the analysis in three stages:
 - 16.1 Developing an understanding of the baseline costs and associated per household charges associated with delivering water services to existing customers, while maintaining current levels of service (i.e., without allowing for any improvement in water quality or environmental outcomes, and with no provision for growth);
 - 16.2 Estimating the additional investment required to meet mandatory water quality and environmental standards, and estimating the impact on costs for a typical household; and
 - 16.3 Examining how the costs per household vary under different aggregation scenarios, including the scope for efficiency improvement that could be achieved (assuming a well-defined governance and regulatory framework).
17. WICS developed a suite of econometric models to estimate the likely investment requirements for each local authority across New Zealand, calibrated against international benchmarks.

18. WICS applied the results of the models with the best explanatory power, which reflect the geographic challenges (large land area, low population density) of providing efficient and effective water services in New Zealand. Alternative models would suggest more, rather than less, investment would be required.
19. The preliminary conclusions from the WICS Stage One analysis are summarised below.

WICS found evidence of significant underinvestment by local authorities, including under-estimation of asset values and infrastructure replacement costs

20. **WICS found evidence of systematic under-estimation and under-reporting of asset values in New Zealand.** This is likely to mean that local authorities' assessment of the level of investment required to maintain and replace infrastructure as it nears the end of its useful life is likely to be materially understated.
21. **All local authorities in New Zealand, with the exception of Christchurch, were found to have been investing at a level below that needed to maintain the performance, condition and risk profile of their assets.** Over time, the cumulative impact of this underinvestment leads to deteriorating asset condition and performance, increased risks to level of service, and rising operating costs (e.g., due to higher maintenance and repair costs).

WICS conservatively estimates a minimum of \$27 billion of additional investment will be required over the next 30 years, with significant implications for household bills

22. WICS conservatively estimates a minimum of **\$27 billion of additional investment (over and above that required to maintain and replace existing assets) will be required over the next 30 years** to upgrade existing three waters assets to meet environmental and drinking water standards. Its upper estimate is around **\$46 billion**. These estimates make no allowance for investment required to meet population growth or to address seismic resilience. This almost certainly means the \$27 billion estimate is too low.
23. WICS estimated the impact on average household bills in 2030 and 2050 (expressed in current prices) associated with the additional investment required to upgrade infrastructure to meet the water quality and environmental standards. Three scenarios were applied to test the sensitivity of results, including an extreme sensitivity scenario that assumed half the enhancement investment in the other scenarios.
24. For rural councils, average household bills in 2019 ranged from a minimum of \$460 per annum to \$1,610 per annum across the 67 councils, with a median of \$1,060. **To meet the enhancement investment required, these prices would need to increase by between 1.8 and 3.3 times in real terms depending on the amount of investment required.** For some councils, prices in 2050 could be as high as \$5,000 in today's dollars, which would likely be unaffordable for many households.
25. The situation is not much better for larger provincial and metropolitan councils. **Average household bills (in 2019) for provincial councils ranged from \$380 to \$2,410, with a median of \$820. By 2050, these bills would need to increase by between 1.5 and 2.5 times to meet the required investment.** Similarly, average household bills across metropolitan councils would need to increase by between 1.4 and 1.8 times. In some metropolitan councils, bills could reach between \$3,000 and \$4,000 per annum in today's dollars.

26. **Without service delivery reform, and the associated efficiency gains, the real cost increases to households of meeting the required investment would be significant and likely unaffordable for many smaller communities and low-income customers.** WICS considers its modelling is likely to understate the full impact on household bills associated with the increase in investment. Local authorities are unlikely to be able to access and manage borrowing required to deliver this investment at current costs. Further, WICS made no allowance for increased operating costs (e.g., asset management and procurement costs) associated with managing a much larger programme of investment.

There is significant potential for efficiency gains associated with water services reform, creating the potential for smaller increases in household bills relative to the status quo

27. WICS drew on its international experience and available empirical evidence to develop efficiency assumptions, which it applied to various amalgamation scenarios. These assumptions took account of the potential for efficiency gains across financing costs, operating expenditure, and capital expenditure for each amalgamation scenario. **WICS considers it has adopted a very conservative approach to estimating the scope for efficiency in the amalgamated entities, but these gains nevertheless contribute to significantly reduced costs for households relative to the status quo.**
28. WICS considered nine amalgamation scenarios, ranging from as many as 13 regional entities to two entities nationwide. Other scenarios considered various combinations of local authorities resulting in three, four, five and eight entities. The nine scenarios all map onto existing regional council boundaries, with the differences reflecting choices about where boundaries are drawn. The scenarios are illustrative of the choices available, but do not represent recommended options at this stage.
29. **Due to differences in population base and geography, scenarios involving a larger number of entities naturally result in a wider variation of average household bills between entities than scenarios involving a smaller number of entities.** For example:
- 29.1 Under the 13-entity scenario, average household bills in 2019 range from \$560 to \$1,300. Price rises to meet future investment requirements are still significant in some areas, with average household bills needing to increase by 1.4 to 2.4 times in today's prices in West Coast by 2050. The variation in prices across the country in 2050 would be significant, with prices ranging from approximately \$700 in Auckland, to greater than \$3,000 on the West Coast.
- 29.2 Under a two-entity scenario, WICS estimates that customers would experience much smaller rises in average costs per household, in the order of 10-20% if assumed efficiencies are realised. The variation in average household bills between entities would also be smaller, with only 10% variation in price between the two entities under the most extreme scenario.
30. These results illustrate that significant differences are likely to exist between average household bills, the extent of price increases over time, and the degree of variation in average household bills between customers of different entities under a range of aggregation scenarios.

31. **The WICS modelling indicates that ratepayers in each council area, including Auckland, could potentially be better off by 2050 as a result of aggregation, provided the new entities are able to realise the potential for efficiency savings.** Key findings include:
- 31.1 having more than one entity in the South Island appears likely to lead to higher costs for all South Island customers relative to scenarios that involve only one entity;
 - 31.2 whoever has Auckland within their amalgamated territory is likely to be significantly advantaged;
 - 31.3 scenarios involving eight or 13 entities appear likely to result in customers facing higher bills and larger differentials in charges than scenarios that establish a fewer number of larger entities; and
 - 31.4 under a two-entity scenario, customers would experience much smaller rises in average costs per household, and variation in average household bills between entities would also be smaller.

While the WICS Stage One analysis is sufficient for illustrative purposes, more detailed bottom-up analysis is required to provide greater confidence in the results

32. **WICS considers its Stage One analysis to be 'directionally accurate' and sufficient for illustrative purposes; however, it notes that more detailed bottom-up analysis is required to provide greater confidence in the results.** Due to the short timeframe and data limitations associated with the Stage One analysis, there are several areas that have not been fully explored. A second stage of analysis is underway that will:
- 32.1 incorporate more up-to-date and detailed information on asset condition, asset values, levels of service, network performance, current operating costs and future investment plans;
 - 32.2 take account of the impact of population growth and intra-regional migration between different councils;
 - 32.3 identify different categories of customers (e.g., residential, commercial, industrial) for the purposes of analysing potential impacts on charging; and
 - 32.4 further develop and test the assumptions made regarding the level of efficiency gains that could potentially be realised through reform.

A comprehensive Request for Information process is underway that will provide the foundation for further analysis of the economic impacts of water services aggregation

33. As part of the Memorandum of Understanding that all eligible local authorities signed in August 2020, councils committed to openly sharing information on the state of the system for delivering three waters services.
34. With the support of the Steering Committee, a comprehensive Request for Information (RFI) was issued on 23 October 2020. This is collecting consistent data about the current state of the three waters asset base and condition of the assets, the operating environment for three waters service delivery, commercial and financial arrangements, and forecast investment plans.

35. The RFI data will enable us to undertake detailed commercial, financial and economic analysis of potential reform options, including providing the data set for Stage Two of the WICS analysis. It will also help us to identify the potential impacts of reform on the local government sector, relative to the status quo. This analysis will help to fill gaps in the existing evidence base regarding the size of the infrastructure deficit and the scale of investment required. It will also illustrate how the package of reforms proposed can help to meet this investment challenge in an efficient and affordable way.
36. There are two components of the RFI:
 - 36.1 A general request to all territorial authorities to supply information that will be used to inform advice and commercial and financial analysis; and
 - 36.2 An additional, more detailed request to a sample of territorial authorities to supply further information to enable more detailed economic analysis to inform the options for reform, without placing significant demands on the resources of all authorities.
37. Thirty-seven councils representing 85% of the population were included in the detailed request. However, in recognition of the value that many councils see in participating in the exercise, a further 10 councils opted-in to the full process. Local authorities that participate in the full RFI process will put themselves in the best possible position to make informed decisions about whether to participate in the reforms later in 2021.
38. The RFI represents a significant demand on resources within each local authority. In recognition of this, a support programme has been put in place with a dedicated team comprising members from the Department, the Society of Local Government Managers (SOLGM), WICS, Ernst and Young, and Beca. The support arrangements available to councils include an email helpdesk, written guidance and video tutorials, a SOLGM-led account management team, and weekly webinars and drop-in clinics to answer questions.

The WICS Stage Two analysis, combined with detailed commercial and financial modelling, will be a key input into decision making about the number and boundaries of entities

39. Cabinet has previously agreed that there would be further discussions with Ministers and local government about the exact number of entities and their boundaries (DEV-20-MIN-0099 refers). To support this, officials have proposed a process whereby:
 - 39.1 officials complete analysis relating to entity numbers and boundaries, and work with the Steering Committee and Three Waters Ministers to identify a shortlist of options, upon which feedback would be sought from the local government sector and iwi/Māori in March 2021;
 - 39.2 Cabinet would then be asked to make decisions on the number and boundaries of entities, and other reform proposals relating to the new service delivery system, in April/May 2021 – followed by the preparation of legislation to give effect to these decisions, and a national public communications campaign; and
 - 39.3 councils would then consider the Government's proposals, including consulting their communities as appropriate, and make decisions about whether to participate in the new service delivery system with full knowledge of which entity they would form part of.

40. In this context, it is important that the local government sector can have confidence in the analysis that is undertaken, and that the results of this analysis are made available to the sector. To that end, we have developed a Statement of Work for Stage Two of the economic analysis to be undertaken by WICS in partnership with the Steering Committee. This second stage will be informed by the RFI data. The Terms of Reference for Stage Two is attached at **Appendix C**.
41. In addition, at the request of the Steering Committee, the Department is commissioning an independent review of the methodology and assumptions underpinning the WICS economic analysis of water services aggregation. This work is in the final stages of procurement, with SOLGM, Local Government New Zealand and The Treasury involved in the process of selecting the preferred provider. The purpose of this independent review is to ensure that the assumptions upon which the WICS modelling is based are reasonable for the purposes of policy decision making.

Next steps

We are scheduled to have an initial discussion about this topic with you on Wednesday 2 December 2020

42. The preliminary analysis by WICS is a significant building block towards the process of developing advice on the number and boundaries of entities. Key issues we would like to discuss with you include:
 - 42.1 the framework for considering tensions in determining the number and boundaries of entities;
 - 42.2 WICS assessment of the size of the infrastructure deficit;
 - 42.3 the likely increases required for average household bills associated with the significant investment required;
 - 42.4 potential benefits from aggregation of water services under a variety of aggregation scenarios;
 - 42.5 the RFI process and its role in supporting development of advice on the number and boundaries of entities; and
 - 42.6 the approach to public release of the WICS Stage One summary report (see below).
43. In addition to this briefing, we have prepared a slide-pack on the above issues to support our discussion with you on 2 December 2020 (**Appendix A**).

Officials will provide further advice on the number and boundaries of entities early in the New Year

44. Officials will provide further advice to you and the group of Three Waters Ministers on the number and boundaries of entities in early March 2021, following completion of the RFI process. This will include agreement to a shortlist of options to test with the local government sector and iwi/Māori in March 2021.

45. Final decisions on the number and boundaries of entities will be sought from Cabinet in April/May 2021. This will be informed by the WICS Stage 2 analysis; detailed commercial and financial modelling of new entity options; and assessment of other key considerations, including relevant communities of interest (including rohe/takiwā) and relationships with other jurisdictional (e.g., territorial authority boundaries) and physical boundaries (e.g., water catchments).

We proposed to publicly release the WICS Stage One Summary Report and Terms of Reference for WICS Stage Two

46. There is significant interest within the sector about the process for determining the number and boundaries of entities, including the WICS work (which has only been shared with the Steering Committee and associated reference groups to date).
47. In order to maintain the sector's trust and confidence in this process, we recommend that you agree to publicly release the WICS Stage One Summary Report (**Appendix B**), together with the Terms of Reference for WICS Stage Two and the accompanying independent review of methodology and assumptions (**Appendix C**).
48. A Communications Plan to support the release of this material is being developed and will be shared with your Office, along with recommended timing for release.

Recommendations

49. We recommend that you:
- a) **note** the contents of this briefing for discussion at your meeting with officials at 5pm on Wednesday 2 December 2020;
 - b) **note** that we have attached a slide-pack of key issues related to the number and boundaries of water service entities to support our discussion on 2 December 2020 (**Appendix A**);
 - c) **agree** to publicly release the preliminary analysis of the economic benefits from aggregation of water service entities (WICS Stage One Summary Report, **Appendix B**) together with the Terms of Reference for WICS Stage Two and the accompanying independent review of the methodology and assumptions (**Appendix C**); **Yes/No**
 - d) **note** that, subject to your agreement to recommendation (c), we will prepare a Communications Plan to support the release of this material, along with recommended timing for release;
 - e) **note** that officials will provide further advice on the number and boundaries of water service entities in March 2021, following completion of the Request for Information process; and

- f) **forward** a copy of this briefing to Three Waters Ministers
(Ministers of/for: Finance, Infrastructure, Housing, Environment,
Rural Communities, Commerce and Consumer Affairs, Climate
Change, Health, Economic and Regional Development. **Yes/No**



Allan Prangnell
Executive Director Three Waters

Hon Nanaia Mahuta
Minister of Local Government

_____/_____/_____

Proactively released by the Department of Internal Affairs

Appendix A: Slide-pack – ‘Briefing with Minister of Local Government, Number of Entities and Boundaries, Three Waters Services System’

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**Briefing with Minister of Local
Government**

2 December 2020

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Number of Entities and Boundaries

Three Waters Services System

IN CONFIDENCE
Not Government Policy

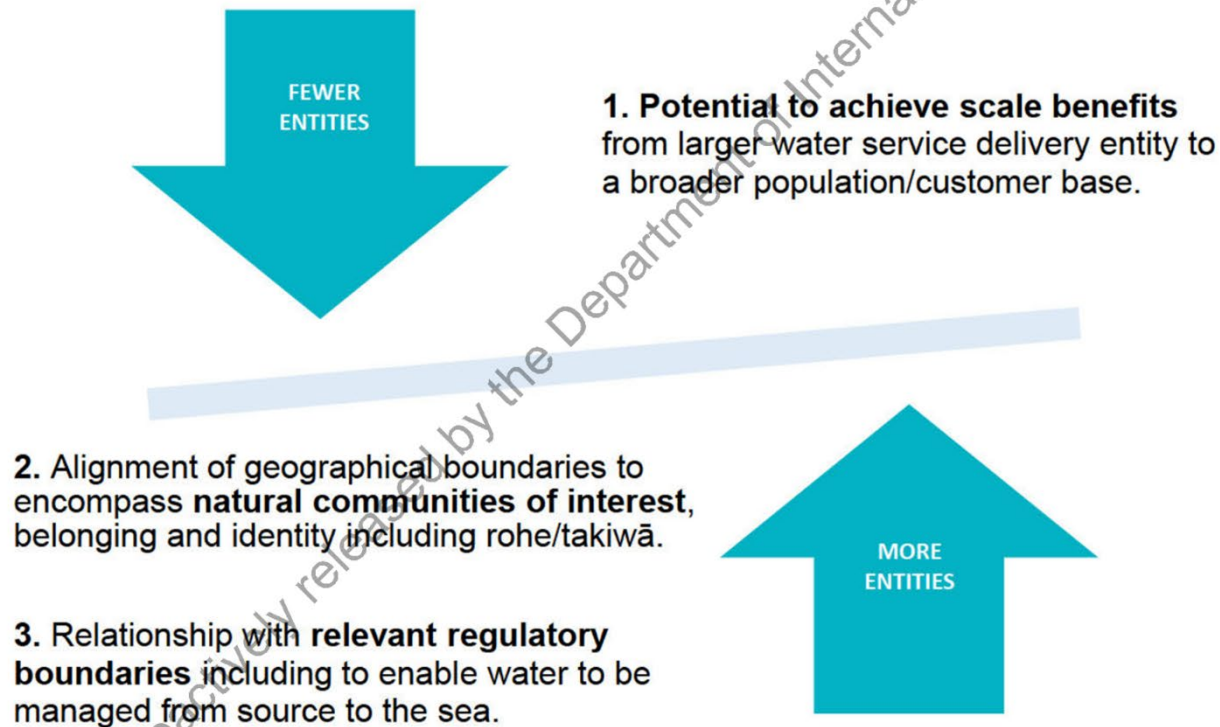


Te Tari Taiwhenua
Internal Affairs

Agreeing the number and boundaries of entities will be one of more challenging policy decisions of the reform programme

1. Cabinet previously agreed there would be further discussions with Ministers and local government about the exact number of entities, and their boundaries, and final decisions would be based on the following factors:
 - achieving scale benefits
 - communities of interest (including rohe/takiwā)
 - relationships with other jurisdictional boundaries, including catchments.
2. Since those decisions were made, we have been continuing to develop the evidence base to support future discussions and decisions, and to inform communications with local government, iwi/Māori, and the general public about the potential benefits of reform. This work has been undertaken with oversight by the joint Three Waters Steering Committee.
3. Significant economic and financial analysis is also underway to inform the potential range of scale benefits. Preliminary analysis is confirming earlier advice that the likely investment requirements will best be delivered by a significantly smaller number of entities. Analysis is continuing including independent economic work undertaken by the Water Industry Commission for Scotland (using international best practice). To inform this work, a significant request for information is currently with all territorial local authorities that relates to asset quality, operational performance and future investment requirements.

There is an inherent tension between the key principles that will help determine number and boundaries



IN CONFIDENCE - NOT GOVERNMENT POLICY

3

Scale is not the only factor, different communities of interest exist but not all communities are geographical

Community	Interest in water service delivery outcomes
Iwi/hapū with rohe/takiwa	Te Ao Māori perspective on Te Mana o Te Wai that varies by hapū/iwi and that is not constrained by simply applied geographical boundaries. Also relates to ki uta ki tai, from source to sea.
Members of a geographically determined community (township, district, region)	Influence the physical impact of water on their community particularly with respect to environmental effects e.g. reservoirs/damns/treatment plants
Consumers (household, commercial, industrial)	Influence on economic and social outcomes including through prices and service levels
Members of a geographically determined community	Influence the economic impact of water service delivery on their community particularly with respect to land use and urban development including preferences about who the supplier is (eg preference for self supply or community supply) or on the economic development opportunities (eg jobs and construction activity)
Members of a community that have related interests that are not bound by geography – for example farmers, industrial users, low income households	Influence of specific needs of particular consumer groups on price, environmental and wider economic outcomes
Members of a community (geographically or interest bound)	Influence on political outcomes via participatory democracy
Members of a community around a special interest cause or issue (environmental or health related)	Ability to influence water quality standards and specific issues such as chlorination and fluoridisation).

IN CONFIDENCE - NOT GOVERNMENT POLICY

And the boundary of any entities need to consider existing relevant regulatory boundaries and administrative simplicity

Consideration of existing boundaries should include:

- Catchment boundaries managed by regional councils under the Resource Management Act (and reform of that Act)
- District boundaries managed by local authorities under the Local Government Act to align with spatial planning

But may also include other relevant/practical boundary considerations:

- Proximity relationship to water sources
- Potential significant future investment requirements (eg significant treatment plants)

And other administrative boundaries that may be relevant for example:

- NZTA regions
- DHB boundaries (including under new system reform settings)
- Electorate boundaries (linked to communities of interest tests particularly for iwi/Maori)

The current arrangements result in significant price and quality variances across the country

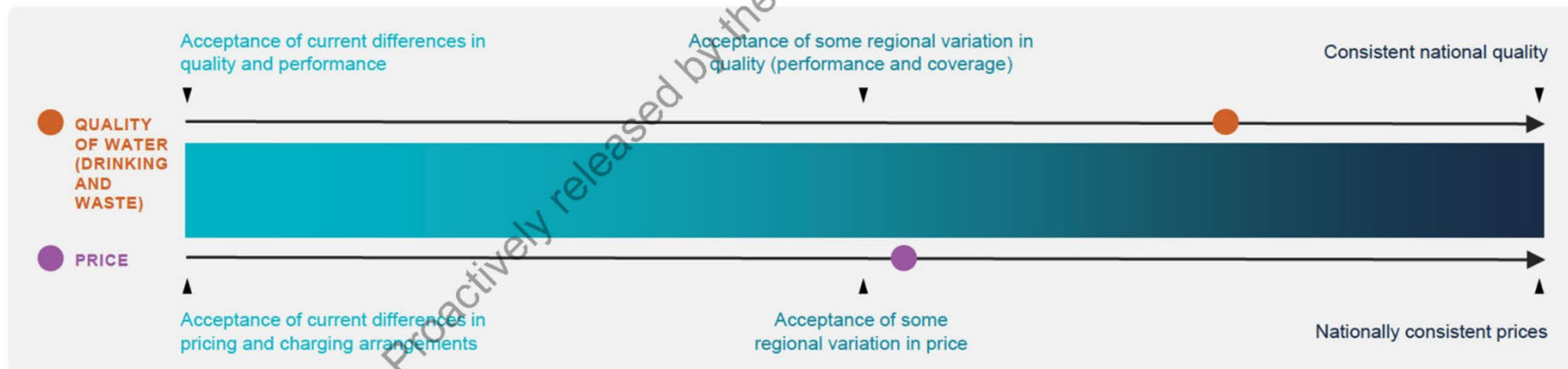
There are currently large variances across the country in:

- A. Costs of water service provision**
a function of scale, investment, topography
- B. Price of water service provision**
calculated as average bills per household
- C. Quality of water service provision**
drinking and waste water quality outcomes

The current relationship between cost, price and service (quality and coverage) is not well understood by providers nor customers.

The extent to which Government pursue a form of national equity by consumer type or equity by geographical region will impact our view of the benefit of a smaller number of entities. For example, wider tolerance for variation may support more comfort with the upper bound of a smaller number for example more than 4 but less the 7.

Further analysis is underway to understand a more precise impact of different policy settings.

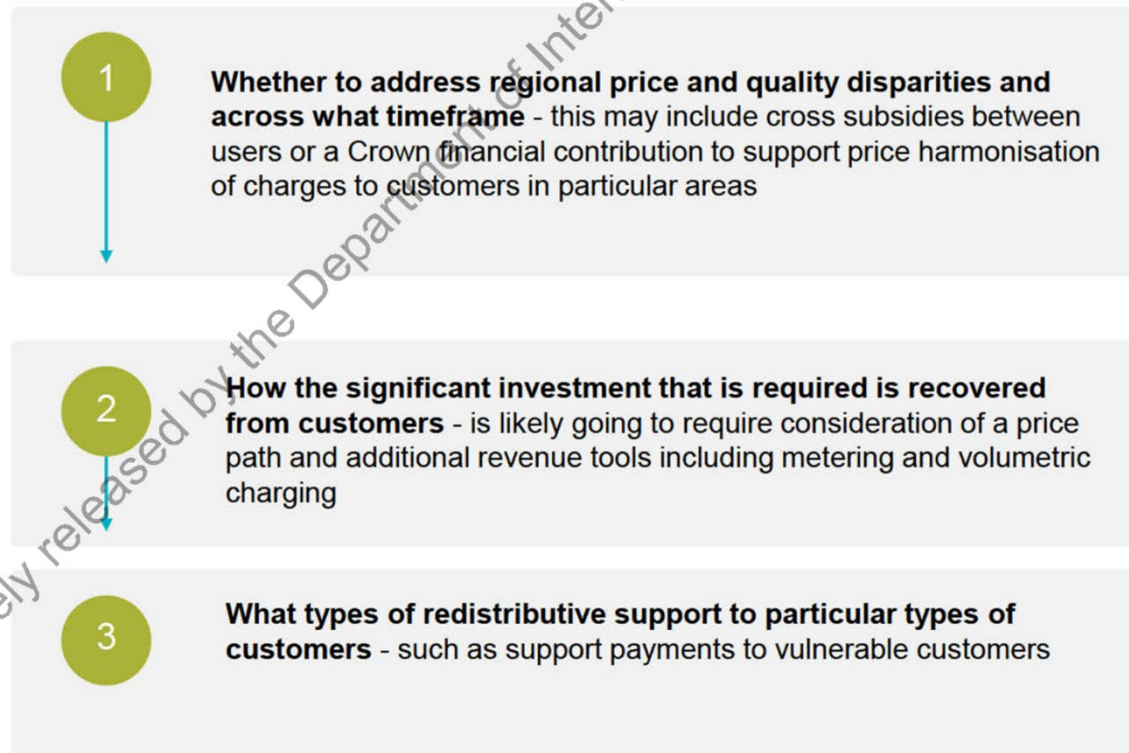


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As reform progresses, Government will face a range of pricing related policy choices that relate to scale and the number of entities

Greater scale enables greater ability for prices to be smoothed within an entity boundary, and this is closely connected to whether additional Crown investment is required, and what level of direct redistributive support may be considered.



