

Notice of Meeting:

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

Date: Thursday 9 April 2015
Time: 12.30pm
Meeting Room: Council Chamber
Venue: Municipal Building, Garden Place, Hamilton

Richard Briggs
Chief Executive

Council OPEN AGENDA

Membership

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

Quorum: A majority of members (including vacancies)

Meeting Frequency: Monthly

Jude Pani
Democracy Manager

1 April 2015
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Terms of Reference:

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

Financial:

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

Procedural Matters:

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

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1 Apologies

2 Confirmation of Agenda

The Council to confirm the agenda.

3 Declaration of Interest

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

4 Public Forum

No public forum required.



Committee: Council

Date: 09 April 2015

Report Name: Council