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Aggregation can act to reduce the impact on prices, through efficiency and cost sharing and we are working up scenarios ranging from 2 to 13 entities

Different forms of scale benefits are relevant to the assessment water service delivery outcomes, including:



Efficiency considerations

Financial efficiency

Operating efficiency

Capital efficiency

Regulatory efficiency

Definition

Increased financial capacity and capability, with stronger, more flexible and resilient balance sheets, greater access to capital, and a more reliable investment pipeline

Improved operating efficiencies and lower operating costs, by consolidating administration and overhead costs, and improving organisational capabilities

Improved asset management including opportunities to take a strategic and coordinated approach, to consider infrastructure needs at a larger scale and in the context of wider catchment outcomes

Increased ability to manage regulatory burden, minimise compliance cost and enable quality benchmarking

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Significant analysis is underway to understand the potential benefits available through aggregation

Preliminary analysis commissioned from the Water Industry Commission for Scotland (WICS), the independent economic regulator for Scottish Water

- Used publicly available information on Council assets, finances and connected properties
- Studies different aggregation scenarios, ranging from 13 to 2 water service providers
- Applied assumptions around the potential efficiencies available through scale, based on international experience

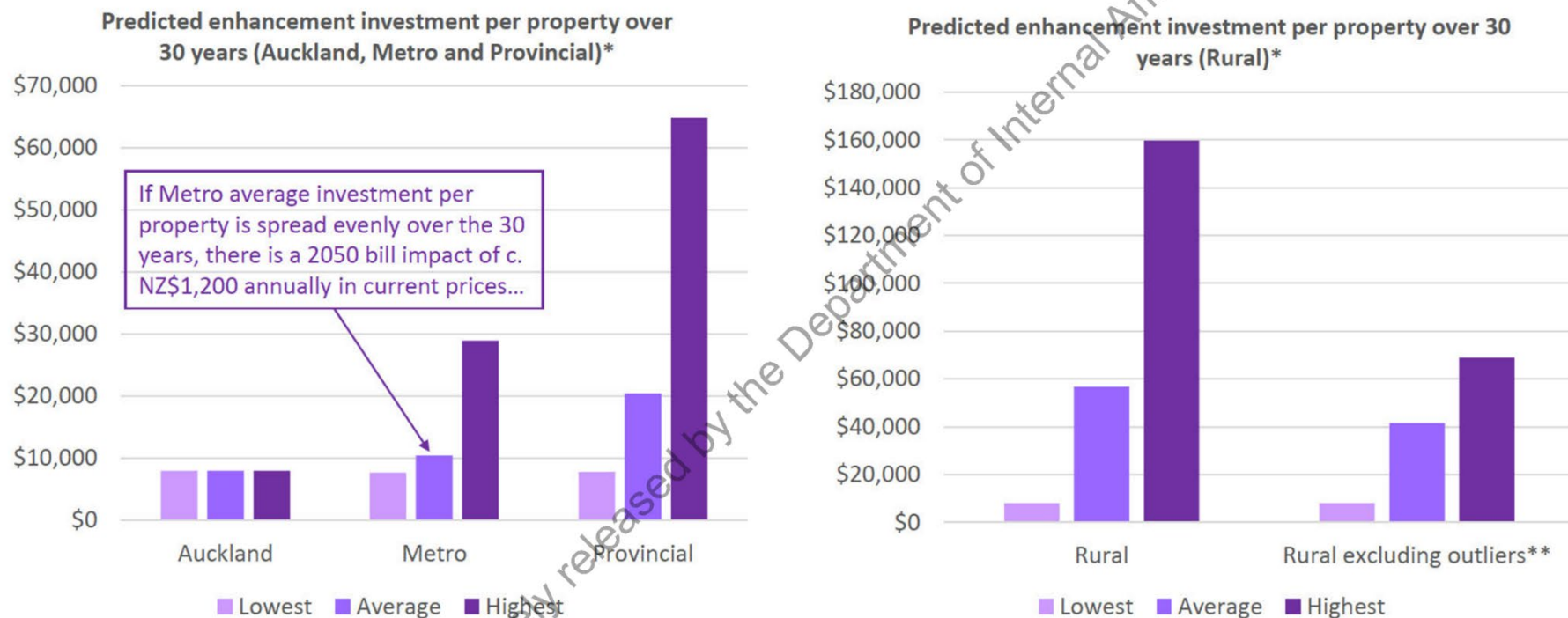
WICS conservatively estimate a minimum of **\$27 billion of additional investment** (over and above that required to maintain and replace existing assets) will be required over the next 30 years to upgrade existing three waters assets to meet environmental and drinking water standards. Its upper estimate is around \$46 billion.

- Whilst consistent with the econometric model, WICS noted that, after adjusting for the efficiency improvement achieved by Scottish Water, this NZ\$27 billion is less than Scotland has invested in improvement since 1996 (i.e. in 24 years). It represents around NZ\$120 less per capita, efficiency adjusted.
- In Scotland, work with the environmental and the water quality regulator leads WICS to estimate that around NZ\$12 billion will be required at the current Scottish Water level of efficiency by 2040.

These estimates make **no allowance** for investment required to meet population growth or to address seismic resilience.

IN CONFIDENCE - NOT GOVERNMENT POLICY

WICS has used the relative urbanisation models to predict total enhancement investment across the three waters services...



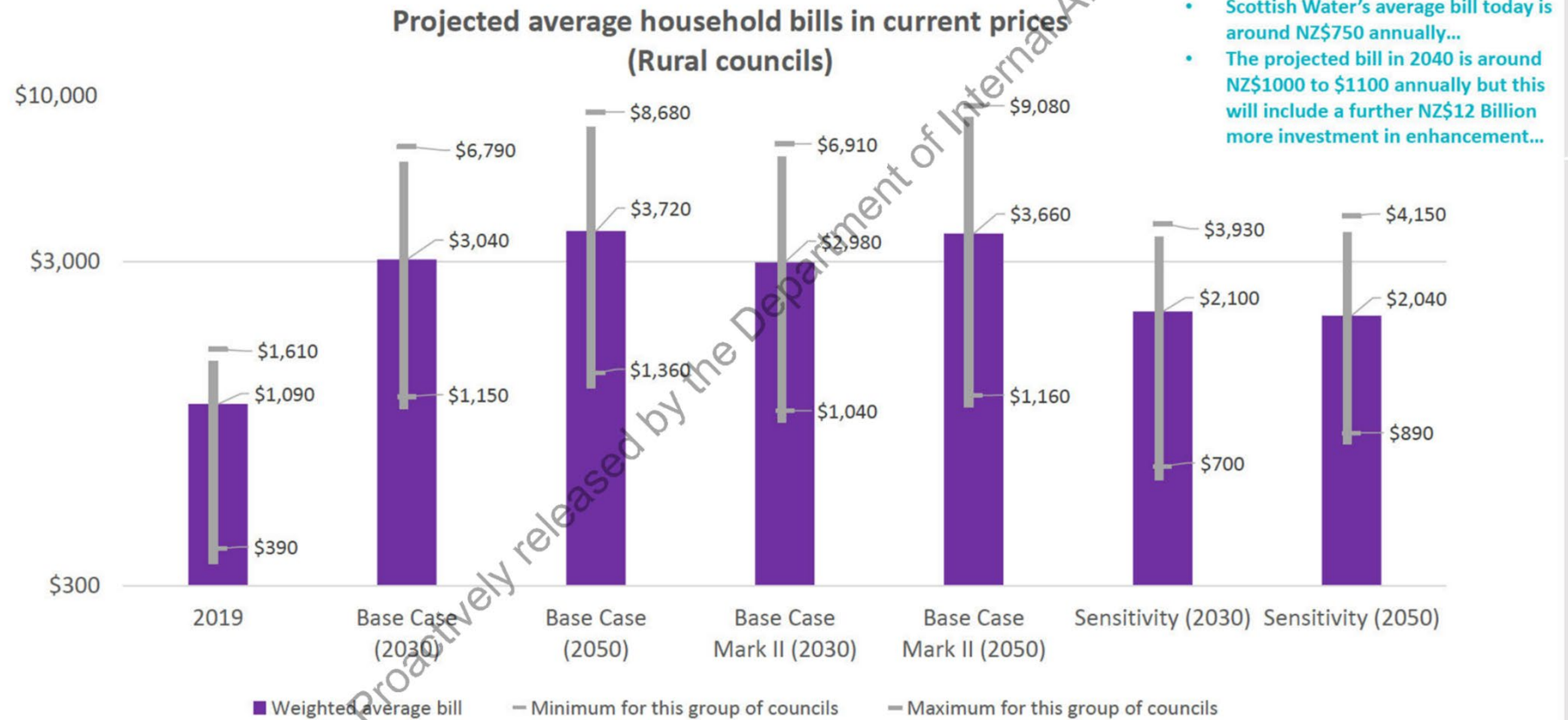
*Rural, provincial and metro groupings defined by Local Government New Zealand (LGNZ).

**Excludes 4 rural councils (out of 23) that have predicted enhancement per property in excess of NZ\$90,000. These 4 councils account for 12% of the population of the rural group.

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11

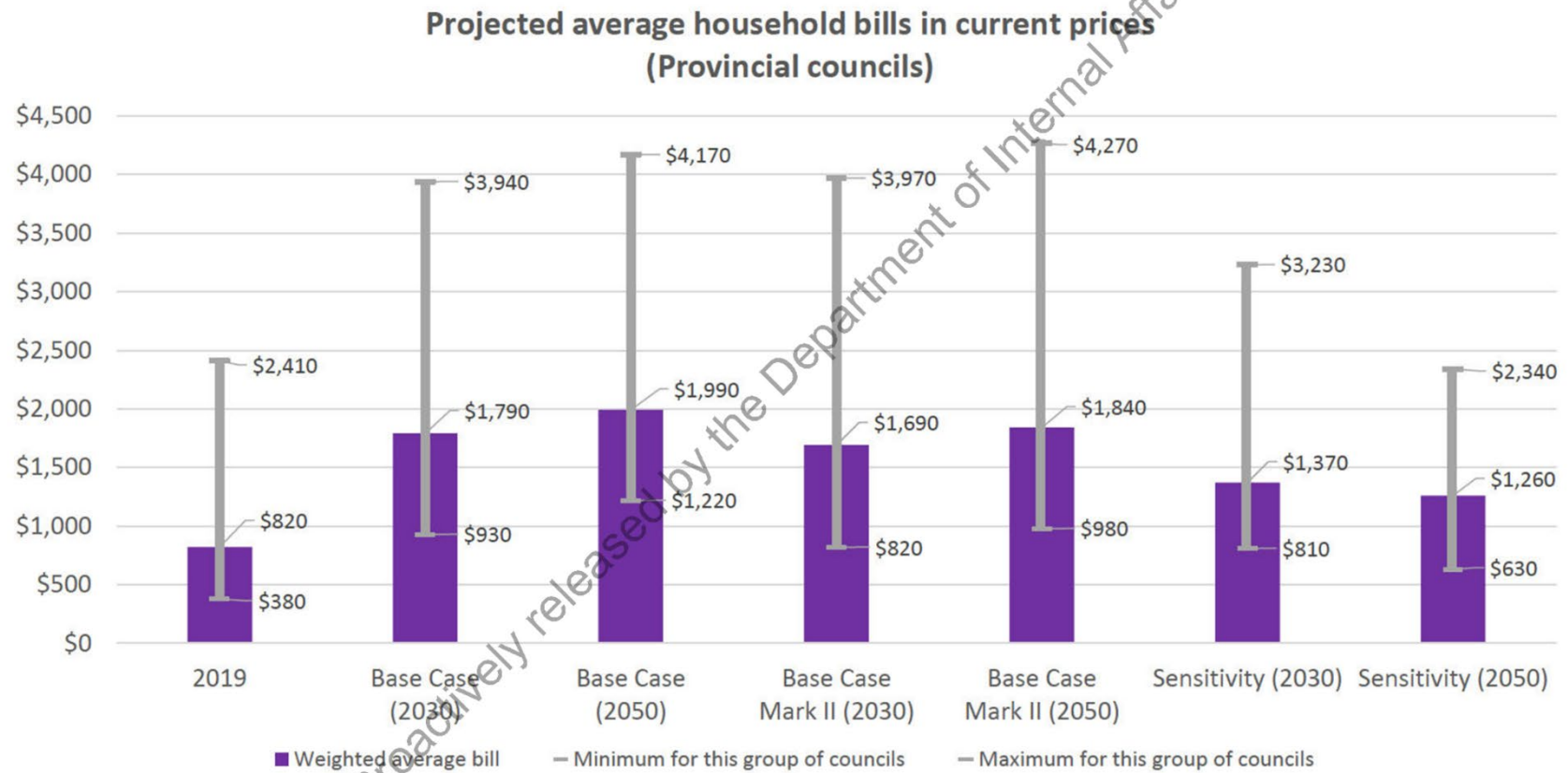
This level of investment has implications for current and future bills under different scenarios firstly for rural councils



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12

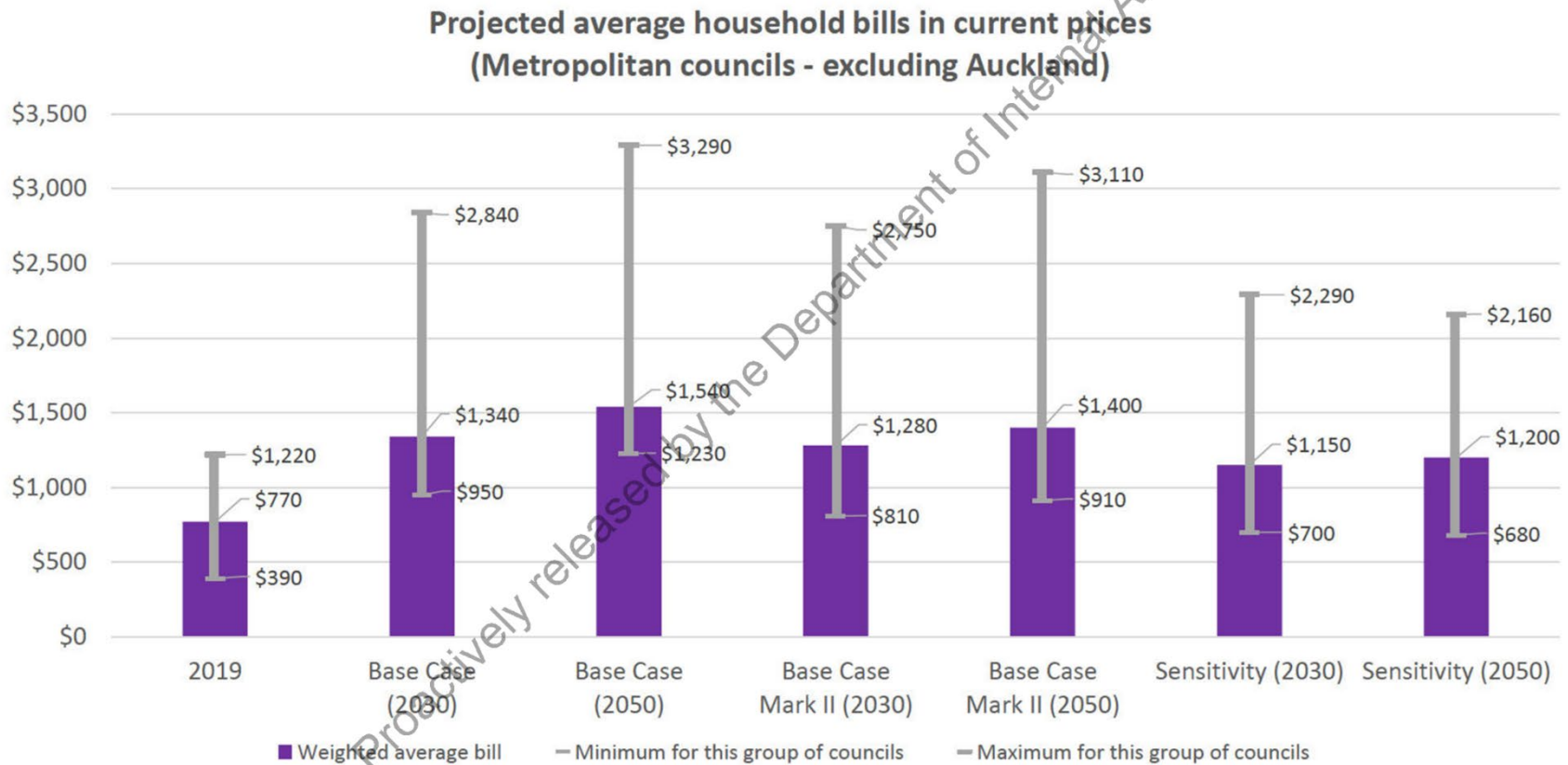
... then provincial....



IN CONFIDENCE - NOT GOVERNMENT POLICY

13

... and finally metropolitan councils without Auckland show average bills that are 10-15% higher under WICS' three different scenarios



IN CONFIDENCE - NOT GOVERNMENT POLICY

14

However, the WICS analysis requires further work before it is ready to be applied in advice to guide Government decisions...

1

A significant **request for information** is underway across all 67 local authorities that will enable further analysis to be informed by better local data

2

An **independent review of core assumptions** is to be undertaken to ensure the WICS Phase Two analysis reflects local conditions

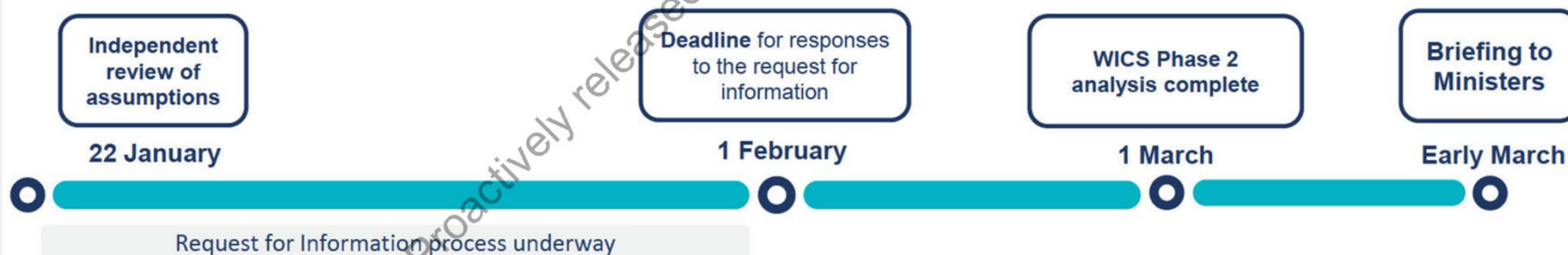
3

Commercial and financial analysis is occurring in parallel and informed by interaction with Ratings Agencies

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...and further analysis will be required to inform decisions on the preferred approach number and boundaries of entities

- WICS Phase Two is estimated to be complete by 1 March, although will require all 67 local authorities to complete a significant request for information under a tight deadline.
- In parallel, further work has also been commissioned to understand current communities of interest (following recent engagement) and relevant regulatory boundaries utilising GIS mapping tools
- Following advice to the Steering Committee and Government, the conclusions from the next phase of analysis will be made available for local authorities to consider as part of the broader evidence base and case for reform



Proactively released by the Department of Internal Affairs

**Appendix B: Water Industry Commission for Scotland Stage One Summary report
'Economic analysis of water services aggregation'**

Report available online at www.dia.govt.nz/Three-Waters-Reform-Programme

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Appendix C: Stage Two analysis Terms of Reference – ‘Statement of work, Review of methodology and assumptions underpinning economic analysis of aggregation’

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Statement of work

Review of methodology and assumptions underpinning economic analysis of aggregation

Purpose

The Department of Internal Affairs is seeking support from a specialist firm with a background in regulatory economics and finance to provide an independent view on the methodology and assumptions underpinning a proposed economic analysis to be undertaken by the Water Industry Commission for Scotland (WICS).

WICS have been asked to undertake detailed analysis of the economic benefits from aggregation of water service delivery entities in New Zealand, to develop a view of the potential scale of investment required to meet new environmental and water quality standards, and test different scenarios for aggregation. This will build on a preliminary, strategic analysis they have undertaken using publicly available council data.

The intent of this analysis continues to be to support the case for change, including advice to Ministers, develop the evidence base, and respond to the Local Government's sector's appetite for information on the nature and scale of benefits for local communities, and to better understand the longer-term implications for investment required and costs to consumers (with and without aggregation).

Background

The New Zealand Government, in partnership with the local government sector, is embarking on a three-year programme to explore whether and how reform of three waters service delivery arrangements could improve community and environmental wellbeing. The local government sector has been unanimous in its uptake of the opportunity, with all eligible councils having signed the Memorandum of Understanding (MoU).

This programme aims to achieve the following objectives, as documented in the MoU:

- significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- ensuring all New Zealanders have equitable access to affordable three waters services;
- improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand's infrastructure and environmental needs at a larger scale;
- increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
- moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils;
- improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
- undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader "wellbeing mandates" as set out in the Local Government Act 2002.

A substantial policy, commercial and legal work programme is underway to explore key questions relating to determining scale, boundary, and number of new entities, institutional arrangements (e.g.,

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purpose, powers and functions, legal form, governance etc), transitional provisions (including asset/debt transfer) and the regulatory environment for the new water services entities.

Through the MoU, the Government and local councils have agreed to work together to identify an approach to service delivery reform that incorporates the objectives above, and considers the following design features as a minimum:

- water service delivery entities, that are:
 - of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term
 - asset owning entities, with balance sheet separation to support improved access to capital, alternative funding instruments and improved balance sheet strength
 - structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards
- delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so
- publicly owned entities, with a preference for collective council ownership
- mechanisms for enabling communities to provide input in relation to the new entities

In addition to structural reform, the Government has introduced regulatory reform through the creation of a new water services regulator, Taumata Arowai, to enforce a new drinking water regulatory system and contribute to improved environmental outcomes from wastewater and stormwater networks. Further regulatory reform is anticipated through the introduction of an economic regulation regime, the form of which is still under development.

The package works together through providing for clearer and more consistent standards, better enforcement of those standards, and supporting councils to meet those standards through investment and structural reform to realise the benefits of scale. The changes proposed will have wide-ranging impacts across a number of domains.

Requirements

The Department is seeking support from a supplier with a background in regulatory economics and finance to provide an independent view on the methodology and assumptions underpinning a proposed economic analysis to be undertaken by the Water Industry Commission for Scotland (WICS).

The WICS analysis will develop a view of the potential scale of investment required to meet new environmental and water quality standards, and test different scenarios for aggregation, including the potential benefits that could be realised through reform. This will build on a preliminary, strategic analysis they have undertaken using publicly available council data.

WICS have developed assumptions around the scale of potential efficiency gains that can be achieved through structural reform paired with governance and regulatory reform, based on the experience in the UK. They have also applied assumptions relating to the financial position of the new entities and likely pricing pathway over the medium to longer term.

The analysis should include:

- comment on the extent to which the efficiency assumptions included in the Water Industry Commission for Scotland (WICS) study of the economic benefits of aggregation are reasonable for the purpose of providing advice to Ministers
- comment on the extent to which the assumptions relating to the financial and commercial position of the new entities are reasonable
- comment on the WICS methodology and its appropriateness for developing advice on the potential benefits of the proposed reform package

- comment on the potential that exists for efficiency gains or losses (dynamic, productive and allocative) in New Zealand and the ways in which these could be realised

Deliverables and timeframes

We anticipate the following deliverables and timeframe

- | | |
|---|------------------|
| • Project Initiation | 4 December 2020 |
| • Preliminary engagement with WICS on methodology and assumptions | 7 December 2020 |
| • Engagement with WICS to discuss initial findings | 21 December 2020 |
| • Preliminary report on the methodology and assumptions | 22 January 2020 |
| • Final report provided once WICS analysis is complete | 12 March 2020 |

Proactively released by the Department of Internal Affairs

Addendum to Statement of Work

Key questions and answers canvassed during briefings conducted with suppliers between 12 and 17 November.

1. What process is being undertaken to select a preferred supplier?

We have approached 5 suppliers through a closed competitive tender process. The shortlist of suppliers was identified by the Department of Internal Affairs (DIA) working with representatives from the Ministry of Business Innovation and Employment (MBIE), Treasury, Local Government New Zealand (LGNZ) and the Society of Local Government Managers (SOLGM). Each supplier has been provided with the statement of work and the WICS phase 1 report and asked for a short proposal by 20 November. The proposal will be assessed by a panel comprising representatives from the DIA, MBIE, Treasury, LGNZ and SOLGM.

2. What criteria will be used to assess proposals?

We will be looking at three broad criteria:

- Alignment with the requirements in the statement of work, including an understanding of the New Zealand policy context.
- Capability of suppliers to undertake the assignment, including relevant skills and expertise in regulatory economics, commercial and financial analysis and ability to deliver in the time available.
- Value for money.

3. What level of detail are we expecting the review to go into?

We are not expecting a detailed empirical analysis. The successful supplier will be expected to identify the key parameters and assumptions within the analysis and work iteratively with the Water Industry Commission for Scotland to ensure these are reasonable for the purpose of informing advice to Ministers. A short final report at the conclusion of the engagement is required summarising your opinion on the methodological approach and the reasonableness of the assumptions made.

4. To what extent are we seeking comment on institutional arrangements as part of the broader reform package?

We are working through, as part of a comprehensive policy programme, broader questions around the institutional arrangements for water service delivery entities and the broader system design (economic regulation and interface with the planning and regulatory systems). We are not seeking advice specifically on these matters through this engagement. However, we expect the successful supplier will need to comment on aspects of the institutional arrangements (and any assumptions made about them) to the extent that they impact materially on the level of efficiency gains that are possible through structural aggregation.

5. What assumptions are being made around pricing as part of the WICS analysis?

The phase 1 analysis modelled the impacts of aggregation on the average household under a simplified tariff structure. We are aware that New Zealand has a complexity of pricing and charging arrangements including different charges for different types of schemes, and different rating charges applied to different classes of user (for example business versus residential). The current request for information will provide insight into the detail of these arrangements. For the peer review, we need to understand whether the assumptions around current pricing arrangements made by WICS are sufficient for the kind of aggregated analysis required to inform policy advice. Further work on pricing related issues will occur later on in the programme and are not in scope for this assignment.

6. What is the expected budget for this work?

We are inviting proposals to provide advice on the likely resource and effort required and by extension the fees involved. Where there is uncertainty around the scope of the analysis, suppliers are invited to provide an upper and lower estimate with clearly defined parameters and assumptions. The Department reserves the right to negotiate the outputs to be delivered and price with the preferred provider following the assessment of proposals.

7. What information will the successful supplier have access to?

We will make available the models that were used as part of the WICS phase 1 work. We will also arrange for a briefing on the request for information and how this is intended to be used as part of WICS phase 2. Any other information required will be made available to ensure the successful supplier is able to form a considered view on the proposed methodology and approach. We expect that suppliers will recognise limitations of available data to support modelling when reaching their findings.

Proactively released by the Department of Internal Affairs

Item 14

Attachment 3

Three Waters Reform Programme

March 2021 Local Government and Iwi/hapū engagement

Webpage: www.dia.govt.nz/Three-Waters-Reform-Programme

Email: threewaters@dia.govt.nz



Te Tari Taiwhenua
Internal Affairs

Message from the Minister

Item 14

Attachment 4

Three Waters Reform Programme

March 2021 Local Government and Iwi/hapū engagement

Webpage: www.dia.govt.nz/Three-Waters-Reform-Programme

Email: threewaters@dia.govt.nz



Te Tari Taiwhenua
Internal Affairs

Objectives of today

- A **collaborative engagement (with Treaty partners and local government)** to test thinking, assumptions and direction **before** advice to decision makers. We will have regular breaks for questions and group-based discussions.
- We have identified key questions for your input/discussion, and will clearly signpost where decisions have already been taken by Cabinet.
- The Department and Steering Committee are sharing our most up-to-date information on key questions of the reform, but there are some areas that remain a work-in-progress.
- Where we identify the need for more in-depth discussions through today's workshop, we will organise follow-up engagement opportunities.

Your feedback will inform our advice to Ministers on key reform elements.

A small sample of previous feedback*

What you raised	What we did	In today's workshop
Protections against privatisation	A Govt bottom line , but more work done on protections	Session 2, Governance and ownership
Treaty Partnership means mana whenua representation , and Treaty rights and interests are heard and woven into the reforms	Ongoing work, informal meetings and engagement to understand rights and interests in the reforms	Throughout workshop , but notably in session 2 on Governance/ ownership, & session 3 (parallel session)
Making sure local government remains robust and thriving .	Conveyed concerns to Ministers and worked with LGNZ/Taituarā	Session 1 introduction
Promoting the interests of communities, iwi, hapū and individuals in larger entities	Further work done to ensure community interests designed in	Session 2 Governance/ownership consumer and community protections
Want to see more data and modelling , particularly with local detail.	With councils and Taituarā managed exhaustive Rfl process	Session 1 introduction and shapes and boundaries of entities
Ensure central and local government bring communities along in the reform discussions.	Further planning work on communicating the reforms	Session 1 introduction and next steps

**For a more extensive commentary on feedback and related actions see: www.dia.govt.nz/Three-Waters-Review*

Reform Programme questions to be discussed today

Session One



Case for change
and reform timing

Session Two



Possible entity
boundaries and size

Session Three



Possible governance
and ownership

Session Four



Protections for
communities in entities

Session Five



Iwi/Māori rights and interests
throughout the reforms*

Session Six



Establishment and
transition considerations

*Te Tiriti partnership and principles and Te Mana o Te Wai considerations are to be woven throughout all elements of the reforms over and above specific mechanisms to consider iwi/Māori rights and interests.

Using slido

Slido is an effective way of facilitating participation and receiving questions throughout the workshop. Using this facility you can submit questions throughout today's presentations and participate in live polls

1. Open slido.com (you can use any web browser).
2. Enter the event code # **3Waters**
3. Submit your questions through the Q&A tab.

Practice poll : Please enter where you are from in the Slido poll.

Introduction

This session will cover:

- What is the reform programme and why is it needed
- What Cabinet has decided
- Design features, scale and timelines
- Acknowledging important related workstreams
- Summarising the reform opportunities

Session One



Case for change and reform timing

Session Two



Possible entity boundaries and size

Session Three



Possible governance and ownership

Session Four



Protections for communities in entities

Session Five



Iwi/Māori rights and interests throughout the reforms

Session Six



Establishment and transition considerations

What is the Reform Programme

- The Three Waters Review has three pou (improved regulation, Taumata Arowai, and **service delivery reform**).
- In July 2020, the Government launched the Three Waters Reform Programme - a three-year programme to address the challenges facing **council-owned** and operated three waters services.
- The reforms are **not aimed at privately owned water schemes** but is cognisant that these schemes are a large part of rural water provision.
- **The Government's starting intention** is to reform local government's three waters services into a **small number of multi-regional entities with a bottom line of public ownership**.
- The Reform Programme is being progressed **in partnership** with local government, and iwi/Māori as the Crown's Treaty Partner.
- A **Joint Three Waters Steering Committee** provides collaborative oversight of the reform programme that brings together central and local government expertise and experience, and includes iwi/Māori perspectives.

Reforming council-owned three waters services and assets into new, larger entities designed in partnership with you.

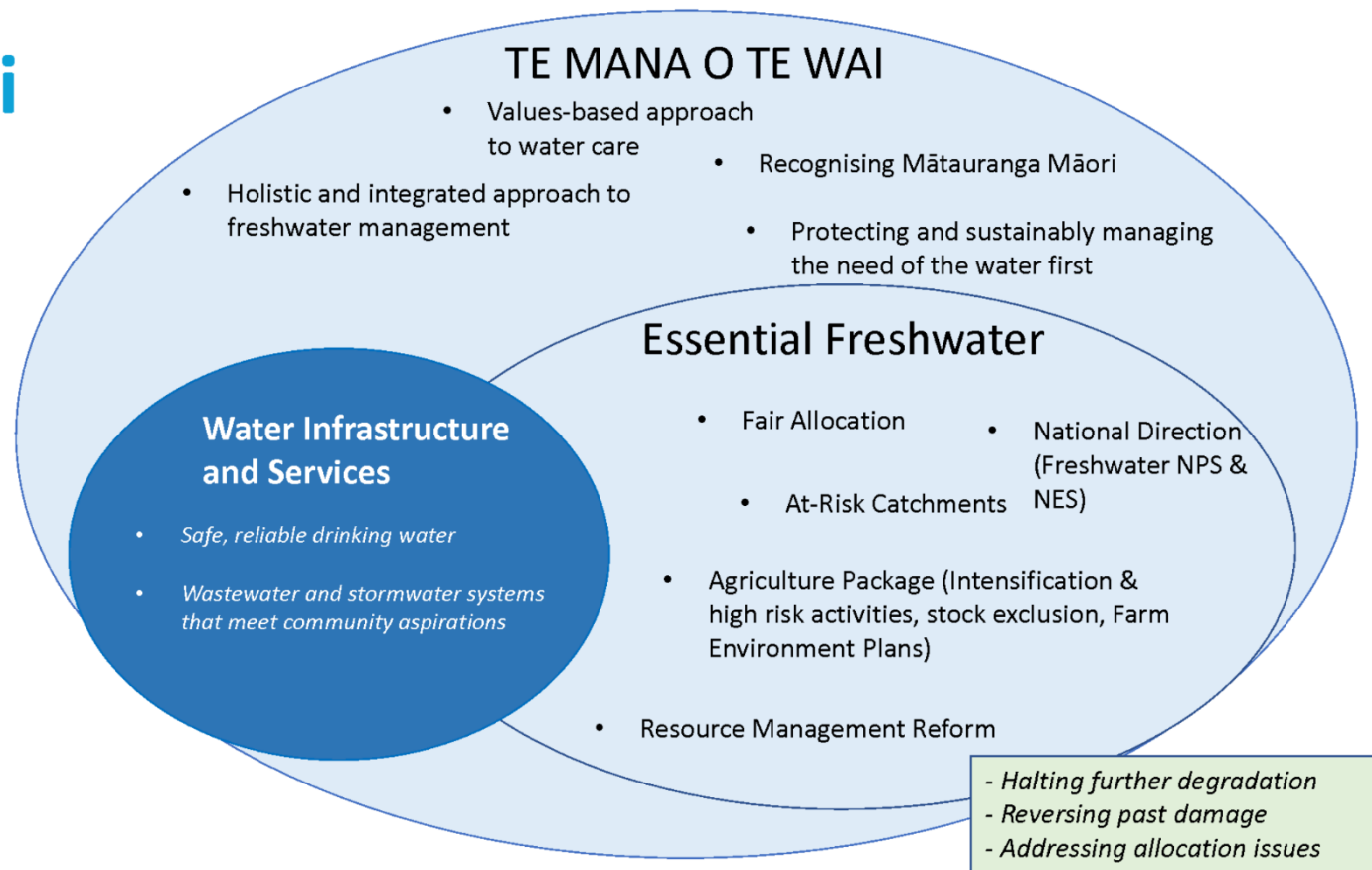
Why is reform necessary

- The system in which water service providers operate is changing – **this will bring new challenges and costs:**
 - Evidence of ageing and failing infrastructure and awareness of a multi-billion dollar national infrastructure deficit, and the huge, in some cases unaffordable cost challenges;
 - An obligation to meet **existing drinking water standards** and new regulatory environment proposed in the Water Services Bill – Taumata Arowai is being established to give effect to these requirements;
 - Large number of expiring wastewater consents which need to be renewed in a system less likely to compromise on environmental impacts;
 - The need to respond to the impacts of climate change and ensuring resilience of water services will add further cost challenges;
 - The requirement to provide water infrastructure for growth and economic development – and the inability of some councils to meet the huge associated costs.

The new water services entities we design will need to be able to respond to these challenges and operate effectively in the future environment, as will councils that do not proceed with the reforms.

Wai is wai

Where we fit
in this system



Anything we create will need to uphold Te Mana o Te Wai.

Recognising Treaty Rights and Interests

Reform presents a significant opportunity to address and protect Treaty rights and interests

Options and ideas for discussion

- **Statutory recognition**
Of both the Treaty of Waitangi and Te Mana o Te Wai in legislation
- **Recognition that Water Services sits with a wider Te Ao Māori framework**
Including support for capacity and capability and application of mātauranga Māori.
- **Creation of new mechanisms to enable Iwi/Māori directly influence outcomes for Māori**
This includes proposals around governance, board competencies, a direct mechanisms for mana whenua in the form of **Te Mana o Te Wai statements** and protections for Māori consumers
- **Opportunities to improve wider outcomes for Māori**
Recognition of the need for improved service for marae and papakāinga, opportunities for partnership in delivery

These issues will be explored in the detailed break out session

In December 2020, Cabinet agreed to:

- A centrally-led process for identifying the number of entities and their boundaries
- The key components of the reforms and the associated timetable
- Continue with a voluntary approach to reform, in partnership with the local government sector
- Progress early legislation needed to facilitate a voluntary approach, by enabling and supporting councils to make decisions to participate in the new service delivery system
- A high-level principle of partnership with iwi/Māori, which will be followed throughout the reform programme, and reflected in the new service delivery system
- Use a nationwide public information and education campaign, to provide a national picture of the reforms

Key design features of a new service delivery model

Decisions and directions during 2020 mean the reform proposals will include certain features:



Multi-regional entities of scale

Significant aggregation into a small number of multi-regional activities.



Public ownership

Entities must be publicly owned, with mechanisms to recognise Treaty rights and interests and to prevent future privatisation.



Statutory entities

Three waters entities designed and established by legislation.



Asset ownership

Three waters entities responsible for ownership of all water infrastructure assets.



Competency based boards

Professional directors on three waters boards.



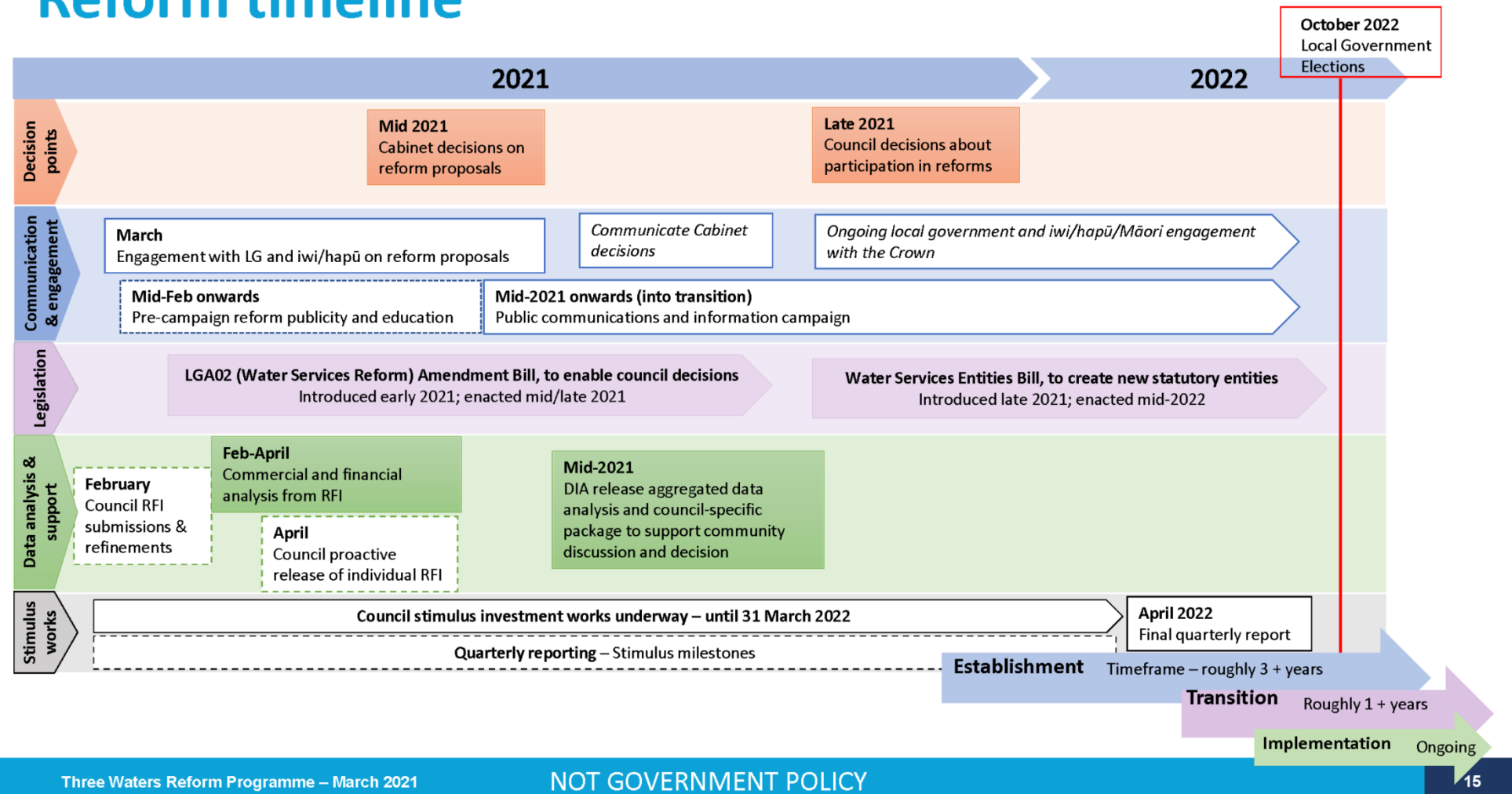
Balance sheet separation

Complete structural separation from local authorities.

Success factors

- ✓ Independent decision making
- ✓ Management and governance competency
- ✓ Mechanisms to recognise Treaty rights and interests of iwi/Māori
- ✓ Mechanisms to enable community input
- ✓ Financial independence
- ✓ Flexible cost effective financing
- ✓ Equity/equality between local authorities
- ✓ Structural longevity

Reform timeline



A growing infrastructure deficit

- Early analysis commissioned using publicly available information on council assets, finances and connected properties found a conservative estimate of:
 - an estimated **\$34 billion** to maintain and replace the **existing asset base** due to ageing infrastructure
 - a minimum of **\$27bn of additional investment** (in addition to the above) required over the next 30 years to **upgrade existing** three waters assets to meet environmental and current drinking water standards. **The upper estimate is around \$46bn.**
 - a minimum of **\$9 bn** to maintain and replace the **new asset base** introduced over the next 30 years. **The upper estimate is around \$16bn.**
- These estimates made **no allowance** for investment required to meet population growth or to address resilience issues.
- Current council spend is **\$1.5bn annually** or **\$45bn** over the next 30 years.

WICS Phase One: Estimated enhancement and expenditure growth between 2020 and 2050

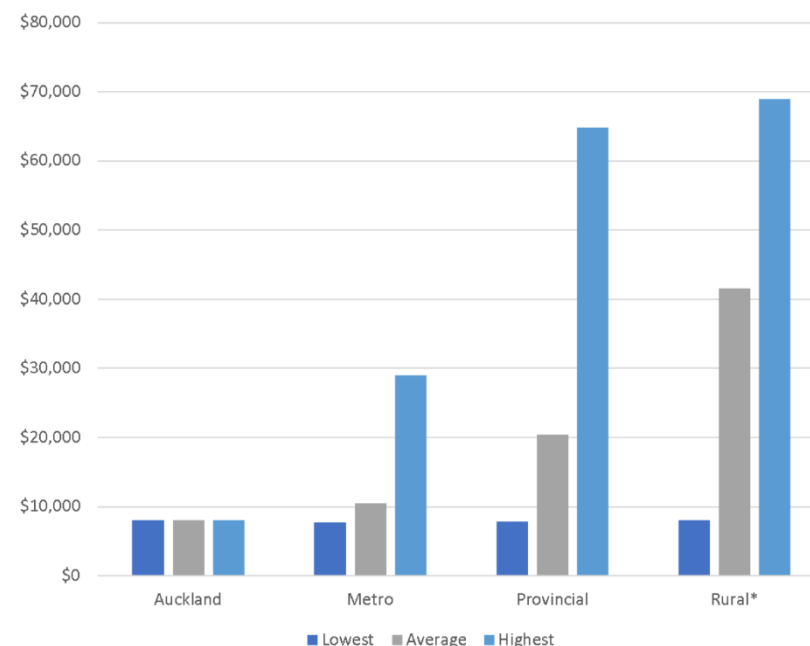


In total, this early analysis suggests a total investment of around \$70 to \$96 billion is required over 30 years

Funding affordability challenges

- Without reform, catching up on the required investment will have significant implications for local authority finances, and would present **affordability issues for many communities.**
- Average annual costs per household for metropolitan councils would need to increase by **1.4 and 1.8 times** in today's dollars to meet the required investment.
- Costs for provincial councils would need to increase by **between 1.5 and 2.5 times.**
- For rural councils, average costs per household would increase by **between 2 and 3 times** in real terms.
- Some communities would face much larger rises particularly smaller communities. This includes rural Māori communities who are often over represented in communities with have low service quality and poor coverage.

WICS Phase One: Predicted enhancement investment per property over 30 years (Auckland, Metro, Provincial and Rural)*



*Excludes 4 rural councils (out of 23) that have predicted enhancement per property in excess of NZ\$90,000. These 4 councils account for 12% of the population of the rural group.

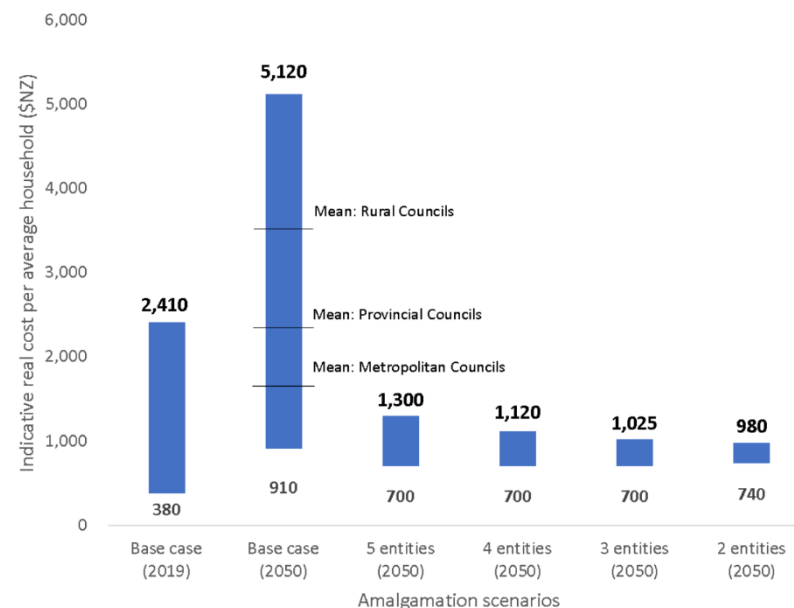
Early analysis from the RFI

- Council staff have recently completed the **most comprehensive data** collection on three waters assets and service delivery ever undertaken in New Zealand.
- **The results of the RFI are still being processed** but early insights are showing us that previous estimates were conservative. Note that these figures represent preliminary analysis and are subject to change as we undertake more detailed analysis
- We anticipate the investment needed to maintain and enhance infrastructure, and meet requirements of growth, could be **in the order of \$50-\$90 billion**.
- The total investment required once maintenance and renewals are factored in, could be in the order of **\$110 bn over the next 30 to 40 years**.
- This will exacerbate the impacts on costs to households and businesses.
- We anticipate the final RFI analysis to be completed over the coming months, and shared with you shortly after.

How reform can help meet investment needs

- Service delivery reform can help reduce the extent to which costs need to increase and reverse the infrastructure deficit more quickly.
- **Greater sharing of costs** across larger populations can ensure access to affordable services of a minimum standard across the country.
- Analysis suggests that entities require between 500,000 and 1,000,000 connections in order to fully realise these efficiencies.
- Entities are expected to have greater debt capacity than councils to share the costs of long-term assets over longer timeframes.
- **However**, determining the best size of new entities contains a variety of other trade-offs that require careful consideration (discussed later today).

WICS Phase One: Indicative real cost per household in current prices*



*figures based on Water Industry Commission of Scotland initial analysis of publicly available data and subject to change as part of further analysis using more detailed data collected from local authorities

The degree to which efficiencies can be realised is related to the number and scale of entities

Other considerations

Slido Poll: Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?



Te Tari Taiwhenua
Internal Affairs

Stormwater

- Enabling the new water entities to deliver all three waters is an opportunity to make a step-change in the way that we deliver stormwater services to meet existing and future challenges such as climate change.
- This approach would help uphold **Te Mana o Te Wai** and take a systems view of water from source to sea.
- Stormwater systems also effect urban water quality and housing supply.
- But the transfer of responsibility for stormwater to new water entities is complex and **further work is being undertaken** to:
 - Ensure the new entities and councils can continue work together to effectively manage stormwater; and
 - Identify a timeframe and process for transferring the responsibility for managing stormwater.
- We have established stormwater technical working group to develop a transition plan for the future management of the stormwater system.

As a starting proposition, Three Waters Ministers have agreed to explore further the transfer of stormwater infrastructure to new water services entities.

The future of local government

- The Minister of Local Government and Department of Internal Affairs have been progressing work on a process to reimagine the role of local of government.
- LGNZ and Taituarā have been involved in this work and were consulted on the draft Terms of Reference last month.
- Cabinet decisions on the Terms of Reference for this work and who will lead it are expected soon.
- Pending Cabinet decisions, a robust engagement process is envisioned, which will include local and central government representatives and iwi/Māori.
- Initial feedback ahead of the process commencing can be emailed to futureforlg@dia.govt.nz

If you would like to discuss this mahi, a member of the team working on this is available today during breaks.

Changes to the regulatory system

- We are cognisant the service delivery reform programme does not exist in isolation.
- While we are not here to discuss this mahi today, at the end of this slide pack we have attached an overview of the following pieces of reform for your information if you are interested:
 - Resource management reforms;
 - The National Environmental Standard for Sources of Human Drinking Water;
 - Economic regulation; and
 - Taumata Arowai and the Water Services Bill.

The new water services entities we design will need to operate in a future regulatory system, just as councils would.

Non-council small and rural supplies

- While the Reform Programme is **not aimed at privately owned water schemes**, regulatory reform is underway through the establishment of Taumata Arowai and the Water Services Bill.
- A technical advisory group has been established to help Taumata Arowai and the Reform Programme better understand small and rural supplies and to make sure requirements are fit for purpose for small supplies.
- **A \$30m fund to support small rural drinking water suppliers** was announced last year.
- A decision will be made by the Minister of Local Government and the Minister of Finance on the process for allocating this funding.

We know that \$30m will not upgrade all small rural drinking suppliers – far from it.

To summarise: reform opportunities

- The reforms present a number of opportunities for local government, iwi/hapū/Māori and our communities. These include:
 - ensuring an **affordable** way for communities/households to **meet the infrastructure deficit** for much needed upgrades/maintenance of our water infrastructure now and into the future;
 - creating regional jobs and a more **professional workforce**, and certain pipeline of works;
 - looking after the health of our **environment and our people**;
 - upholding **Treaty principles and Te Mana o Te Wai** in a way that takes an all of system (ki uta, ki tai) approach;
 - protecting essential water services against **climate change** and adverse natural events;
 - allowing councils to **focus more on community development** and place-making;
 - helping to address the **housing crisis** by providing essential water infrastructure for growth; and
 - creating opportunities for more **innovation and new technologies** in water service provision.

Comprehensive, system-wide reform is needed to achieve lasting benefits for local government, our communities, and the environment.

Questions?

Next session: Entity size and shape



Te Tari Taiwhenua
Internal Affairs

Possible entity size and shape

This session will cover:

- The centrally-led process for establishing entity size
- Considerations we think are important for where entity boundaries might sit
- Some example entities and their trade offs

Session One



Case for change
and reform timing

Session Two



**Possible entity
boundaries and size**

Session Three



Possible governance
and ownership

Session Four



Protections for
communities in entities

Session Five



Iwi/Māori rights and interests
throughout the reforms

Session Six



Establishment and
transition considerations

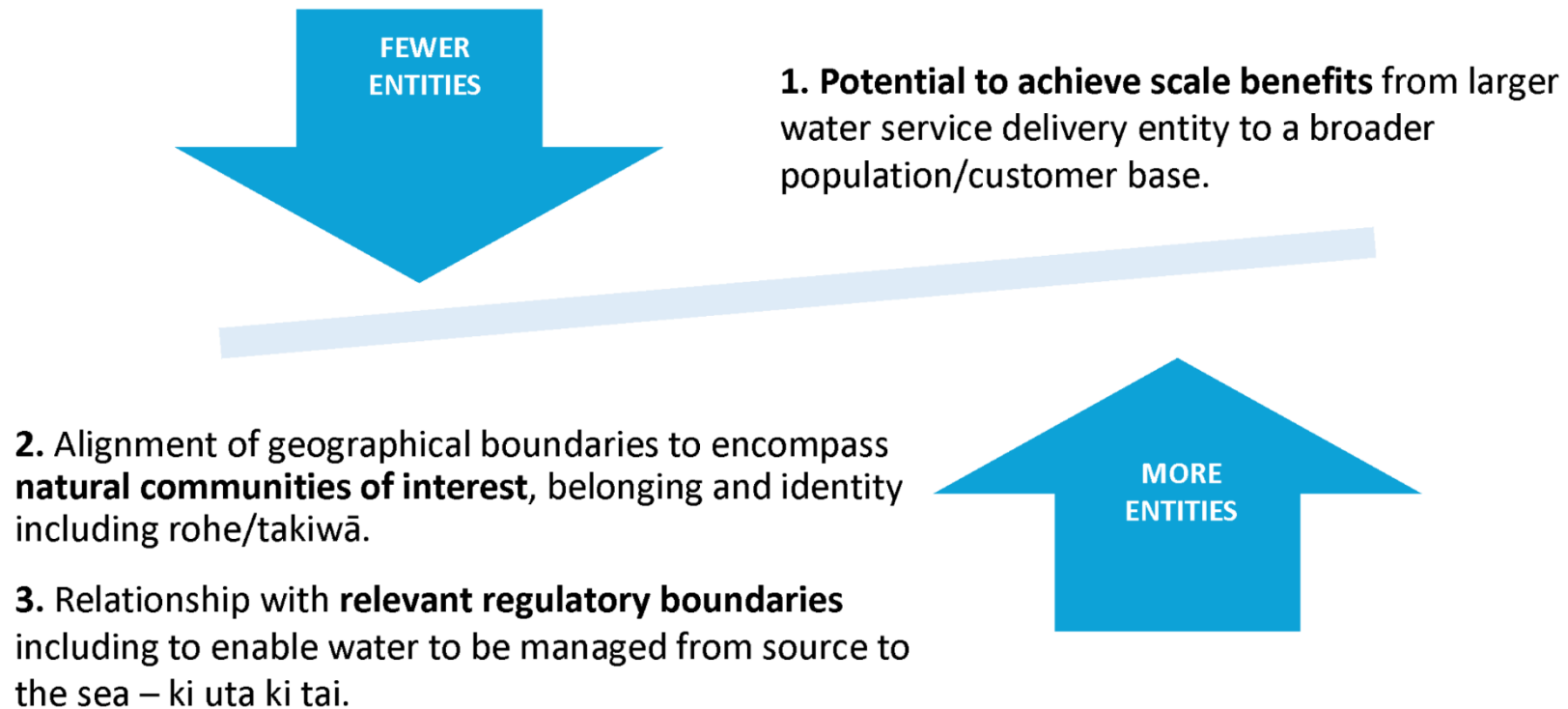
Centrally-led process

- In December 2020, Cabinet confirmed details for a centrally-led process, in which officials will complete analysis relating to entity numbers and boundaries, and work with the Joint Steering Committee and relevant Ministers to identify a shortlist of scenarios.
- Today we will **discuss the way we are approaching these scenarios** noting that final analysis will require inputs and evidence from the detailed Request for Information (RFI).
- We are interested in **your feedback on the criteria** we are considering and how these trade-offs interact.
- Cabinet will make decisions on the final number and boundaries in **mid-2021** – along with other details of the new system – and the agreed proposals will be included in legislation.

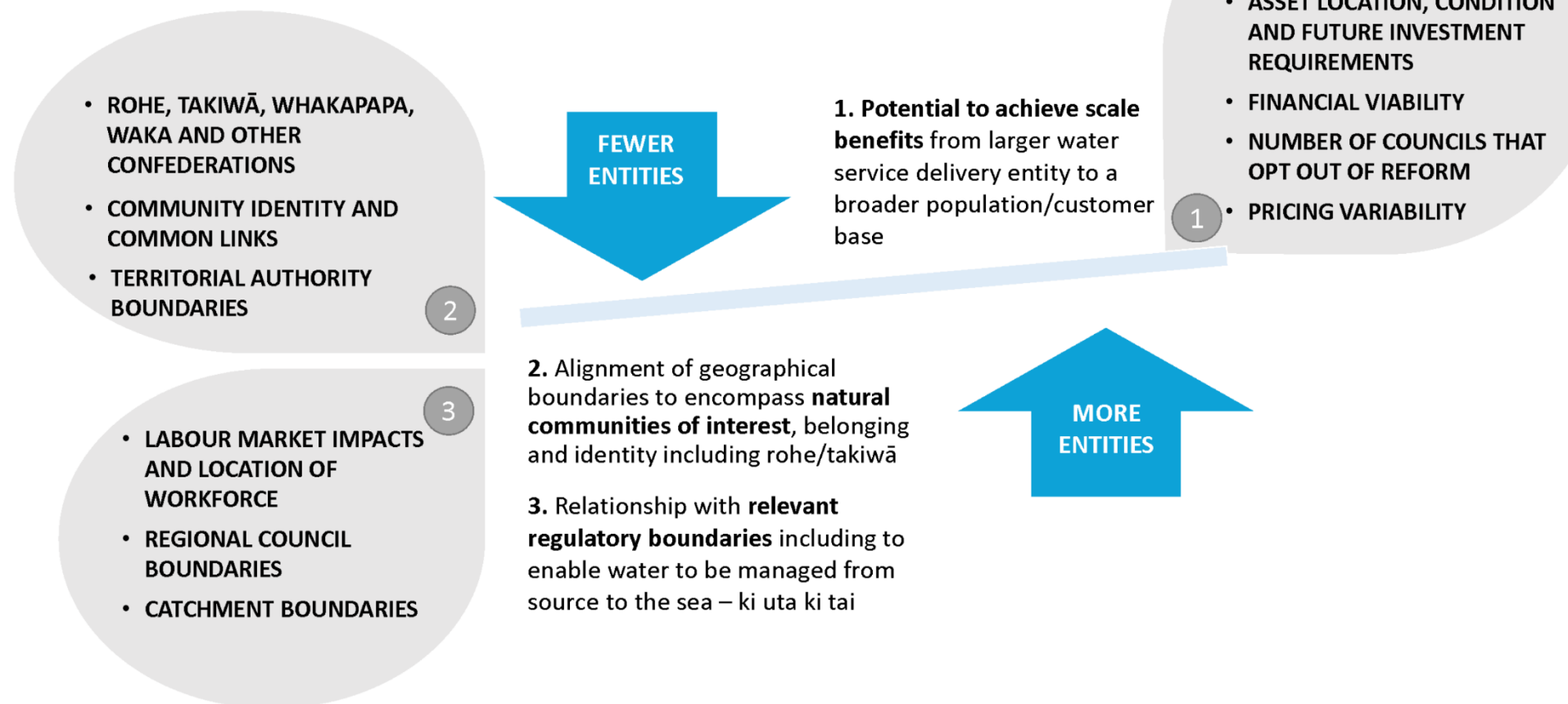
There are a number of trade-offs the Government is considering when determining the best size and shape of the entities. We are interested in your thoughts on these considerations.

Number and boundaries

Advice to Ministers and the Joint Central/Local Government Steering Committee will consider the following factors:



Key considerations



Scale impacts regional variation

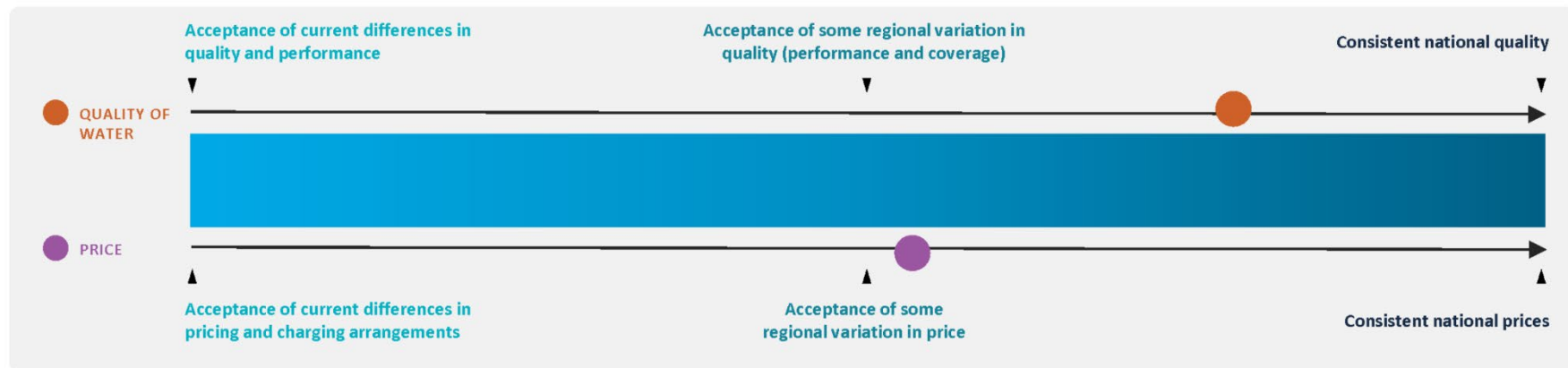
Preliminary analysis from the Request for Information (RFI) is also confirming there are large variances across the country in:

A. Costs of water service provision
a function of scale, investment,
topography

B. Price of water service provision
calculated as average bills per
household

C. Quality of water service provision
drinking water and wastewater
quality outcomes

The extent to which Government pursues a form of national **equity by consumer type or equity by geographical region** will affect decisions about the number of entities. For example, **wider tolerance for variation may support a greater number of entities whereas low tolerance leads to fewer.**



Benefits of scale

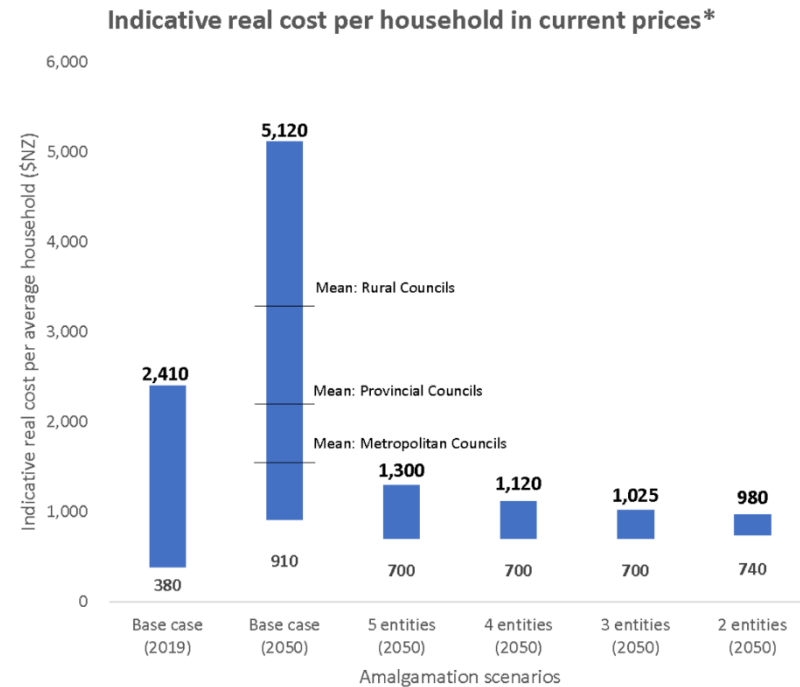
The investment challenge is significant, scale will help minimise the impact on communities



SCALE CONSIDERATIONS	Greater financial capacity	Strengthened operations	Improved asset management	Improved outcomes for communities
DESCRIPTION	<p>Enables the significant investment required to occur off the balance sheet of council owners and through the increased financial capacity of specialist entities</p> <p>Also enables more flexible funding tools</p> <p>Provides resilience if councils opt out of reform</p>	<p>A step change in operational scale enabling greater professional pathways for staff and organisational capabilities</p> <p>Contributes to improved procurement practice and lower operating costs</p>	<p>Greater balance sheet capacity enabling a more strategic and coordinated approach across catchments</p> <p>Significant contribution to improving environmental and quality outcomes</p>	<p>Service improvement at a lower cost than would otherwise be the case</p> <p>Introduction of a range of protections for consumers through a new regulatory regime</p> <p>More direct mechanisms for iwi/Māori to influence outcomes with clearer accountabilities</p>

Without scale, prices will need to materially increase

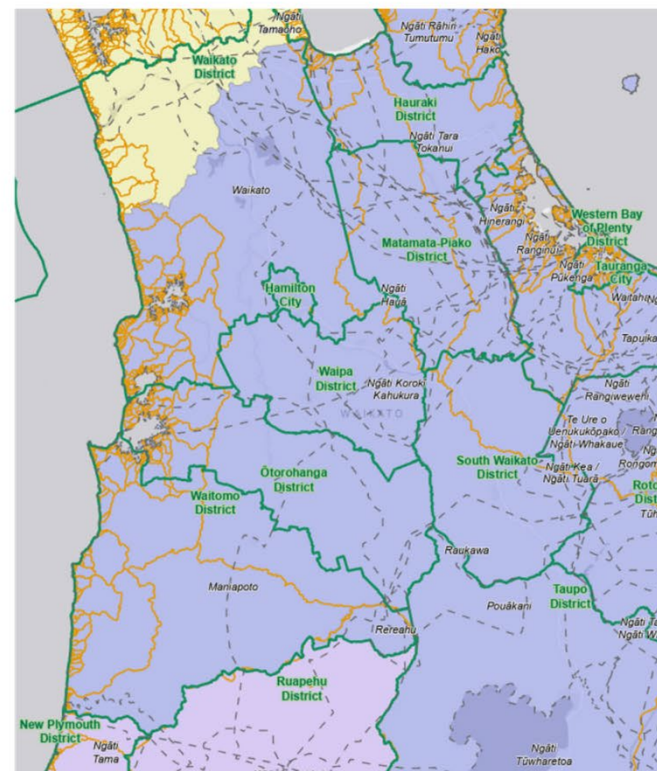
- Scale will enable a larger investment programme to be delivered more efficiently
- All councils will benefit from scale, but without scale smaller council ratepayers will bear a disproportionate load
- Without greater capacity to raise borrow, the investment burden will more likely be borne by the current generation of ratepayers particularly in councils near their debt limits



*figures based on Water Industry Commission of Scotland initial analysis of publicly available data and subject to change as part of further analysis using more detailed data collected from local authorities

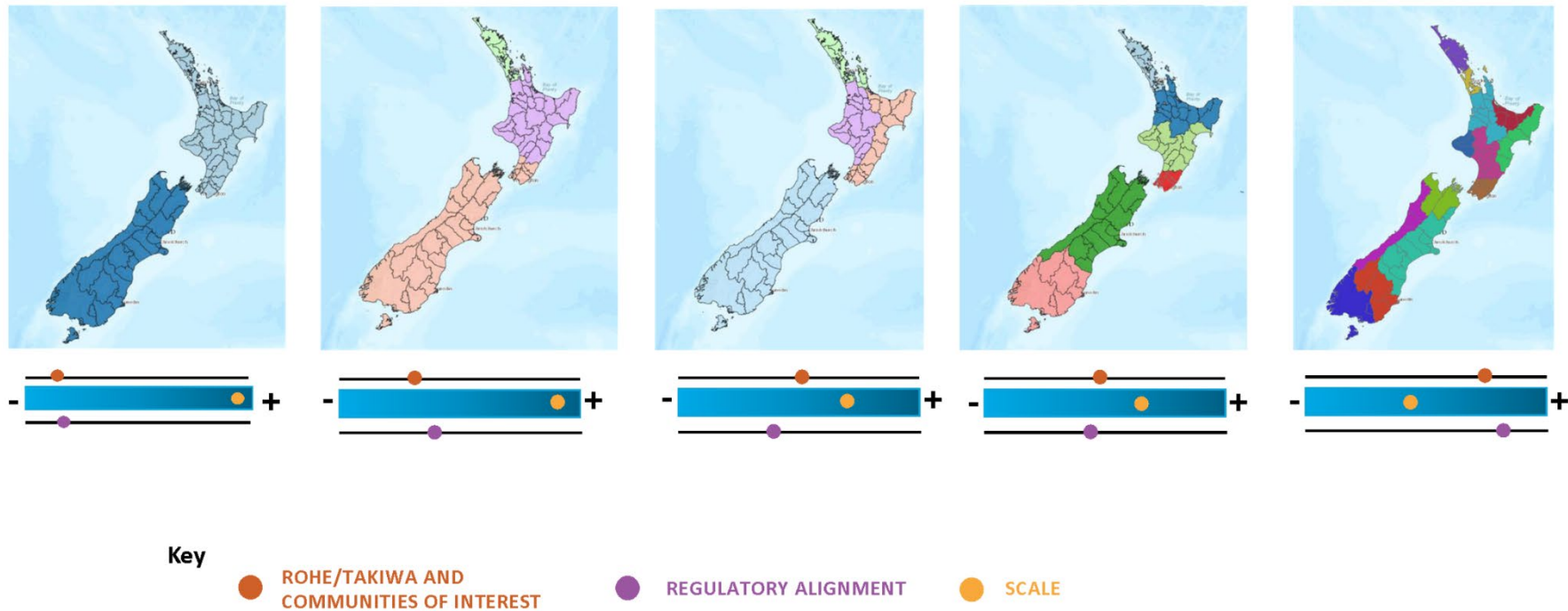
Our analysis is being informed by applied GIS modelling

- We are using GIS mapping to assist decision making
- The relationship between catchment and rohe/takiwā is particularly relevant using this tool
 - Using existing settlement legislation as well as Te Kahui Mangai database to inform mapping



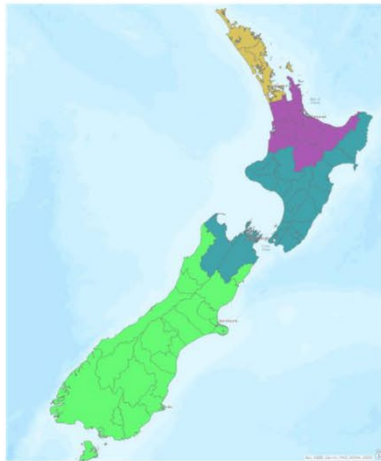
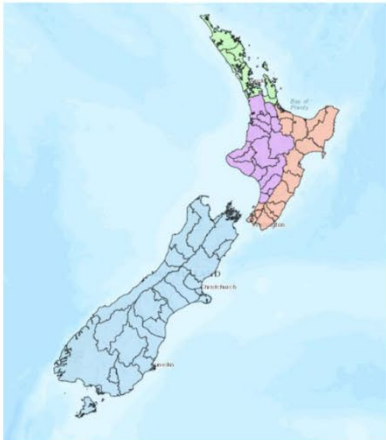
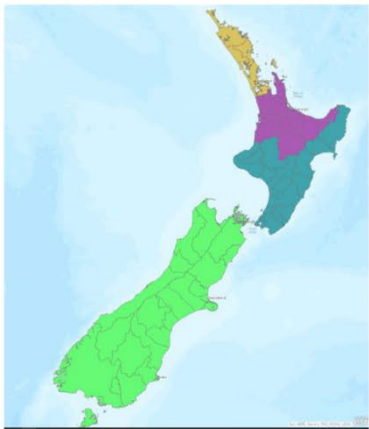
A range of scenarios are being examined

ILLUSTRATIVE



Each scenario has different combinations

ILLUSTRATIVE



Key

ROHE/TAKIWA AND COMMUNITIES OF INTEREST

REGULATORY ALIGNMENT

SCALE

Current focus

1. A significant **request for information** has just closed across all 67 local authorities that will enable further analysis to be informed by better local data
2. Water Industry Commission for Scotland is now undertaking **applied financial and economic analysis** to identify the investment gap (with independent review to ensure appropriateness for New Zealand conditions)
3. This will be overlaid with **GIS information** to inform decisions on boundaries (and trade-offs) including catchments, rohe/takiwā, water schemes and other physical considerations
4. Ministers will receive advice on how this analysis impacts different scenarios before making a final decision in May/June

Slido Poll: If you were determining the shape and size of the entities, how would you make these trade-offs: please rank these in order of importance from high to low.

Questions?

Next: Other considerations - context



Te Tari Taiwhenua
Internal Affairs

Break out session 1: Questions

1. Discuss the challenges of continuing to meet the infrastructure deficit for your communities?
2. What advantages and disadvantages do you see in the reform programme?
3. How much more would you be prepared to pay/charge ratepayers, in exchange for more entities closer to home?

Next session: Governance and ownership and promotion of community and consumer voice

Governance and ownership

This session will cover:

- Key entity design objectives
- Role of local authorities and iwi/Māori
- Entity structures being explored
- Emerging structure



Key design features of a new service delivery model

Decisions and directions during 2020 mean the reform proposals will include certain features:



Multi-regional entities of scale

Significant aggregation into a small number of multi-regional activities.



Public ownership

Entities must be publicly owned, with mechanisms to recognise Treaty rights and interests and to prevent future privatisation.



Statutory entities

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Asset ownership

Three waters entities responsible for ownership of all water infrastructure assets.



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Balance sheet separation

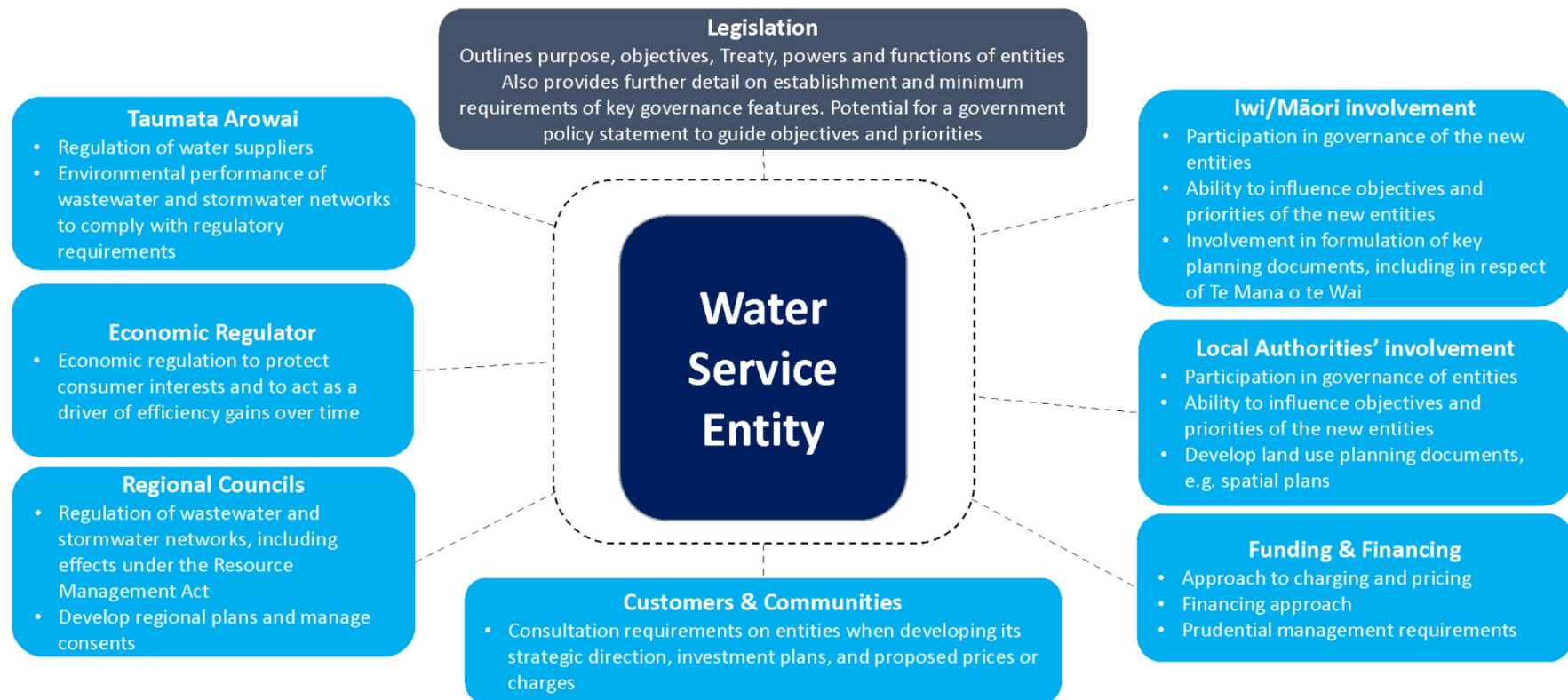
Complete structural separation from local authorities.

Success factors

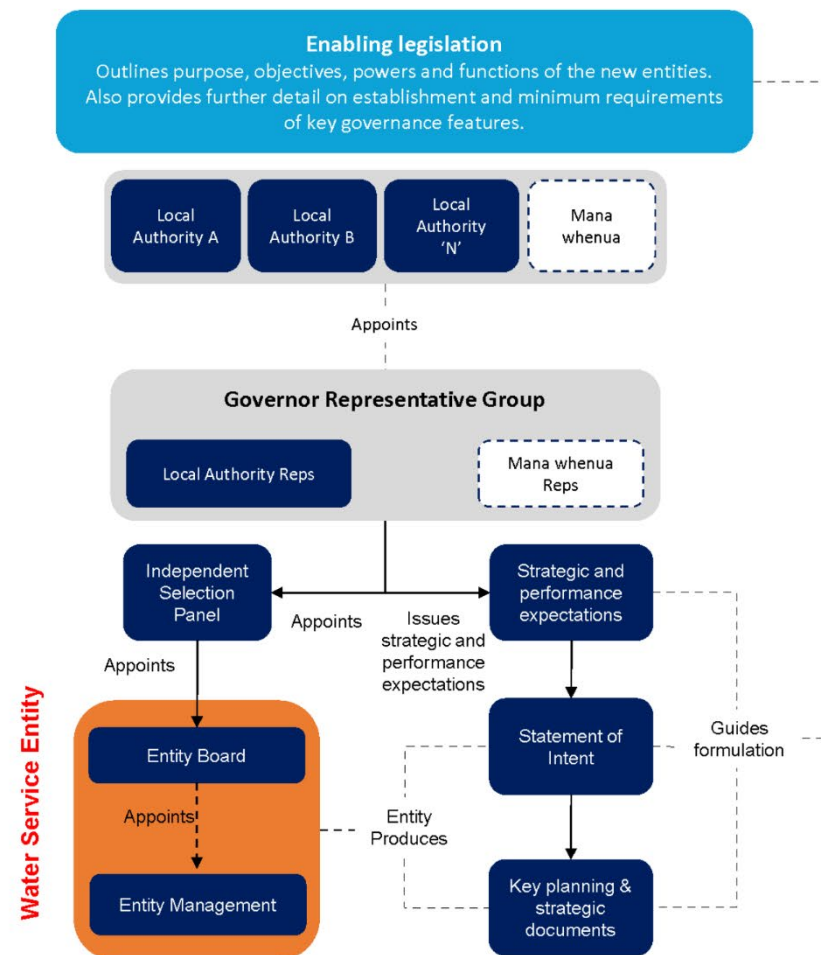
- ✓ Independent decision making
- ✓ Management and governance competency
- ✓ Mechanisms to recognise Treaty rights and interests of iwi/Māori
- ✓ Mechanisms to enable community input
- ✓ Financial independence
- ✓ Flexible, cost effective financing
- ✓ Equity/equality between local authorities
- ✓ Structural longevity

A robust regulatory system





Water entities will operate within a new regulatory system that balances stakeholder interests



Emerging structure



Emerging structure: key features

 Independent decision making	 Public ownership & protection against privatisation	 Transparent & accountable	 Financial and operational autonomy
✓	✓	✓	✓
<ul style="list-style-type: none"> Local authority and mana whenua involvement in the appointment (and removal) of the board 	<ul style="list-style-type: none"> Statutory entities with 'owners' listed in legislation. A 'no shareholding' structure where ownership is effected through governance 	<ul style="list-style-type: none"> Statutory requirement to engage with communities on key investment decisions and strategic documents 	<ul style="list-style-type: none"> Entity structure independent of local authority balance sheets
<ul style="list-style-type: none"> Local authority influence via letters of expectation 	<ul style="list-style-type: none"> A prohibition on 'dividends' reduces the ability to attract external equity 	<ul style="list-style-type: none"> An integrated regulatory system ensuring accountability (economic regulator, Taumata Arowai) 	<ul style="list-style-type: none"> Ability to make independent pricing and charging decisions that reflect the long term nature of the underlying assets and cost to serve
<ul style="list-style-type: none"> Key planning and strategic documents influenced by local authorities via letters of expectation 	<ul style="list-style-type: none"> A general statutory prohibition on asset sales or transfers 	<ul style="list-style-type: none"> Ability for the governors representative group to appoint and remove the board 	<ul style="list-style-type: none"> Appropriate economic regulation to protect consumer and community interests

Various structures are being explored

Governance and local authority and iwi/Māori involvement structures:

- A 'base' structure with shared local authority and mana whenua governance
- A high degree of involvement by local authorities, mana whenua included in governance arrangements
- A low degree of involvement by local authorities, mana whenua included in governance arrangements
- An ownership structure that involves shareholding by councils in the entity, compared with a 'no shareholding' model

Financial structure scenarios:

- A higher degree of Crown Support to the water entities
- A higher number of water services entities in the system (13 entities compared with 3 in the base structure)

Emerging role for local authorities and mana whenua

Individual role to ensure new water entities will be responsive to local communities' needs

- Local authorities and mana whenua play an important role in representing their communities' interests
- Local authorities and mana whenua will individually continue to influence water investment in the new system through:
 - Input into the regulation of three water quality outcomes (across all three regulators)
 - Urban development and land use planning processes (noting current RM reform proposals)
 - Input into national and regional standard setting
 - Engagement and consultation of water entities key documents

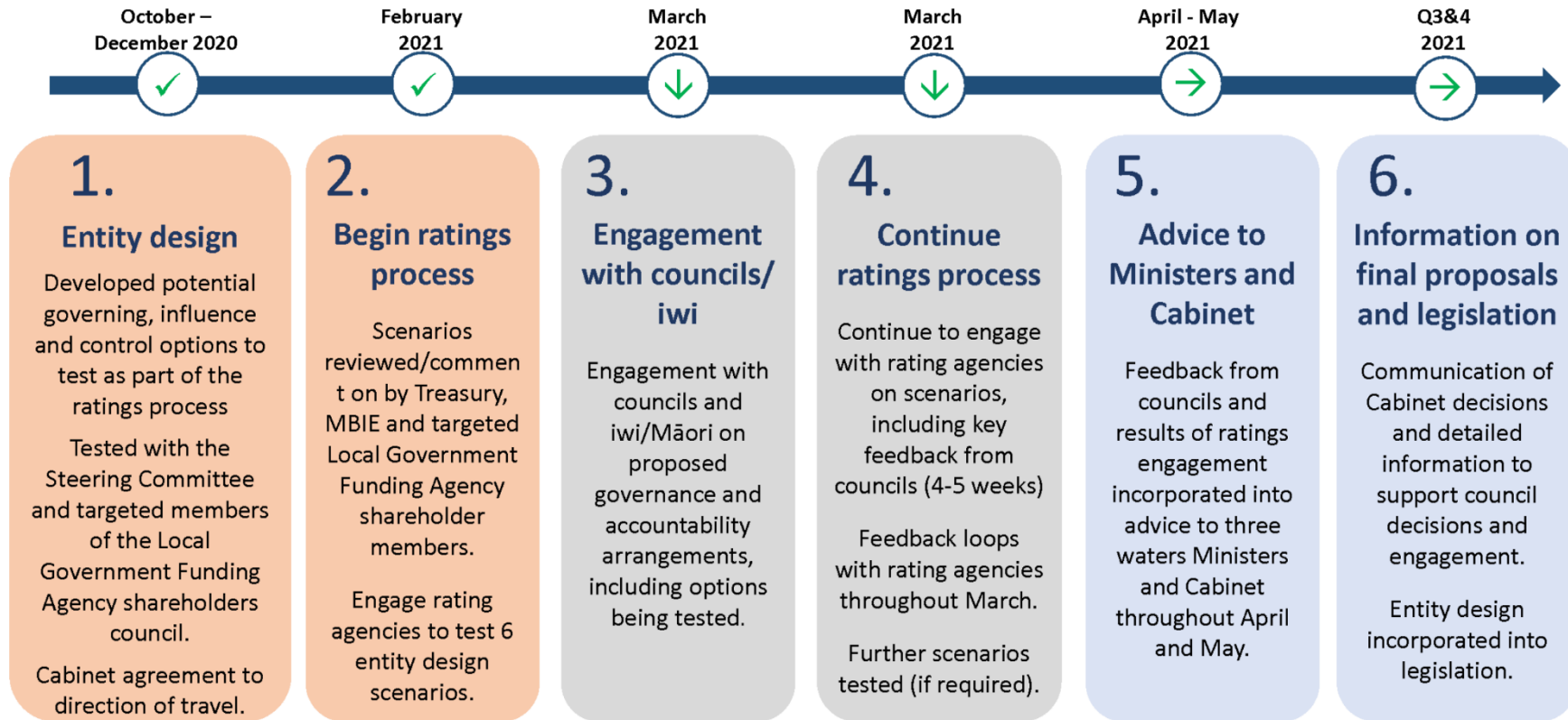
Collective role to hold new water entities to account for delivering objectives

- Local authorities and mana whenua collectively are best placed to hold new water entities (and their independent competency-based boards) to account
- Mechanisms to do so are being tested with rating agencies and may need to be unique given the new service delivery model
- At a minimum mechanisms are expected to include:
 - Issuing Letter of Expectations (note this may be a more extensive document than currently used)
 - Entities publicly and formally reporting back against Letter of Expectations
 - Ability to remove one or more directors

Note: upcoming sessions on Treaty rights and interests and community participation in entities

Local authorities and mana whenua will play important roles in the system on both an individual and collective basis

Timeline



Questions?

Next Session: Retention and promotion of local voice



Te Tari Taiwhenua
Internal Affairs

Promotion of community voice

This session will cover:

- What role councils could have in representing their communities in the new system;
- Mechanisms to protect and promote iwi/Māori rights and interests;
- Mechanisms to protect and include vulnerable and smaller communities; and
- Engagement and transparency requirements.



Local voice

- Through our previous engagements a consistent question about the reforms has been whether smaller voices will be lost in bigger entities, be this councils, iwi, hapū, communities or individuals.



- The objective of this session is to seek feedback on the possible mechanisms to incorporate and maintain the **voice of communities in the new system** design.
 - We will also touch base on some proposed consumer protection mechanisms, to help paint the picture of **how the new system might work for** members of your communities
- We want to ensure that the new system will have appropriate democratic accountability compared to the current system.

We are aiming to utilise both existing avenues and new mechanisms to ensure various communities and individuals have a strong voice in the new water services entities/system.

Community Interests/Accountability



Governor Representative Group

- We are proposing that council and mana whenua representatives will have a key role in governing the new entities through the Governor Representative Group.
- An important function of this will be a **Letter of Expectations** for the entities. This could set out how the entities are to engage with, consult with and take into account the interests and needs of their communities.



Legislated requirements to engage on an entity's investment decisions

- To help ensure the new entities incorporate the views of communities, we are proposing to require engagement and consultation on the core business documents outlining the entity's investment decisions.
- There will also be reporting requirements to explain how public feedback was incorporated in these decisions.



Planning Mechanisms

- Communities and councils will maintain their democratic voice through the planning mechanisms such as Long-Term Plans and RMA planning tools (or future RMA replacements).
- The new entities will need to work alongside, and with regard, to these planning mechanisms.

Are there other tools that could be used to promote the various interests of your communities?

Engagement

We are exploring mechanisms to both require, and incentivise, the new entities to engage effectively and widely.

Effective and meaningful engagement will be a key mechanisms for communities and individuals to provide their feedback and communicate their interests directly to the water entities.

We are proposing to require entities to engage on and publish their:

- Statement of Corporate Intent;
- Investment Prioritisation Methodology;
- Strategic Asset Management Plan; and
- Funding and Pricing Plan.

We are also exploring the option of additional and specific engagement requirements for iwi and Māori groups, to ensure their interests and needs are adequately accounted for in the new regime.

The form/type of engagement wouldn't be specified in legislation, but would likely be incentivised through the economic regulation regime. This would enable the flexibility for entities to continue to develop and improve on their engagement over time to suit their communities' needs.

Slido Poll: We have provided a set of tools for enabling community influence. Please rank these from most effective to least effective.

Small communities and vulnerable consumers

We want to ensure smaller communities and consumers with vulnerabilities will be heard in the new entities regardless of their size.

- Protections could be incorporated / required through tools like a possible Government Policy Statement, the objectives or principles of the entities, or by requiring the entities to develop and adhere to a vulnerable consumer policy.
- Alongside this, there would be similar protections of Māori consumer and community interests, where any policies, objectives or obligations placed on the entities would include specific reference to and separate requirements for iwi/Māori.
- Ideally, the system would be able to reward and recognise the entities that effectively reach, educate and engage with a wide range of communities and consumers and utilise multiple methods/mechanisms to do this.



We have the opportunity to build on existing mechanisms and create a consistent system-wide focus on the more vulnerable consumers and communities (those who have their services provided by the new entities).

Consumer Protections

Individual consumer interests and protections are also being considered within our mahi to complement the mechanisms for community input.



For example:

- Legislated objective of the entities to be acting in the interests of their consumers;
- Protections and rights for consumers around the ability of water entities to reduce domestic water supply;
- Rights and protections for non-domestic consumers;
- Requirement to have a customer contract, and any implied terms;
- Requirement or encouragement to have a customer charter;
- A disputes resolution regime, both within the entities and independent externally; and
- Possible options for assistance if consumers cannot pay their bills (e.g. deferred payment plan).

These protections, along with the guiding principles and an economic regulatory regime, are designed to ensure the entities act in the best interests of consumers (in the short and long term).

Further protections through transition

- **Prioritising what, when and where to invest** is a critical task in the short to medium term.
 - These decisions will need to be undertaken through a transparent process and will require engagement on priorities.
- A **carefully managed transition pricing plan** with early and continuous engagement will be required to ensure minimal disruption to customers and manage pricing shocks to our whānau.
- The **long-term pricing regime** will also need to be designed to protect customers. This *could* include:
 - An ongoing requirement for the water service entities to manage price shocks after the transition period; and
 - Pricing principles (designed in legislation or regulations) that guide how entities set prices.

These issues will be explored further in the detailed break out session



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Three Waters Reform Programme Supporting Information

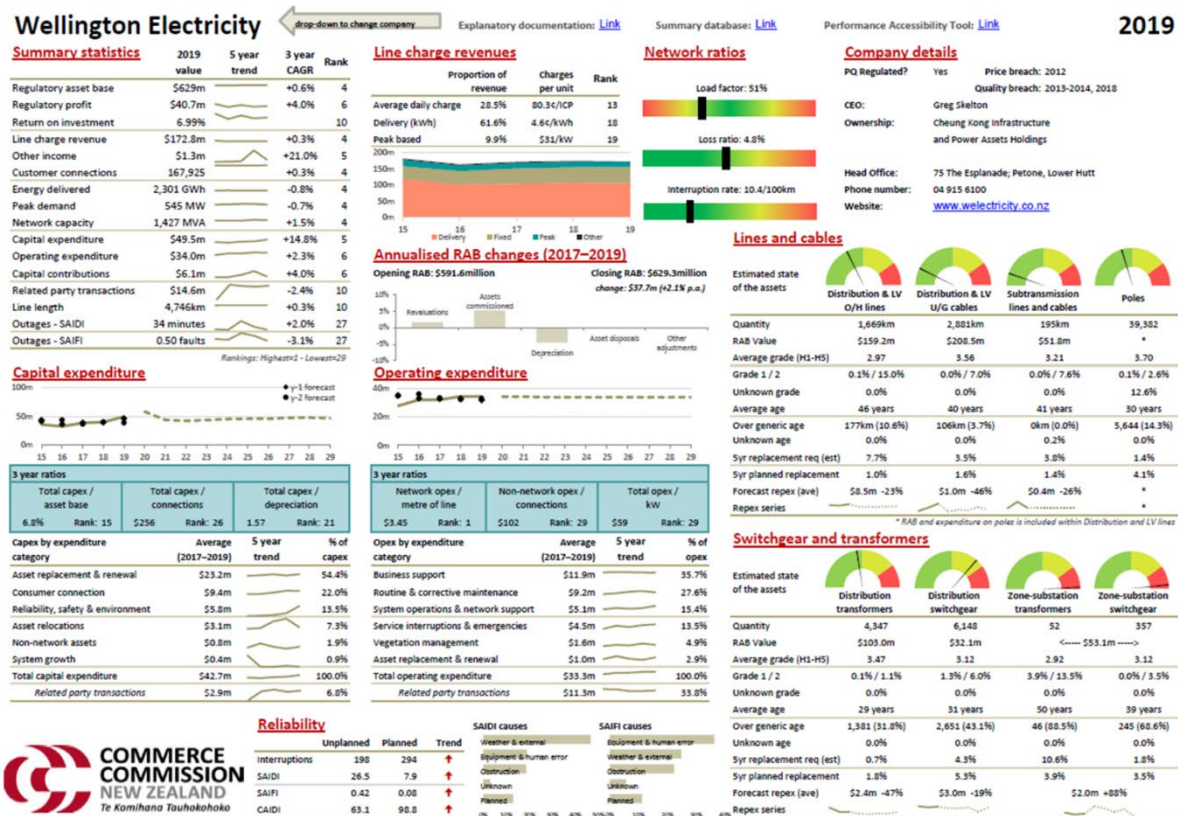
What is economic regulation?

Webpage: www.dia.govt.nz/Three-Waters-Reform-Programme

Email: economicregulation@mbie.govt.nz or threewaters@dia.govt.nz



An example of what information disclosure looks like



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25 26 27 28 29

Total capex / depreciation
1.57 Rank: 21

5 year trend	% of capex
	54.4%
	22.0%
	13.5%
	7.3%
	1.9%
	0.9%
	100.0%
	6.8%

um 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29

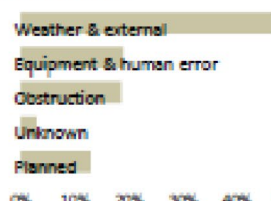
3 year ratios					
Network opex / metre of line		Non-network opex / connections		Total opex / kW	
\$3.45	Rank: 1	\$102	Rank: 29	\$59	Rank: 29

Opex by expenditure category	Average (2017–2019)	5 year trend	% of opex
Business support	\$11.9m		35.7%
Routine & corrective maintenance	\$9.2m		27.6%
System operations & network support	\$5.1m		15.4%
Service interruptions & emergencies	\$4.5m		13.5%
Vegetation management	\$1.6m		4.9%
Asset replacement & renewal	\$1.0m		2.9%
Total operating expenditure	\$33.3m		100.0%
Related party transactions	\$11.3m		33.8%

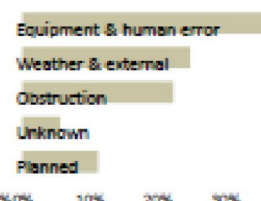
Reliability

	Unplanned	Planned	Trend
Interruptions	198	294	↑
SAIDI	26.5	7.9	↑
SAIFI	0.42	0.08	↑
CAIDI	63.1	98.8	↑

SAIDI causes



SAIFI causes

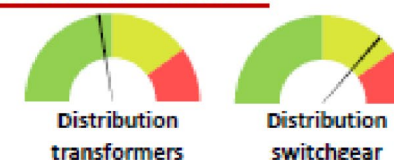


Syr replacement req (est)	7.7%	3.5%
Syr planned replacement	1.0%	1.6%
Forecast repex (ave)	\$8.5m -23%	\$1.0m -46%
Repex series		

* RAB and expenditure on p

Switchgear and transformers

Estimated state of the assets



	Distribution transformers	Distribution switchgear
Quantity	4,347	6,148
RAB Value	\$103.0m	\$32.1m
Average grade (H1-H5)	3.47	3.12
Grade 1 / 2	0.1% / 1.1%	1.3% / 6.0%
Unknown grade	0.0%	0.0%
Average age	29 years	31 years
Over generic age	1,381 (31.8%)	2,651 (43.1%)
Unknown age	0.0%	0.0%
Syr replacement req (est)	0.7%	4.3%
Syr planned replacement	1.8%	5.3%
Forecast repex (ave)	\$2.4m -47%	\$3.0m -19%
Repex series		



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Questions?

Next Session: Break out discussion



Te Tari Taiwhenua
Internal Affairs

Break out session 2: Questions

- 1) What other mechanisms for involvement in, or influence over, the new entities would be beneficial from your perspective?
- 2) What other protections and incentives would you expect to see in the design of the new entities to ensure an effective voice for communities or consumers?

Up next - parallel sessions:

- Local Government session on possible establishment and transition arrangements
- Iwi/hapū session on Treaty rights and interests

Recognising Treaty Rights and Interests

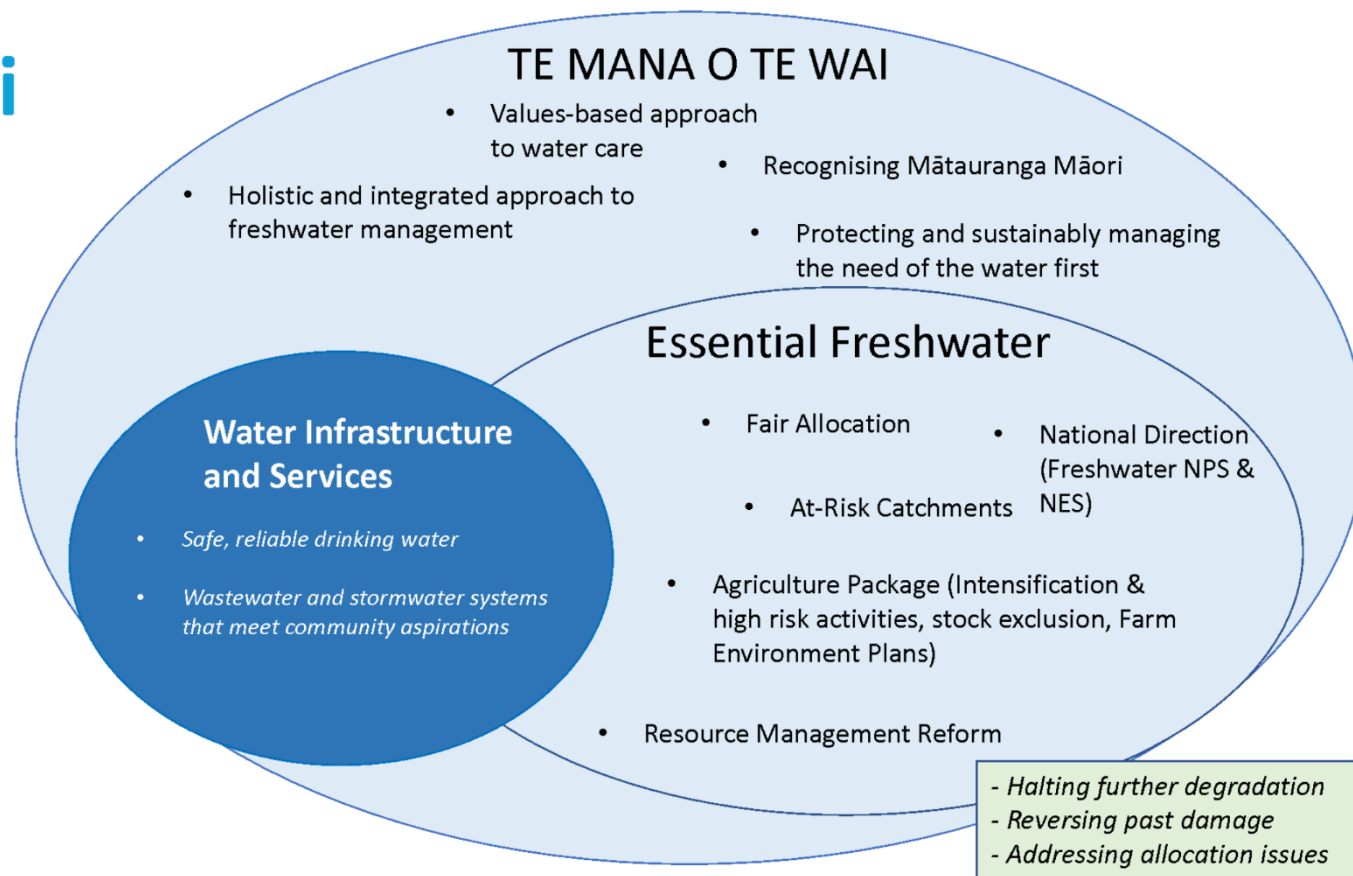
This session will cover:

- Iwi/Māori Rights and Interests in the Three Waters Reform Programme;
- The possible policy mechanisms to recognise iwi/Māori rights and interests in the reform programme;
- Seek your feedback relating to the possible policy mechanisms.



Wai is wai

Where we fit
in this system



Anything we create will need to uphold Te Mana o Te Wai.

What iwi/Māori have told us

- Through our previous engagements with iwi/hapū representatives and ropū Māori we have heard some consistent themes. These include:
 - Whatever approach is taken, there is a need to uphold **Te Mana o Te Wai**.
 - There is a need for **community education about the value of water** – communities need to own and lead the conversation.
 - Māori have **rights and interests in water**, which need to be addressed. These are not to be undermined through waters reforms.
 - **Need a holistic approach**.
 - Māori are over-represented in communities with small or no water supplies.
 - Thought needs to be given to how emerging proposals will impact on iwi/Māori models such as papakāinga.

We need to take the opportunity of the service delivery reforms to address long-standing issues.

Key Themes

Insights from engagement are a living document, but the working themes are:

- **Partnership** – Iwi and Māori shared resounding support for a stronger partnership between tangata whenua and the Crown, with the need to have the Treaty of Waitangi embedded more explicitly throughout the reform process and beyond.
- **Participation** – Iwi and Māori shared concerns regarding their ability to participate and engage in this kaupapa. Currently, there is insufficient capacity and capability for many iwi, hapū and Māori to engage. Support needs to be given to develop Māori capacity and capability to participate.
- **Protection** – Iwi and Māori called for protection of their rights, roles and responsibilities as tangata whenua particularly for protection around their cultural assets. Iwi and Māori also want to see protections against privatisation of water services.
- **Recognition of cultural values** – Iwi want to see their mātauranga-ā-iwi incorporated within the three waters reform process and Taumata Arowai's regulatory regime. In relation to entity design, iwi and Māori do not want to see catchments broken and have a strong preference for the entity boundaries to adhere to the 'ki uta ki tai' concept. Additionally, iwi, hapū and Māori do not want their whakapapa/iwi/hapū boundaries to be separated by the new entities.
- **Use mana enhancing processes** – Iwi see the reform as an opportunity to work together to design something that works better than the status quo for iwi, hapū, whānau and small rural communities.

Rights and Interests Objectives

Draft objectives to guide our thinking on the Crown/Māori relationship

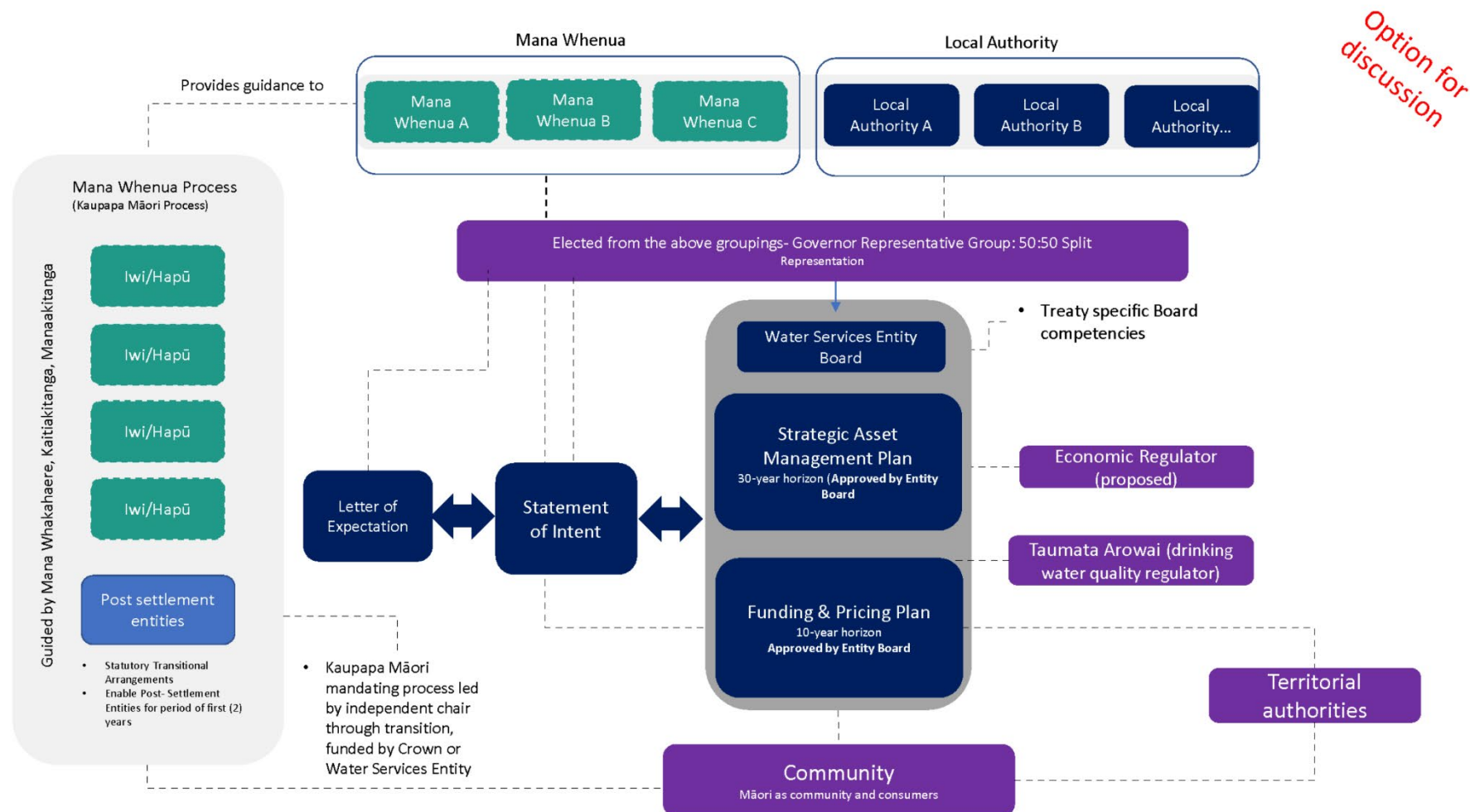
- **Enable greater strategic influence:** Enable iwi/Māori to have greater strategic influence/exercise greater rangatiratanga/ over water service delivery including through enhanced capacity and capability.
- **Integrated within a wider system:** Ensure that the rights and interests of iwi/Māori are analysed within a wider system, including issues related to allocation and the future of the RMA, but with a focus on the specific issues that relate to the establishment of water service entities and delivery of water services.
- **Reflective of a Te Ao Māori perspective:** Recognise the holistic manner (environmental, cultural, spiritual, economic) in which water is viewed using a Te Ao Māori perspective and Te Mana o Te Wai including ki uta ki tai or catchment approach and consistent with rohe/takiwa or whakapapa links.
- **Supporting clear accountabilities:** Ensure roles, responsibilities, and accountability for the relationship with the Treaty partner is clear throughout the wider system.
- **Improving outcomes at a local level:** Provide a step change improvement in delivery of water services for Iwi/Māori at a local level including through enhanced capacity and capability and improved wellbeing.

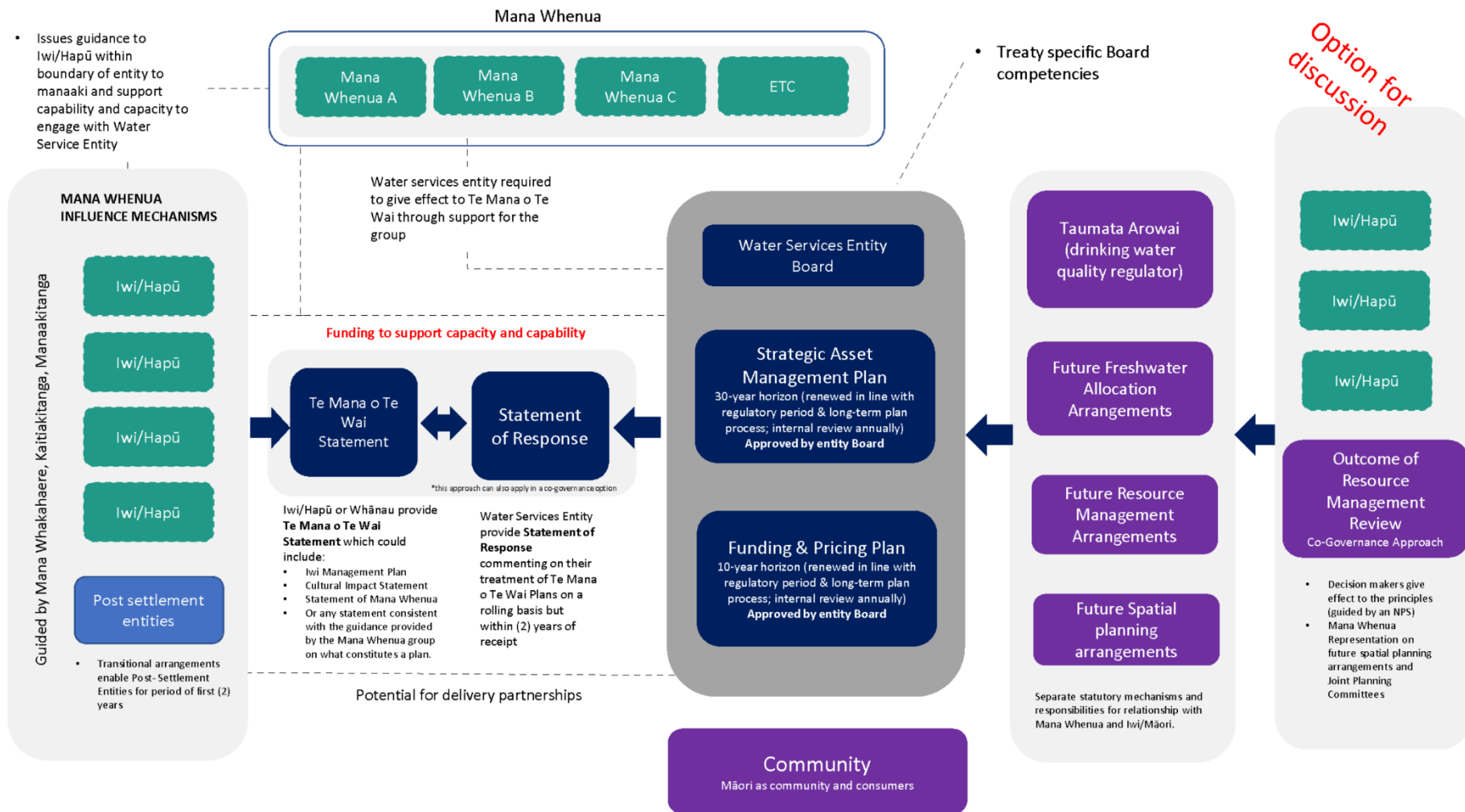
Recognising Treaty Rights and Interests

Reform presents a significant opportunity to address and protect Treaty rights and interests

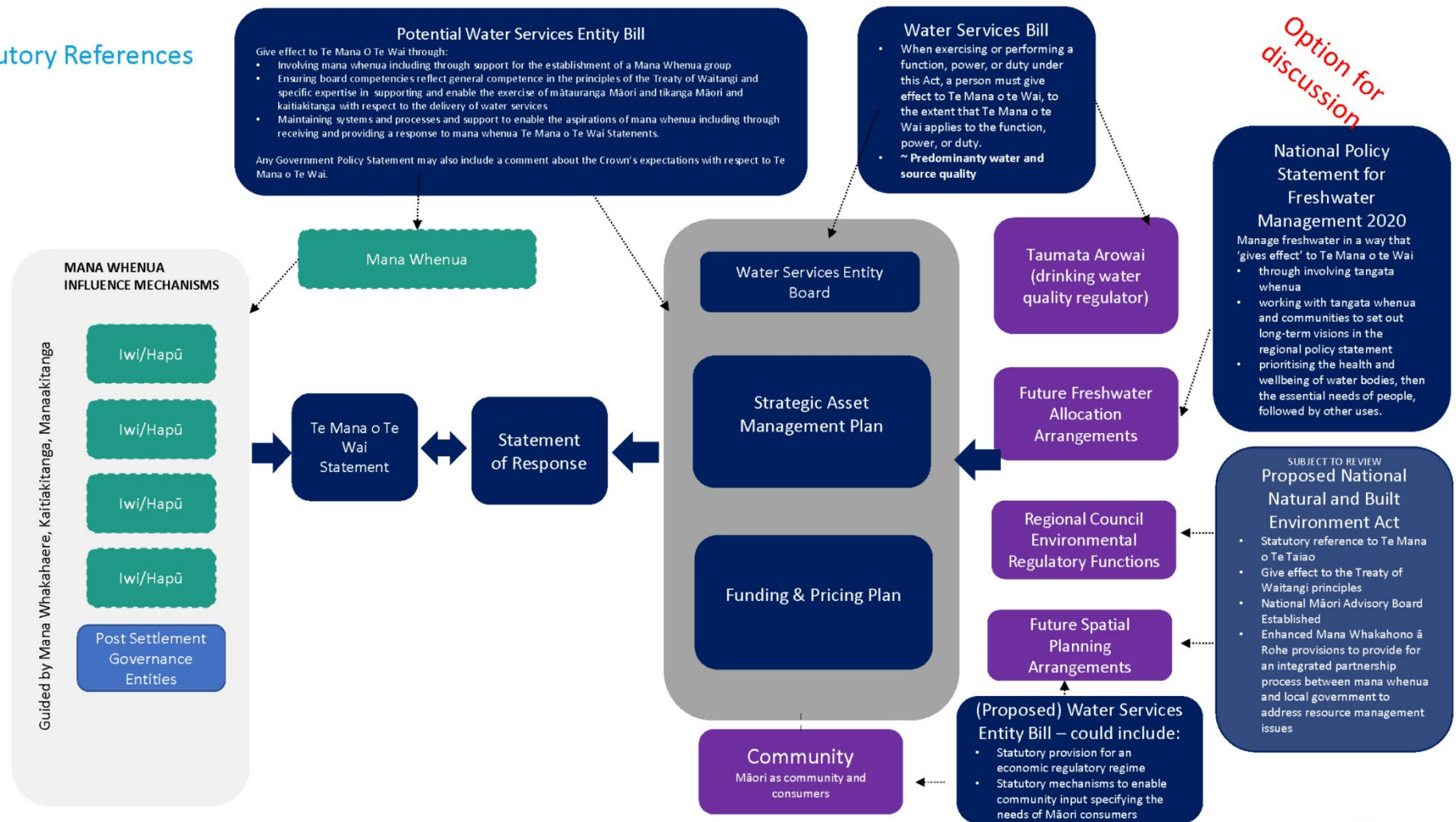
Options and ideas for discussion

- **Statutory recognition**
Of both the Treaty of Waitangi and Te Mana o Te Wai in legislation
- **Recognition that Water Services sits with a wider Te Ao Māori framework**
Including support for capacity and capability and application of mātauranga Māori.
- **Creation of new mechanisms to enable Iwi/Māori directly influence outcomes for Māori**
This includes proposals around governance, board competencies, a direct mechanisms for mana whenua in the form of **Te Mana o Te Wai statements** and protections for Māori consumers
- **Opportunities to improve wider outcomes for Māori**
Recognition of the need for improved service for marae and papakainga, opportunities for partnership in delivery





Statutory References



Questions?

Next Session: Break out discussion



Te Tari Taiwhenua
Internal Affairs

Break out session R+I: Questions

1. Which option best recognises rights and interests in service delivery?
2. What other mechanisms for recognising rights and interests in service delivery, would be beneficial from your perspective?
3. What other protections and incentives would you expect to see in the design of the new entities to ensure effective recognition of Te Mana o Te Wai in service delivery?

Transition and Establishment

This session will cover:

- Possible transition and establishment considerations



High Level Overview – Establishment and Transition

The key objectives of a transition work programme, should the reforms proceed, are:

- To advance the Government's reform objectives with the sector in a way that successfully supports adoption of the reform with stakeholders.
- To ensure that the reform objectives are supported by a smooth transition and implementation approach that is efficient, effective and minimises disruption to communities and consumers.

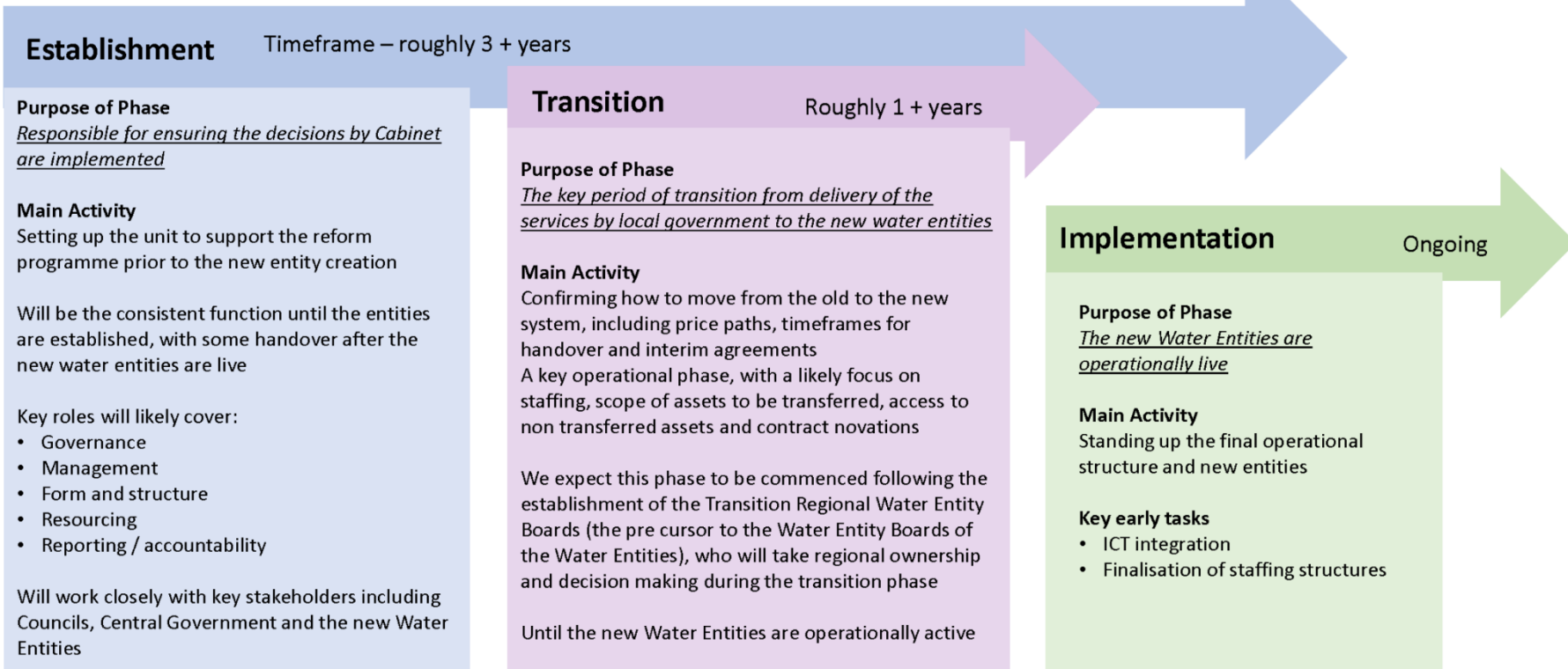
While subject to Cabinet decisions, the transition to new entities will need a considered and long-term programme of work to ensure we set the entities up for success on day one, and into the future.

S. Poll: What activity is most important to ensure your workforce is best supported through establishment/transition?

Emerging thinking – indicative only

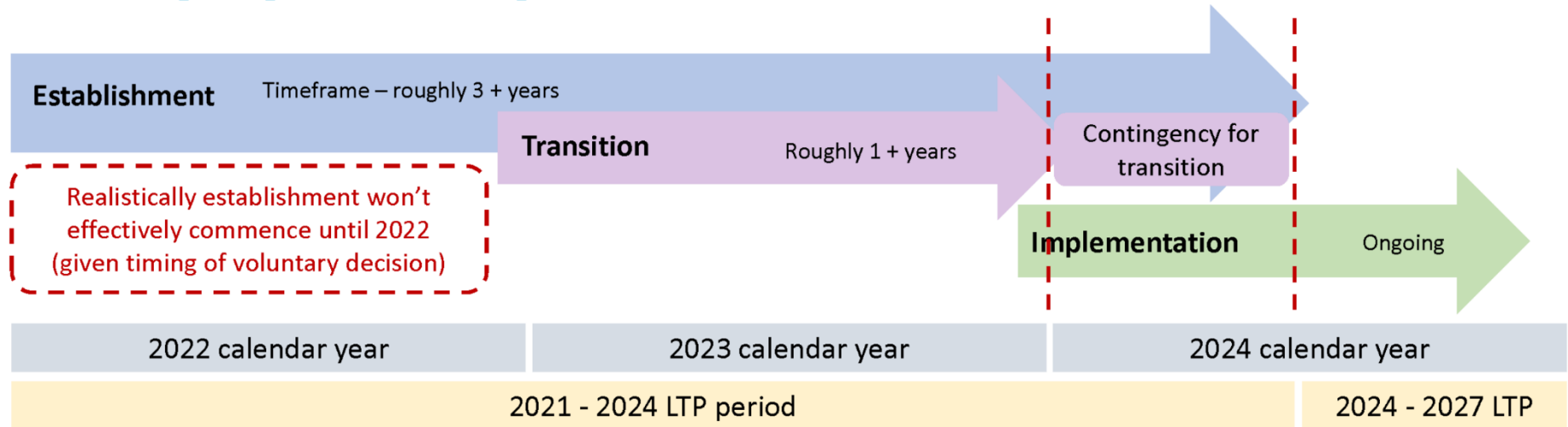
Item 14

Attachment 4



Please Note: This mahi is entirely dependent on the decisions made by Cabinet, therefore, the phases are subject to material change.

Emerging thinking – what this would mean



What this means for councils and their staff (who do not opt-out of reform):

- Councils will continue to be delivering water services until at least early 2024
- Council involvement in transition will be required during 2022 and 2023. Some funding will be set aside to support back filling of staff
- Working assumption that the 2024 – 2027 LTP will no longer include water services. Assistance is likely to be required to develop the initial asset management plan of the Water Service Entities. *This is to be worked through*

We are targeting all Water Service Entities to be operationally live by June 2024 for administrative ease

S. Poll: what activity is most important to get right in the establishment/ transition?

Questions?

Next Session: Break out discussion



Te Tari Taiwhenua
Internal Affairs

Break out session LG: Questions

1. What do you see as the biggest risks; and what do you see as the biggest opportunities for the sector through the establishment and transition period?
2. What is one issue, if any, connected to establishment and transition, you would wish to see resolved and/or understood that would impact your decision to opt-out of the reform?

Next Steps

This session will cover:

- Reform timeline from here
- Next engagements
- Upcoming decision points



Te Tari Taiwhenua
Internal Affairs

Decision process from here

- In mid-2021 the Department will advise Cabinet on key aspects of the Reforms including many of the elements to be discussed over the course of today's workshops.
- Following Cabinet decisions, DIA will provide a package of information to support discussions with your communities about the reform proposals and the local implications. This package will include:
 - **Core system design features** – including entity boundaries, governance arrangements and consumer protection mechanisms;
 - The **financial impacts** and implications for the future financial sustainability of the council;
 - The **terms of asset/liability transfers** and other considerations, such as stranded overheads;
 - **Data analysis** on the proposal – including the expected benefits of the reforms locally.
- Specific engagement with iwi/Māori will inform the design of rights and interests mechanisms.
- All councils will be included in a water services entity with an option to consult your communities and subsequently 'opt-out'.
- The Government will also support the understanding of the reforms nationally with a public education and information campaign that is expected to ramp up over the coming months.

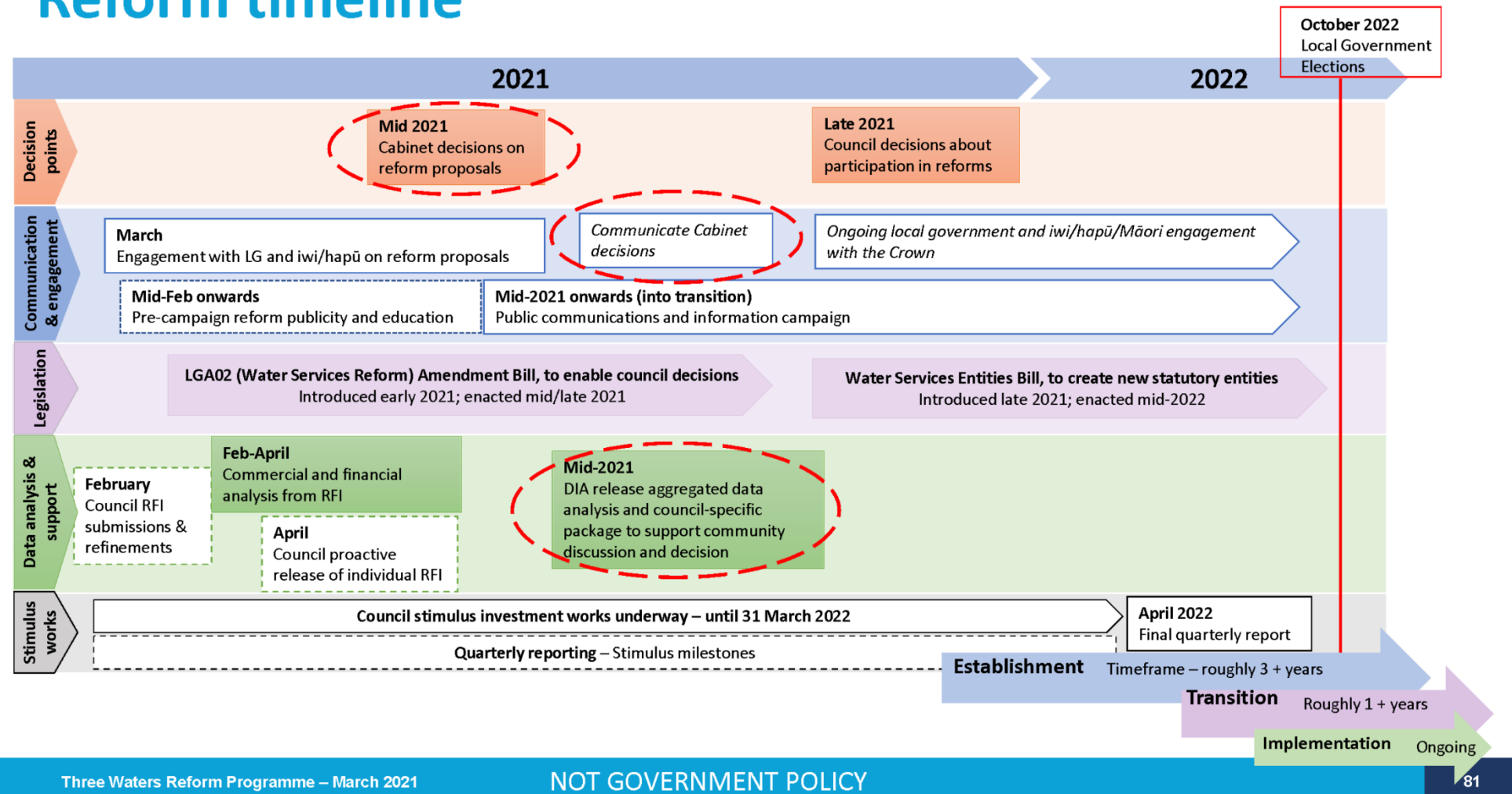
To support a decision on whether to proceed with the reforms, you and your communities will have access to a full package of information about the reform proposals and what they mean.

Next steps

- We will take on board your feedback from today and refine our thinking on key aspects of the reforms as we consider our advice to Cabinet.
- Further analysis to support advice on number and boundaries of water services entities will also feed into this advice.
- Legislation to amend LGA02 consultation and decision-making provisions is expected prior to September.
- Cabinet decisions on detailed reform proposals – mid-2021.
- Further legislation to create new water services entities – drafted for introduction in late-2021 and enactment mid-2022.
- Council decisions on ‘opt out’ – last quarter of 2021.
- **Councils will continue delivering water services through the duration of the upcoming Long-Term Plan (until at least early 2024).**

Change will take time, but key decisions are set to be made this year.

Reform timeline



Follow up

- We will email today's presentation materials to you through the email address you have used to sign in today.
- We will also share this with those that have RSVP'd but were unable to attend today's session.
- Following the full series of workshops, our team will produce a report that summarises the feedback we have heard across the motu.
- Alongside these workshops we are also testing our proposals with a wide range of experts, stakeholders and interested parties through March.
- Over these engagements we are monitoring sentiment on aspects of the reform programme on which people require further detail or more in-depth information.
- Aside from the data analysis and Cabinet decisions that we have signalled, are there any significant areas of the reform programme you need more detail on?

Slido Poll Revisit: Bearing in mind the need to balance scale and other factors, how many entities do you think is best in a reformed system?

Questions?



Te Tari Taiwhenua
Internal Affairs

Ngā mihi, Thank you

Webpage: www.dia.govt.nz/Three-Waters-Reform-Programme

Email: threewaters@dia.govt.nz

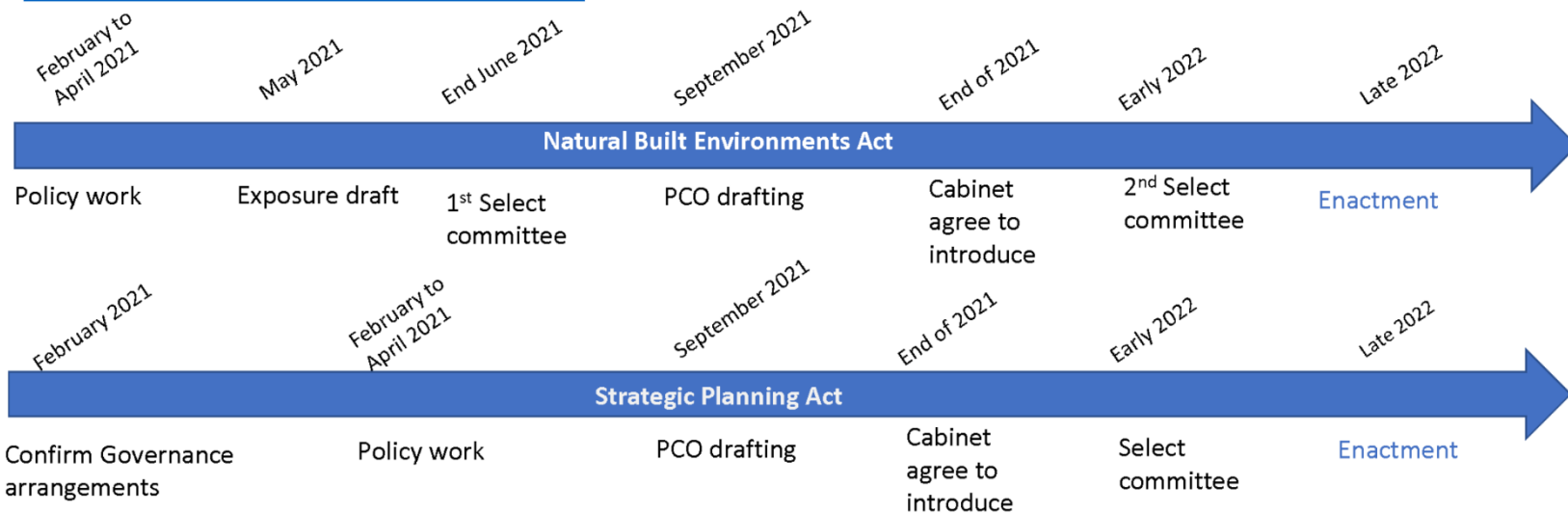
Slido Poll: Are there significant areas of the reform programme you are interested in that we have missed?



Te Tari Taiwhenua
Internal Affairs

FYI: Resource Management Reform

- The RM reforms propose
 - Replace RMA – Natural Built Environments Act (Combined plans)
 - Create new Spatial Plan legislation – Strategic Planning Act (Regional Spatial plans)
 - Create new managed retreat & climate adaptation legislation
- You can also find supporting information on the Ministry for the Environment's website here: <https://www.mfe.govt.nz/rma/reforming-new-zealands-resource-management-system/resource-management-system-reform/questions>



FYI: NES Drinking Water

Indicative timeframes for amendments to the National Environmental Standard for Sources of Human Drinking Water (NES-DW)

- The Ministry for the Environment has been proposing amendments to the NES-DW.
- These amendments are meant to work in parallel with the Water Services Bill to provide a comprehensive approach for drinking water risk management.
- The **scope of the proposed amendments** includes:
 - Prescribing a consistent national approach for defining 'source water risk management areas'
 - Updating and strengthening requirements on local authorities to assess and manage risks to sources of drinking water
 - Providing a staged approach to include water supplies servicing less than 500 people to be included in the NES-DW
 - Addressing technical and drafting issues to align the NES-DW with the WSB.

Key Milestone	Indicative timeframe
Officials test and refine proposed amendments	March/April/May 2021
Public consultation	July/August 2021
Final policy decisions on NES-DW amendments, drafting of amended NES-DW	Late 2021
Gazettal of the amended NES-DW	Early 2022


FYI: Economic Regulation

- Economic regulation is used in sectors of the economy with strong natural monopoly characteristics to drive **good long term outcomes for consumers** including:
 - Efficient pricing and asset management;
 - Investment and innovation incentives; and
 - Service quality that reflects consumer demands.
- Ministers have agreed in principle that an economic regulation regime will apply to a substantively reformed three waters sector.
- However, the design of the economic regulatory system will depend on the key design features of the reforms, such as the governance arrangements and number of entities.
- A more detailed background information pack on economic regulation is available on the Reform Programme webpage: www.dia.govt.nz/Three-Waters-Reform-Programme

FYI: Water Services Bill

- The Water Services Bill is currently before the Select Committee for consideration.
- The Bill, if passed, will:
 - Significantly strengthen the drinking water regulatory framework.
 - Provide oversight and national-level reporting functions for wastewater and stormwater – “shining a light” on the system. Regional councils will continue to be regulator here.
 - Incorporate requirements to give effect to Te Mana o te Wai.
- A more detailed background information pack on the Water Service Bill is available on the Reform Programme webpage: www.dia.govt.nz/Three-Waters-Reform-Programme
- Taumata Arowai, drinking water regulator, will administer the regulatory framework set out in the Bill from approximately the second half of 2021. More detail on Taumata Arowai can be found at : www.dia.govt.nz/Taumata-Arowai-Establishment-Unit




A decorative graphic in the bottom left corner consisting of several overlapping, semi-transparent blue waves or curves of varying shades, creating a modern, fluid look.

Please note these slides represent preliminary analysis undertaken by the Water Industry Commission for Scotland and are broadly directional and subject to review. Further work is required to compare this analysis with potential reform scenarios, and the results of this will be included as part of more detailed information that will be shared with local authorities in the second half of the year prior to seeking decisions on whether they wish to opt out of the reform process. The information contained in these slides should be treated as preliminary for the purpose of councils better understanding how they compare against international benchmarks observed by WICS based on their RfI data.

www.watercommission.co.uk

This presentation sets out the conclusions that an economic regulator would draw from the information provided in the DIA's Request for Information...



- 
- How an economic regulator determines charges
 - Factors that influence price and information from the RFI used
 - Initial Conclusions
 - Special factors
 - Discussion and questions

An economic regulator typically has a duty to ensure that the regulated entity can finance its functions on a sustainable basis...



- An economic regulator will consider both sources of financing (is borrowing available?; what is the impact of borrowing on future customers etc.) and funding (the appropriate level of charges, or, if appropriate, reliable – and continuing – Government grant).
- An economic regulator therefore seeks to model current and future cashflows to understand the appropriate level of charges over time. This takes into account the availability of financing over time.
- There are certain expenditures that are recurring on an annual basis:
 - Operating costs (current and future – future incremental operating costs are a function of the level of investment in improving levels of service); and
 - Interest charges.
- There are investments that need to be committed, the extent of which will vary over time. These include:
 - Investment in improving levels of service (environment, water quality, climate change, growth, seismic resilience, customer experience)
 - Investment in maintaining levels of service (refurbishment and replacement off assets on an optimised basis).
- Variations in levels of investment to improve levels of service can reasonably be managed by varying the level of new debt – subject to debt interest coverage remaining reasonable over time. Investment required to maintain levels of service (economic depreciation) should be **allowed for in full** in annual charges. More on this later...

4

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In setting charges, an economic regulator will also consider...



- **Levels of compliance:**
 - What is required to ensure drinking water standards now and into the future are met?
 - What is required to ensure that environmental standards now and into the future are met?
- **Levels of service to customer:**
 - What investment is required to deal with water pressure?
 - What investment is required to deal with flooding?
 - What investment is required to deal with service resilience?
 - What investment is required to deal with growth and extension of coverage?
- **Other external obligations placed on the service provider:**
 - What is the cost of ensuring there is appropriate seismic resilience?
 - What are the costs of adapting to, and mitigating, Climate Change?
- **Operating expenditure efficiency:**
 - Is there scope for operating expenditure efficiency (operating costs compared with service levels)?
- **The scope for capital expenditure efficiency:**
 - Is there scope for capital expenditure efficiency?
- **Future prospects:**
 - Is the service provider financially sustainable?
 - Are charges consistent with reasonable inter-generational equity? (In other words, are current customers potentially benefitting from low charges to the detriment of future customers? This may happen, for example, if charges do not reflect the full economic depreciation of the asset base.)

The economic regulator will model cashflows and seek to maintain a reasonable balance in debt levels over time...



- The economic regulator will model cash outflows:
 - Operating expenditure;
 - Additional operating expenditure arising from new investment
 - Investment in replacement and refurbishment;
 - Investment in improving levels of service, growth or compliance;
 - Interest charges.
- The economic regulator will adjust these outflows downwards to reflect the modelled scope for efficiency.
- The economic regulator will then model cash inflows from charges, including new bill payers that have been connected (either through growth or by the system being extended).
- Finally, the economic regulator will balance the need to change charge levels with the prudent management of debt levels and the maintaining of a sustainable financial structure.

This presentation sets out the conclusions that an economic regulator would draw from the information provided in the DIA's Request for Information...



- How an economic regulator determines charges
- ➔ • Factors that influence price and information from the RFI used
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The factors that most influence charge levels both now and into the future are...



- Operating expenditure.
- Opportunity to access efficiency improvement (this is not the same as cutting costs – it is about the level of costs relative to the levels of service provided).
- Asset refurbishment and replacement (economic depreciation).
- Levels of service improvement and growth investment.
- The financing structure of the service provider – by its very nature the current net present cost analysis does not include the costs of legacy debt or the cost of financing the new investment.

WICS has adopted a range of approaches to establish the likely requirement for investment in New Zealand...



Approach (Current prices)*	Low estimate of enhancement and growth	High estimate of enhancement and growth
Adjusting comparisons with Great Britain since 1996 to include growth in connections	NZ\$61 Billion	NZ\$80 Billion
A comparison based on investment in Scotland by council area	NZ\$80 Billion	NZ\$96 Billion
A comparison based on asset values per connected citizen	NZ\$83 Billion	NZ\$87 Billion
The information contained in the 'G' Tables	NZ\$54 Billion	NZ\$54 Billion

*Draft preliminary analysis.



In lines with these estimates of the investment required by 2050, the requirement for future annual expenditure on replacing assets is likely to increase from some \$1.2 Billion annually currently to over NZ\$3 Billion by 2050 in current prices. Analysis suggests asset replacement expenditure alone could reach around NZ\$100 Million – NZ120 Million by 2050 for Hamilton City Council in current prices.

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The modelling that follows is largely based on the RFI...



Item* (Current prices)	Source of information	Estimate(s)	
Starting operating expenditure	RFI E Tables	NZ\$39.6 Million	
Average annual investment proposed in the draft long-term plan	RFI F Tables	NZ\$82.4 Million	
		Method 1**	Method 2***
High estimate of 2050 identified need for levels of service and growth investment based on external benchmarks from other jurisdictions – Council pro-rata share	Benchmarking based on investment by Scottish Water by Council Area	NZ\$3.0 Billion	NZ\$2.9 Billion
Sensitivity analysis (minus 25%) of the 2050 identified need for levels of service and growth investment based on external benchmarks from other jurisdictions – Council pro-rata share	As above	NZ\$2.3 Billion	NZ\$2.2 Billion

* Draft preliminary analysis.

** Method 1 uses a density function to estimate the future levels of service and growth investment for each council.

*** Method 2 uses a weighted average of population served and land area to estimate the future levels of service and growth investment for each council.

This presentation sets out the conclusions that an economic regulator would draw from the information provided in the DIA's Request for Information...



- How an economic regulator determines charges
- Factors that influence price and information from the RFI used
- ➔ • Initial Conclusions
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Before turning to the conclusions of analysis, it is important to note that the full potential of Three Waters reform depends on many factors...



- Our experience in Scotland suggests six factors are particularly important:
 1. **Management:** Our experience in Scotland is that having the right senior team and career progression for specialists (investment, operations, customer service and finance) was critical to our success.
 2. **Governance and design of the three waters service delivery vehicles:** In Scotland, we were committed to public service provision, but Scottish Water is run on a fully commercial basis.
 3. **Clarity of required outcomes:** Inevitably there is never enough money in the system, so difficult choices will arise. In Scotland we recognise that these choices are political.
 4. **Independent economic regulation:** Regulation ensures that funding is appropriate to the task at hand and expected by customers and citizens.
 5. **Robust and empowered water quality and environmental regulation:** Regulation ensures that the three waters provider delivers the water quality and environmental outcomes that are expected.
 6. **Scale:** There is clear evidence that scale does impact the opportunity for successful delivery...
- The slides that follow focus on the last three factors.

What makes for effective regulation – a personal perspective...



- Regulation has to be independent of Government insofar as how it delivers on its statutory function. It should always, however, be clear that its role is to ensure that standards required by Government are delivered effectively (and, for an economic regulator, within agreed budgets).
- Regulation requires to be resourced effectively (a levy payment from the regulated entity can be effective at creating an appropriate tension).
- The water quality and environmental regulators should advise Government (central and/ or local) on standards and the rationale for change. This advice should include both suggested deadlines for compliance but also what may be possible. But standard setting is a matter for Government to decide.
- The water quality and environment regulators should sign off on delivery of agreed and targeted investment outcomes. They should also publish their thoughts on the performance of the three waters service delivery entities.

This perspective continued...



- The economic regulator should be charged with setting prices that reflect the 'efficient cost' of service delivery that it is reasonable to expect. Such price setting exercises should be transparent, engage stakeholders on the material issues and involve customer and community voices. They should be for a minimum period of five years – but experience also suggests that charges setting needs to be consistent with the achievement of the long-term outcomes desired by Government.
- The economic regulator should monitor progress against the 'regulatory contract' that results from a price setting exercise and report on progress by the regulated entity against that contract.
- The economic regulatory process will have to be based soundly in detailed information collection and analysis: the opportunities to use markets to explore the potential of dynamic efficiency are very limited in the three waters.
- An effective regulator will need to access information on a regular basis that is both more extensive and more detailed than the RFI process has been. This regular information would likely be supplemented by tailored additional requests from time to time and in advance of a price setting exercise.

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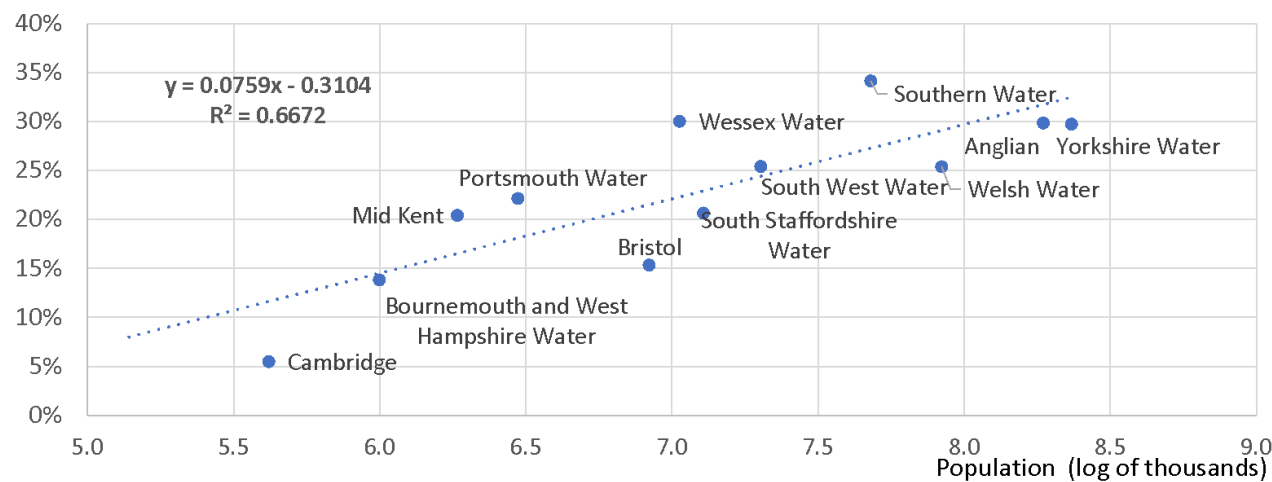
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Experience suggests that scale is critical in achieving efficiency...



- WICS has also been considering the observed operating efficiency improvement of the different scale of UK entities over periods beginning in 1994 through to 1996 and concluding six years later.
- There appears to be a clear pattern where smaller entities achieve a smaller gain in efficiency than larger entities.
- Companies serving less than about 800,000 have done much less well – they only managed to close between 10% and 50% of what the best performing larger companies have been able to realise.

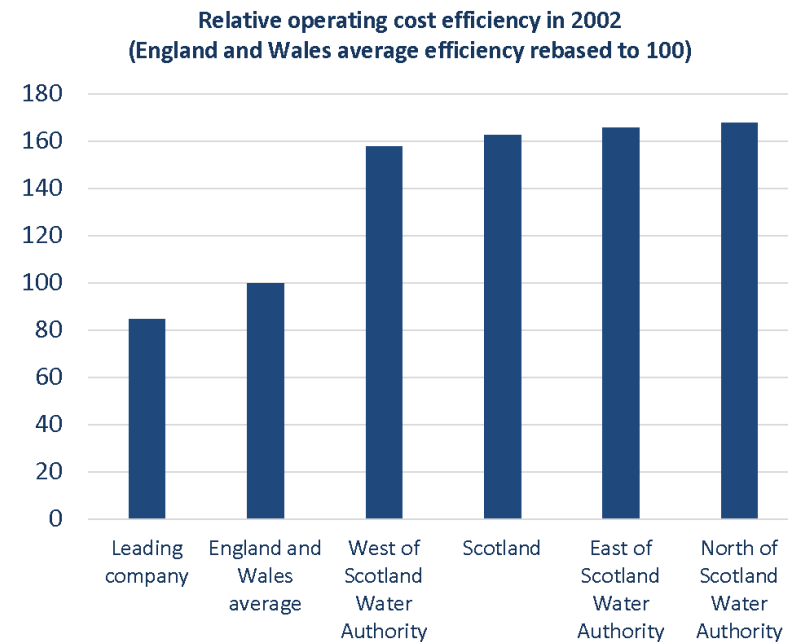
Improvements in companies' efficiency position over the period



When Scottish Water was formed, it was very inefficient when compared to the privatised companies in England and Wales...



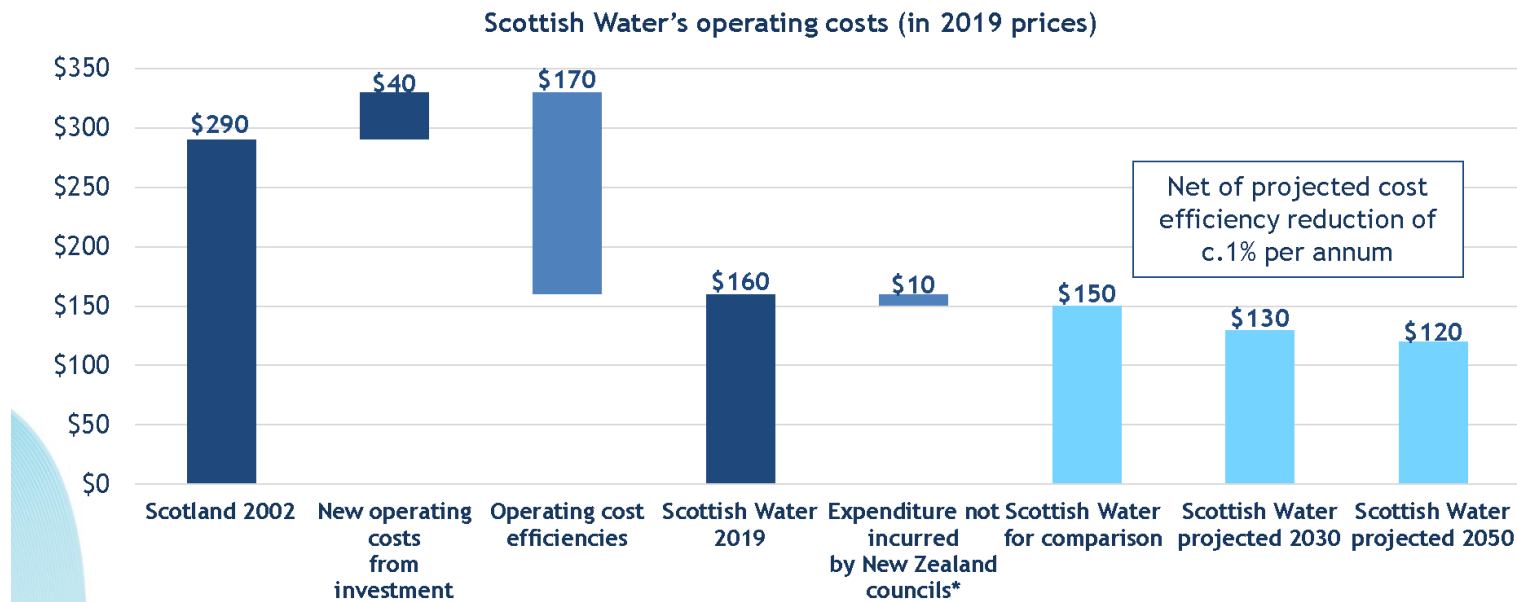
- Scottish Water serves 5.2 million customers.
- This is where the Scottish water industry's relative position in operating expenditure was in 2002. It lagged some 40% to 50% behind the private sector companies in England.
- **The efficiency gap with England and Wales was greater because this assessment covers only costs, not levels of service.**



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Scottish Water has since reduced its operating costs by over 50% - and this is whilst improving levels of service to customers and absorbing the new operating costs associated with its investment programme....

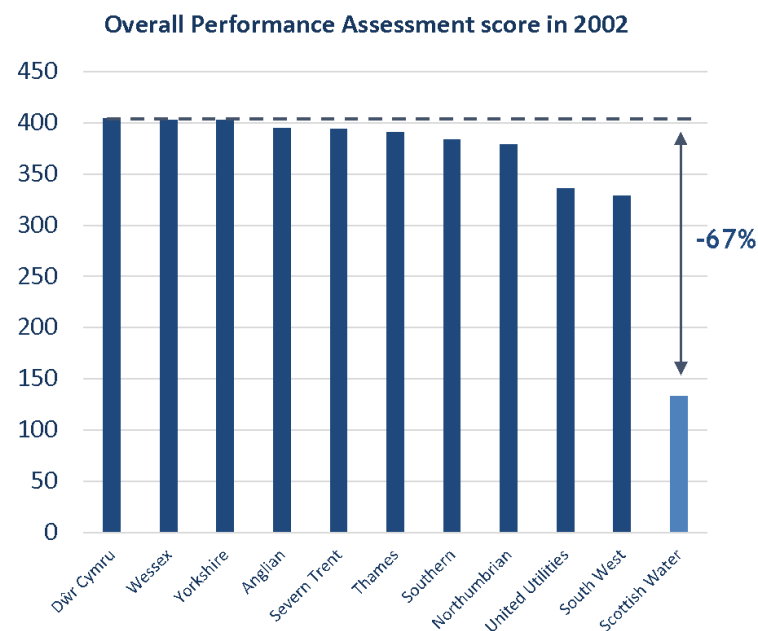


* Includes cost of regulation and the cost of additional sampling.

Similarly, before reform, Scotland lagged well behind the companies in England and Wales on levels of service. They had been privatised 13 years earlier...



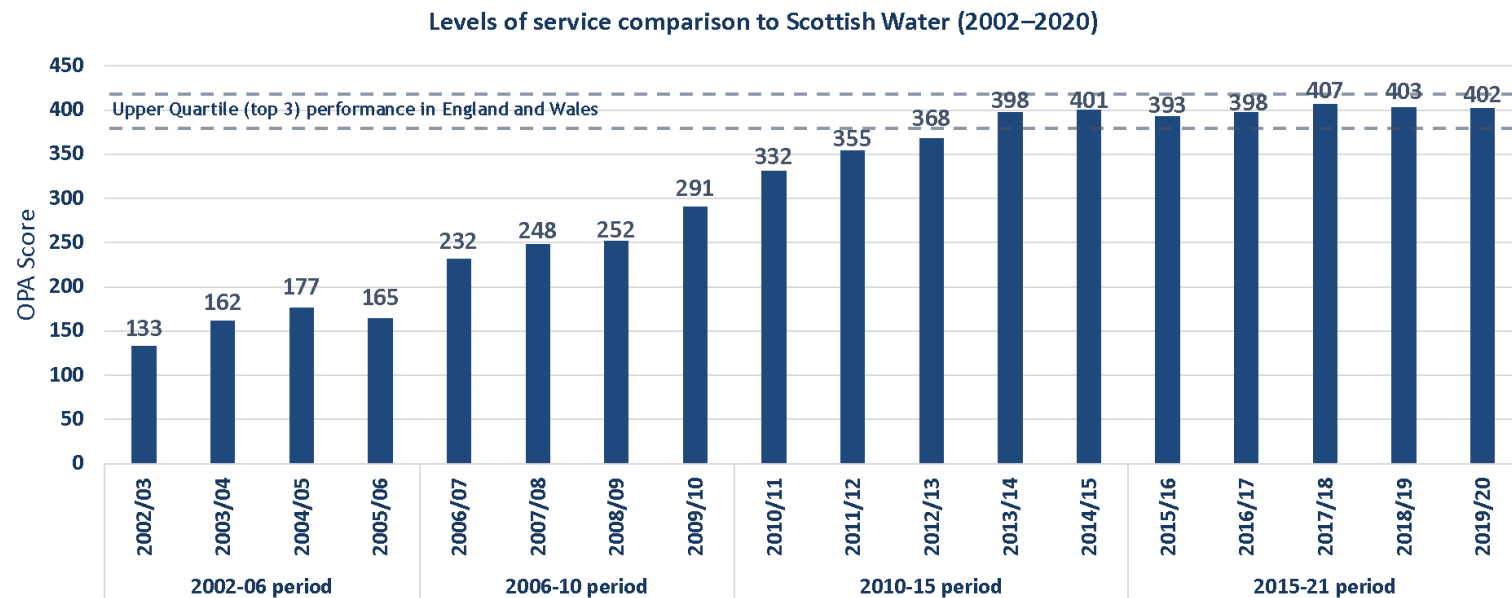
- Ofwat introduced the overall performance assessment (OPA) in 1999. It covers four broad categories of measures. These are:
 - **Water supply:** inadequate pressure, unplanned supply interruptions, water restrictions and water quality;
 - **Wastewater service:** internal sewer flooding incidents (due to overloaded sewers and other causes) and properties at risk of sewer flooding;
 - **Environmental performance:** leakage, sewage sludge disposal and non-compliant wastewater treatment works; and
 - **Customer contact** which covers telephone contacts, response to billing contacts and response to written complaints.
- WICS began reviewing Scottish Water's level of service performance in 2002.



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The Three Waters customers of Hamilton City Council could reasonably expect a similar improvement if water reform progresses. At the current time, Hamilton City Council would score around 120 OPA points...



Our analysis of the three waters operating costs of Hamilton City Council suggests that its costs are around double those in Scotland today...



- High-level unit cost comparisons based on operating expenditure in 2019/20 show that the three waters costs are over 80% higher on a per head of connected population basis. Such simple comparisons have limitations (e.g. they do not account for economies of scale) but can be useful in highlighting to management and policy makers where there is scope for improvement.
- Using simple statistical models that have been in place since 1998 that adjust for factors such as geography, topography, the environment, population served and density and inherited asset bases. By adjusting for such factors, the observed differences in costs can be attributed to relative cost effectiveness. These comparisons suggest that three waters costs are 120% higher than the England and Wales industry in 2004 and, reflecting operating costs associated with new investment, 90% higher than Scotland today.
- These differences should not be surprising given that, at the time of these comparisons, the water industry in the UK industry had been subject to economic, environmental and water quality regulation for over 15 years.



To be clear, when WICS takes into account the scale of Hamilton City Council as a stand-alone entity, it could not reasonably expect HCC's relative operating efficiency to improve materially given the costs associated with investment in enhancing services. The modelled cashflows are consistent with this.

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WICS has analysed the Net Present Cost (NPC) per connected citizen per year under four different scenarios...



Scenario 1: The (provisional) LTP expenditure information reported in the RFI

Scenario 2: Scenario 1, adjusted to reflect WICS' analysis of the required underlying depreciation.

Scenario 3: Scenario 2, adjusted to reflect the high end of the likely required investment in enhancement and growth.

Scenario 4: Scenario 3, adjusted for a sensitivity analysis (minus 25%) to reflect the low end of the likely required investment in enhancement and growth.

In the absence of a policy of social time preference rates (which we would expect to be around 0.5%-1%), we have applied the New Zealand treasury risk-free rate of 0.65%. A social time preference rate means citizens should be neutral as to when any required expenditure occurs.

The modelling applies the following assumptions...



Parameter	Value	Source
Annual change in operating expenditure (real terms)	1.6%	In line with the growth in connections over 2022-31
New operating expenditure as a percentage of enhancement and growth investment	3.0%	High end of the range from international benchmarks (1-3%)
Capital real price effects (per annum)	1.0%	Low end of range from RFI Table G5



The modelling applies the following assumptions...



Parameter	Value	Source
<u>Customer base assumptions</u>		
Starting connected population	162,245	RFI Table A1 and A3
Annual growth in connections	1.6%	Growth rate over 2022-31 from RFI Table G1
<u>Asset replacement assumptions</u>		
Percentage of enhancement and growth investment relating to short and medium life assets	60%	UK benchmarks
Percentage of enhancement and growth investment relating to long life assets	40%	UK benchmarks
Average asset life: short and medium life assets (new assets)	30	UK benchmarks
Average asset life: long life assets (new assets)	100	UK benchmarks

Economic depreciation is critical to future sustainability but is not easy to address...



- The extended lives of three waters assets makes providing for their future replacement very challenging.
- Assets typically deteriorate quite slowly and consequently in the first years (often decades) after they are first constructed, the level of expenditure required to refurbish or replace parts (or all) of these assets is very low.
- It is challenging to know how long the life of an asset will be. It depends on (among other things):
 - the quality of the construction;
 - the material of the construction;
 - ground conditions (seismic activity); and
 - the operational and maintenance practices adopted during the asset's life.
- It is (relatively) straightforward to understand how much was invested to construct an asset. But it is very difficult to know how much it might cost to replace. This is due to:
 - changes in operational practice;
 - required future capacity;
 - changes in technology; and
 - future construction costs (and doubtless many other factors!).

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Allowing for replacement...



- It can be very difficult to accept that depreciation allowances ultimately have a very defined purpose – the replacement of an asset.
- Particularly when the asset is relatively new, it can seem strange to generate cash that does not immediately need to be spent.
- Certainly, in Scotland there is clear evidence that the level of depreciation has been seriously underestimated – largely a function of adding inflation to an historic cost accounting book value.
- In Scotland, expenditure on asset replacement and refurbishment has been running at about NZ\$1 Billion a year – at current New Zealand levels of efficiency.
- Detailed work on asset replacement at a sub-asset level, has demonstrated that Scotland needs to be committing in excess of NZ\$3 Billion a year at the New Zealand level of efficiency.
- Levels of expenditure on replacement (once the enhancement and growth investment to 2050 has been committed) will need to increase by around three times.
- For the future industry to be properly sustainable, this economic depreciation should be **allowed for in full** in annual charges. This explains the earlier point why it is important that a provision for over- or under-spend relative to assessed economic depreciation is included on the service provider's balance sheet. Under-spend should reduce outstanding debt.
- New Zealand is already seeing the consequences of insufficient expenditure on asset replacement in several parts of the country.

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In its review of the funds flow statements of Councils in New Zealand, WICS reviewed asset replacement investment...



Council Group	Weighted average annual expenditure per connected citizen*	WICS assessed economic depreciation per connected citizen**	% of economic depreciation
Metro***	171	278	62%
Provincial	138	280	49%
Rural	122	243	50%
Larger rural****	130	238	55%
Smaller rural	114	249	46%

*Based on previous three financial years.

**Based on the (low level of) economic depreciation used in Phase 1.

***Inflated by expenditure following the Christchurch earthquakes.

****District council with a population of more than 10,000.

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The results of the analysis are set out below...



Scenario	Description	NPC per connected citizen per year	
1	The (provisional) LTP expenditure information reported in the RFI	NZ\$760	
2	Scenario 1, adjusted to reflect WICS' analysis of the required underlying depreciation.	NZ\$930	
		Method 1	Method 2
3	Scenario 2, adjusted to reflect the high end of the likely required investment in enhancement and growth.	NZ\$1,270	NZ\$1,230
4	Scenario 3, adjusted for a sensitivity analysis (minus 25%) to reflect the low end of the likely required investment in enhancement and growth.	NZ\$1,040	NZ\$1,010



Using this NPC analysis, a Council will be able to compare its annual NPC per connected citizen for Scenarios 3 and 4 to the future results (analysis not yet started!!) on the impact of amalgamation. Clearly a lower NPC for an option would mean lower average charges for a local citizen, all else equal. These are not, however, immediately comparable to charges given that they do not allow for the profiling of charges, legacy debt and future financing costs.

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This presentation sets out the conclusions that an economic regulator would draw from the information provided in the DIA's Request for Information...



- How an economic regulator determines charges
- Factors that influence price and information from the RFI used
- Initial Conclusions
- ➔ • Special factors
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WICS recognises that its assessment of relative efficiency is still incomplete. Its comparisons may not account for council-specific factors that may have a material impact on costs and performance...



- These relate to particular operating characteristics of a council resulting in them having unusually high or low costs compared to other councils – what we call ‘special factors’. These tend to arise from special obligations, the character of all or part of its customer base, geography or the historical development of the water and sewerage systems in its area of supply.
- In Scotland, for example, Scottish Water has such factors that impact upon its cost such as the additional costs relating to serving small islands and some legacy contracts related to the provision of wastewater services. Factors that go in their favour (resulting in lower costs), however, include having practically no metering of household customers (and

therefore avoiding the cost of reading and maintaining meters).

- WICS therefore asks councils to:
 - identify such factors that they consider have a material impact on their operating costs; and
 - provide a high-level estimate of its magnitude relative to the level of operating costs incurred.

WICS has already completed a similar exercise for Watercare...



Special factor	Description	Assessment	Adjustment
Inherited asset base			
Full household metering	In England and Wales, the average meter penetration was around 20% in 2004. Watercare therefore has higher costs from meter reading and servicing. Watercare explained that it also has monthly billing and collection in place which results in higher printing and postage costs.	WICS has allowed the full operating costs related to meters (around NZ\$3m). WICS has not adjusted for Watercare's higher costs from monthly billing and collection (NZ\$2.7m) given that billing frequency is within management control.	+NZ\$3 million
Geography and environment			
Higher cost of chemicals and materials	Watercare considered that New Zealand's location could mean that it incurs higher shipping costs and excise duties. Watercare estimates that the cost of chemicals and materials are 10% higher due to location and market size.	Watercare's chemicals and material costs per megalitre of distribution input are the fifth lowest (below the lower quartile) and 10% below the England and Wales average. The data does not show that Watercare incurs higher costs than the average company in England and Wales. As a conservative assumption, however, WICS has allowed for the additional cost of excise duties (although it is likely that an exemption would apply).	+NZ\$2 million
Power costs	Watercare considered that energy unit rates could be higher in New Zealand compared to the UK average.	The UK Department of Business, Energy and Industrial Strategy (BEIS) publishes an annual international comparison of electricity costs for industrial users. The comparison shows that electricity costs per KW/h are around 10% lower in New Zealand.	Minus NZ\$1.5 million
High seasonal population	Watercare could incur higher costs from serving Auckland's high tourist population.	WICS' analysis shows that Watercare's tourist population expressed as a ratio to the resident population around the UK average.	No adjustment

This results in a total adjustment of minus NZ\$8 million...



Special factor	Description	Assessment	Adjustment
Legal			
Bad debt	Watercare has further legal powers to collect outstanding debts (e.g. placing claims for outstanding debts on properties, restrictions on water use) compared to the companies in the UK. This is reflected in Watercare's very low bad debt costs (less than NZ\$100,000).	WICS has examined bad debt levels in England and Wales. On a like-for-like basis, Watercare would have bad debt costs of around NZ\$1.5 million (using the company with the lowest incidence of bad debt and adjusting for Watercare's revenue). This is conservative as the models provide Watercare with an allowance based on the average incidence of bad debt.	Minus NZ\$1.5 million
Traffic management	Watercare estimates that its maintenance costs are 5% higher due to additional requirements in NZ.	WICS has examined the traffic management costs as a percentage of total operating costs. On this basis, the claim would not meet the materiality threshold.	No adjustment
Consents	Watercare thought that it could be subject to tighter consents for wastewater discharges compared to the UK.	Adjustments for differences in levels of service are covered in the next sub-section.	No adjustment
Other			
Leakage	Watercare's low leakage could result in higher costs if it is operating below the economic level of leakage (i.e. where the cost of fixing the leak is more expensive than the cost of water lost).	Watercare has confirmed that it is operating at the economic level of leakage and therefore an adjustment is not required.	No adjustment
Higher salaries in Auckland	The average weekly gross pay is higher in Auckland compared to the UK average.	The relevant comparison is the total cost to the employer (i.e. including pensions and other employee on-costs). WICS has collected average weekly incomes for the UK (Office of National Statistics) and Auckland City Council area (Stats NZ). WICS added employee on-costs in the UK and New Zealand to the average weekly earnings. The analysis shows that total costs to the employer are around 20% higher in the UK.	Minus NZ\$10 million
Total adjustment			Minus NZ\$8 million

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This presentation sets out the conclusions that an economic regulator would draw from the information provided in the DIA's Request for Information...



- How an economic regulator determines charges
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- ➔ • Discussion and questions

So what does WICS take from the RFI submission?



- The information contained in Council RFI submissions makes the WICS analysis in August/ September appear overly optimistic.
- New Zealand's Three Waters face substantial challenges and it will be important to build and maintain the trust and confidence of customers, citizens and stakeholders.
- It looks likely that even the very large increases in charges being discussed by some Councils at the current time would only partially address the challenges that lie ahead.
- This analysis is not meant to be critical in any way – it is simply replaying how an economic regulator would view the information that you provided in the RFI.
- The essential challenge is how to deliver the water quality, service levels, environmental outcomes and accommodate population growth...



WICS would really like to understand how you react to its analysis! Even if you want to throw something (virtually!!)

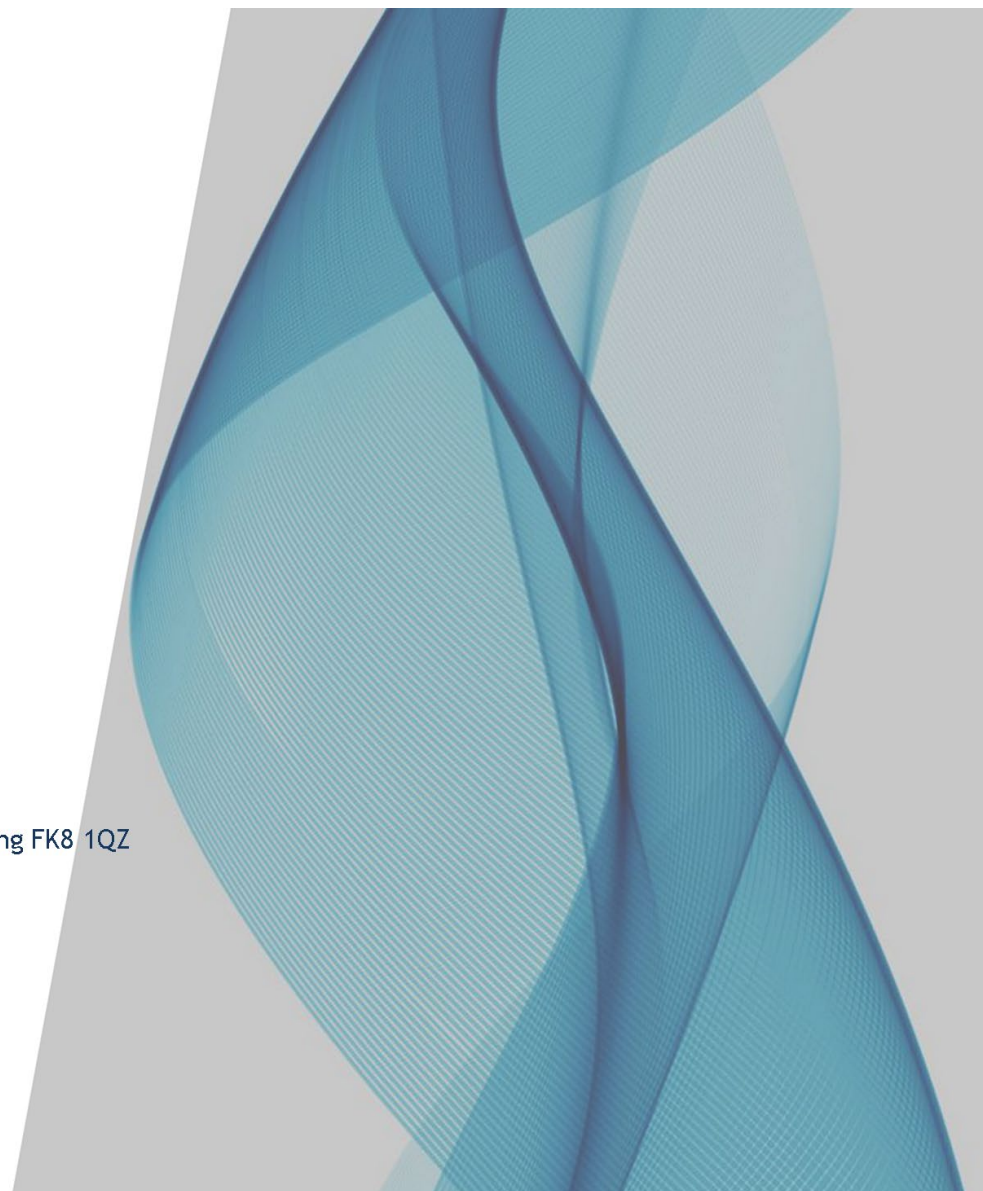
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**JOINT COUNCIL HUI: WAIKATO-TAINUI AND WAIKATO REGIONAL
COUNCIL, WAIKATO DISTRICT COUNCIL, HAMILTON CITY COUNCIL AND
WAIPAA DISTRICT COUNCIL**

WEDNESDAY 31 MARCH 2021 AT 9.30 AM IN TE WHAKAKITENGA O
WAIKATO CHAMBERS

HOPUHOPU, OLD TAUPIRI ROAD, NGARUAWAHIA

CHAIR: LINDA TE AHO

CO-CHAIR: TBC – TO BE ELECTED ON THE DAY (IF REQUIRED)

AGENDA:

9.30 AM	MEET IN FOYER, REGISTER, CUPPA
10 AM	KARAKIA / MIHIMIHI <i>KAUMAATUA HONE TURNER</i> RESPONSE FROM COUNCIL REPRESENTATIVE
10.15 AM	INTRODUCTORY REMARKS CHAIR OF TE ARATAURA, LINDA TE AHO CHAIR OF WRC, MAYORS OF RESPECTIVE COUNCILS
10.30	PRESENTATION FROM WAIKATO-TAINUI STRATEGIC PRIORITIES : 2021- 2023 OPERATIONAL MATTERS
11 AM	DISCUSSION
11.30 AM	CLOSING REMARKS AGREED ACTIONS
12 PM	LUNCH

BACKGROUND : WAIKATO-TAINUI

68 MARAE; 33 HAPUU, 80,000 CURRENT MEMBERS

1.3 million acres of land were confiscated by the Crown in 1863. The iwi spent 100 years fighting for redress. A land settlement was reached by Sir Robert Te Kotahi Mahuta with the Crown in 1995. The river settlement for the Waikato River was settled in 2010 by Lady Raiha Mahuta and Tukoroirangi Morgan. The Crown and local government have obligations and responsibilities to the iwi and the awa under both these settlements.

Today Waikato-Tainui's membership is 80,000 registered tribal members, affiliated to 33 hapuu and 68 marae across our rohe.

ENTITIES

Waikato-Tainui consists of a number of entities. Central to our whakapapa (family tree) are our Marae, of which there are 68 as named in our Land Settlement. From these 68, two people from each Marae are elected to our tribal parliament, Te Whakakitenga o Waikato. The parliament meets at least 4 times per year to discuss and agree tribal matters. From that membership, the governance board, Te Arataura is elected. There are 10 elected members and one member appointed by our King, Kiingi Tuuheitia Pootatau Te Wherowero VII.

The Waikato Raupatu Lands Trust was established as a result of the Waikato Raupatu Lands Settlement 1995. The Waikato Raupatu River Trust was established as a result of the Waikato Raupatu (Waikato River) Settlement 2010. Collectively these trusts are more commonly referred to as **Waikato-Tainui**.

Tainui Group Holdings Ltd are a subsidiary arm of Waikato-Tainui and carries out commercial activity on behalf of the iwi.

Waikato College for Education and Research, Hopuhopu, is the research arm of Waikato-Tainui.

The Entities Map also shows Mana Whenua entities. These are groups such as Nga Muka Trust, Te Taniwha, THWaK, etc who have mandate to represent hapuu and marae on taiao and other local matters. In some cases, individual marae and hapuu are also represented. Waikato-Tainui recognises and supports mana whenua input to all local matters whether they be environmental, social, cultural or economic.

TRIBAL DOCUMENTS

When drafting plans, strategies, policies or other documents, Waikato-Tainui request that all councils refer to and incorporate as appropriate the following documents:

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

- ñ Whakatupuranga 2050 – Strategic Blueprint
- ñ Tai Tumu Tai Pari Tai Ao – Environmental Plan
- ñ Te Ara Whakatupuranga 2050 – the Five Year Plan
- ñ Amohia Ake – Iwi Resilience Plan

UPDATE ON TANIWHA PROJECTS 2020

Water Supply and Infrastructure

25 employment opportunities captured in water sector - Internships were created with Mercury and WSP. Discussions with Watercare to establish internships / employment opportunities in the future. Partnership scholarship with Lincoln University to be explored.

1 Marae water storage assessment completed - Waingaro Marae water supply and infrastructure works completed.

3 Marae water assets completed - Water grants established through funding from Mercury. 10 x marae were provided with grants for water projects.

Marae capital works projects - Waikare Marae capital works completed. Mangatangi Marae due to commence in Q4. Capital works for Te Koraha Marae and Te Aakau Marae have commenced. Technical feasibility studies for Ookapu Marae, Aramiro Marae and Waipapa Marae to be completed by February 2021.

Water storage procurement & feasibility of storage - Stage 1 of feasibility study for water storage completed by WSP. Stage 2 to begin in FY22.

Tupu Whenua

Develop plans for all (68) Marae. 10 Proposals progressed to feasibility study -

11/68 Tupu Whenua plans completed. Te Kauri Marae and Kaitumutumu Marae to be completed by Q4. Funding proposal for land use pilot project submitted for Aaruka Marae; ongoing discussions being held with several other marae on various land utilisation projects

50-100 training/employment opportunities captured - A total of 78 training and employment opportunities identified including roles with TGH, Genesis Energy, WSP, Bunnings and BCITO. Workstream to continue into FY22 and be led by Employment team.

50-100 whaanau progressing through WT housing programme. Land assets for housing have been identified

Lands for housing development identified including HopuHopu & Collins Road. Discussions being led through Property & Housing Teams. Whaanau continuing to be supported through Housing and Financial Literacy workshops and programmes. Progress to continue through to FY22.

New Property management system established & integrated with Salesforce. Suite of supports established for whaanau/ Marae

Land tool to be launched by Q4 in collaboration with Ag Research. Tool to be used to support marae with land utilisation aspirations. Drafting guidelines to support marae through resource consent application processes, updating of Tai Tumu Tai Pari Tai Ao environmental standards and engagement on environmental plans. Progress to continue through to FY22 and be led by Taiao team.

Collaborating with TGH on its Farm Environmental Plans and supported inductions and training for marae members operating their own farms.

Hopuhopu Innovation Hub

Housing:

100 new homes built

100-150 employment opportunities

Structural and conceptual plan on target to be completed this year. LTP submission on target to be completed by 2021. In discussion with Kainga Ora regarding the long-term lease and build of 100 homes. Discussions ongoing and work to be progressed through to FY22.

Community Facilities - Sports & Recreational:

20-25 employment opportunities

Tribal and regional SMEs supported

Discussions held with Sport Waikato and local councils about future regional sports/communities facilities for the Waikato region. Key priority of Waikato-Tainui is to provide input for future opportunities. Scoping underway to identify estimated costs for a sports pavilion within the HH vicinity.

Nursery:

20-25 employment opportunities

Tribal and regional SMEs supported

Conceptual plan and layout completed. Infrastructure business case to be completed by Q4, followed by a business case to acquire additional equipment to automate nursery in progress. Financial feasibility work currently being undertaken by CFO. Work to continue through to FY22 and be led by Taiao team.

Whare Taonga

Identify operational requirements

Complete a draft and concept design

Work being undertaken in partnership with the Office of the King. Support into project scope being sort from Te Papa and the Ministry of Culture & Heritage. Work to continue through to FY22 and be led by Heritage & Identity.

Iwi Admin & Commercial Hub

Develop investments strategy

100- 150 Employment opportunities

Design completed. Social Procurement strategy to support next phase. First major supply contract to be executed by March 2021. Discussions with potential partnerships ongoing. Employment outcomes still to be assessed.

Koiora Health

15-20 employment opportunities created - Initiative updated - change to delivering direct employment opportunities to more long-term outcomes. Currently exploring potential input into Waikato DHB's workforce plan and health sector workforce development.

5-10 iwi providers supported : Waikato-Tainui instrumental in Covid-19 response. Key collaborator and community connector working alongside Waikato and Counties Manukau DHBs to roll out Covid-19 support across the rohe. Significant pieces of work undertaken by Waikato-Tainui to advocate on behalf of iwi providers, ensuring

sufficient resourcing for iwi providers including monitoring MIQ facilities. Work to continue in FY22 through vaccination roll-out.

Iwi governance & leadership developed - Draft governance & leadership structure completed. Koiora Health Accord delayed due to ongoing work in the Treaty Health Claim. Progress on Koiora Health Accord to be reviewed for FY22 and potential for work to be accelerated as a Taniwha Project for Q3/Q4.

Develop Koiora operational model - Draft model completed. Roadmap for Stage 2 to continue in FY22. Next stages including socialising operational model with tribal members, marae, partners and key stakeholders.

Taniwha Ora completed (indicators and outcomes to measure success).

Kaumaatua & Rangatahi strategies ratified - Rangatahi strategy currently being progressed. Internal discussions underway to transition kaumaatua strategy to Ngaa Marae Toopu with support from Heritage & Identity to develop strategy. Work to continue through to FY22.

Te Paa Whakawairua

15 marae have completed strategic plans

Waahi Paa launched its strategic plan in October 2020. A total of 10/15 Marae engaged to support strategic plans. Kairangahau identified from marae to conduct research into marae collective impact approaches. (22) marae still conducting interviews; (30) marae interviews completed and data returned.

All marae supported with Health and Safety guidelines (COVID-19)

All 68 x marae supported with development of H&S resources including signage, H&S processes/protocols, masks, dispensers and hand-sanitisers.

Tangihanga guidelines created to support marae and whaanau through alert level changes. Pool of iwi kaitiaki identified to helping whaanau facilitate burial processes during this period.

5 marae restoration projects are supported – see water storage update.

Key suite of resources/initiatives developed to support capability and capacity building

Working with Waikato-Tainui College for Research & Development to determine micro-credentials for marae communities.

Stocktake completed of key cultural talent/bastions

Te Reo Uukaipoo and Te Reo Kaakaho programmes progresses. 25 x reo advocates identified as potential facilitators of reo programmes. Second cohort of Te Pae Kaakaa (15) graduated in 2021. Reo programmes to continue in FY22.

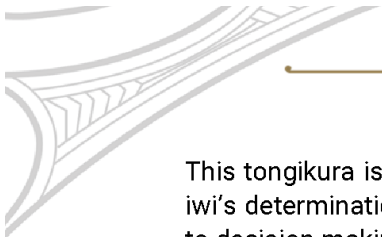
CO-GOVERNANCE AND CO-MANAGEMENT OF THE WAIKATO RIVER

Noo taatou te awa. Noo te awa tatou. E kore e taea te wehe te iwi o Waikato me te awa. He taonga tuku iho naa ngaa tupuna. E whakapono ana maatou ko taa maatou, he tiaki i taua taaonga moo ngaa uri whakatupu

We belong to the river and the river belongs to us. Waikato people and the river cannot be separated. It is a treasure that has been passed down by the ancestors. We believe that it is our responsibility to look after (the river for future generations)

Naa Taa Robert Te Kotahi Maahuta

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



This tongikura is the basis for the Waikato River Settlement. It speaks to the iwi's determination to ensure through our River Settlement that we have input to decision-making related to the Waikato river.

We continue to seek from our Council partners clear and progressive actions that demonstrate how you are giving effect to the Vision and Strategy for the Waikato River.

How are the iwi's aspirations for the health and wellbeing of the awa reflected in Council planning documents?

It is suggested that we should consider the co-development of KPI's to measure progress at each council.

STRATEGIC WORK PROGRAMME

The Covid-19 pandemic has had a profound impact on us all. For Waikato-Tainui, our members are amongst the most vulnerable due to socio-economic circumstances. Health and wellbeing, livelihood and connectedness has all been impacted. Within this context, we are seeking support from our council partners to work with us over the next 3 years on the following **Socio-Economic Opportunities**:

i. Social Procurement opportunities for tribal businesses

There are over 40 tribal businesses registered within our business directory, Puna Pakihi. We are seeking opportunities for our tribal businesses to provide products and services to our council partners – we would like to discuss the potential of setting targets with each of our council partners.

ii. Unlocking housing development on tribal land

Our Tupu Whenua project has provided us with a clearer picture on the typology and possible utilisation of tribal whenua around our rohe. How can our council partners work with us to unlock some of that land for housing, including papakainga?

iii. Supporting tribal households with rates

Our recently completed tribal survey revealed that over 60% of our respondents income levels were less than \$49k pa. Within that context we challenge our partner councils to develop more ways to provide rates relief for those households who are struggling.

iv. Workforce development for careers within Council

We would like to work with our Council partners to develop an all of council workforce development plan targeting our tribal members. There are so many different and exciting career pathways available

within council – how can we reveal those; particularly to grow the pool of Maaori planners, strategists, scientists and managers in council.

Waters Reform / Rights and Interests in Freshwater

The Waikato-Tainui team continue to push the Crown to resolve matters relating to iwi rights and interests in water. Waikato-Tainui have a clear position on water rights and interests, allocation and other related matters and we acknowledge the RMA reforms, healthy rivers and other policy work being undertaken. We also note council's responsibility to improve infrastructure to ensure the health and wellbeing of our tupuna awa. We will continue to advocate for all our partner councils to lift their performance in relation the three waters to ensure that we can continue to restore and protect the health and wellbeing of our awa.

We take this opportunity to remind our Council partners of the following principles in the context of the RMA reforms:

Mana o te awa

The health and the well being of our awa is paramount

Mana Whakahaere

That our marae, hapuu are able to exercise their mana whakahaere within our rohe

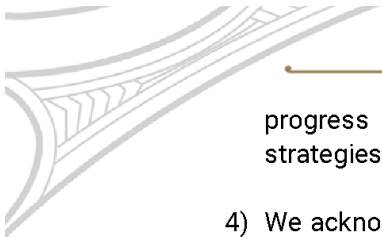
Settlement integrity and protection

The proposed reforms do not adversely affect the rights, interests, responsibilities and opportunities of Waikato-Tainui (including, but not limited to, the arrangements established under the River Settlement and the Settlement Act).

The principles that underpin the River Settlement and the Settlement Act are recognised and upheld through the newly created legislation.

OPERATIONAL MATTERS.

- 1) The introduction of Maaori wards – we have prepared a formal letter setting out our position and our expectations in relation to Maaori wards.
- 2) We want to see how our partner councils will better acknowledge and value maatauranga Maaori and the input of our mana whenua to council policy, strategy and RMA matters. We are seeking consistency from all our partner councils in this space. We note that we have also raised this matter in our formal response to the RMA reforms.
- 3) We have had many conversations with our partner councils about access to and sharing of their data. In this term, we would like to see



progress with data sharing to help us to continue to formulate our strategies in relation to Climate Change and other matters.

- 4) We acknowledge the big work programme that faces us all with LTP's, RMA reforms etc. We ask our partner councils to consider the resource required within Waikato-Tainui to respond effectively to these matters. We acknowledge Hamilton City Council's initiative to provide Waikato-Tainui with dedicated resourcing to assist our input to their LTP.
- 5) *I riro whenua atu, me hoki whenua mai – as land was taken so land should be returned.* Any opportunity to return land no longer required by Council to iwi should continue to be a priority for all our partners as we continue in our efforts to restore our tribal estate.

Council Report

Committee: Council **Date:** 29 April 2021
Author: Tyler Gaukrodger **Authoriser:** Becca Brooke
Position: Governance Advisor **Position:** Governance Manager
Report Name: Recommendations from Open Committee Meetings

Report Status	<i>Open</i>
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Purpose – *Take*

To seek the Council's approval of the following recommendations from Committee meetings:

- a) Finance Committee meeting of 23 March 2021 (Agenda [Here](#), Minutes [Here](#)), in respect of:
 - Financial Strategy Monitoring Report; and
 - Human Resources Information Services Contract Award
- b) Infrastructure Operations Committee meeting 27 April 2021 (Agenda [here](#)), in respect of:
 - Personal Hire Devices- End of Trial Review
 - Korikori Green Proposal to Declare a Pedestrian Mall - Deliberation and Adoption Report
 - Hamilton Stormwater Bylaw Review - Deliberations Report
 - Waste Management and Minimisation Bylaw 2019

Recommendations from the Finance Committee meeting of 23 March 2021

Financial Strategy Monitoring Report

That the Council:

- a) approves the capital movement as identified in paragraph 20 and 21 of the 23 March 2021 Capital Portfolio Monitoring Report;
- b) approves the significant forecast adjustments as set out in paragraphs 19 and 20 of the staff report; and
- c) approves the revised Financial Strategy position for Debt to Revenue, Net Debt and Balancing the Books as set out in paragraphs 21 to 23 of the staff report.

Human Resources Information Services Contract Award

That the Council:

- a) approves the direct appointment of Lagom Group as delivery consultant for the implementation of Council's HRIS solution noting the following:
 - i) that the project term is a period of eleven; and
 - ii) that the approved contract sum is set no greater than \$2,145,000;
- b) approves the direct appointment of Ceridian as HRIS software provider noting the following:
 - i) that the contract term is a period of five years; and

- ii) that the approved contract sum is set no greater than \$1,895,000; and
- c) delegates authority to the General Manager People and Organisational Performance Group to finalise and execute contracts with Lagom Group and Ceridian.

Recommendations from the Infrastructure Operations Committee meeting of 27 March 2021 *(to be circulated following the conclusion of the infrastructure Operations Committee)*

Attachments - *Ngaa taapirihanga*

There are no attachments for this report.

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 Council Public Excluded Minutes of 18 March 2021) Good reason to withhold) information exists under) Section 7 Local Government	Section 48(1)(a)
C2. Confirmation of the Elected Member Public Excluded Briefing Notes - 10 March 2021) Official Information and) Meetings Act 1987)	
C3. Confirmation of the Elected Member Public Excluded Briefing Notes - 17 March 2021		
C4. Confirmation of the Elected Member Public Excluded Briefing Notes - 1 April 2021		
C5. Chair's Report (Public Excluded Matter)		
C6. Sky Gardens NZ Limited Request for Exclusivity Agreement - Arts Post Car Park Site, Victoria Street		
C7. Appointment of a new Independent Hearing Commissioners' Panel		
C8. External Funding Opportunities For Approval		

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	Section 7 (2) (j)

	advantage	
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 avoid the unreasonably, likely prejudice to the commercial position of a person who supplied or is the subject of the information to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (b) (ii) Section 7 (2) (h)
Item C7.	to protect the privacy of natural persons	Section 7 (2) (a)
Item C8.	to enable Council to carry out negotiations	Section 7 (2) (i)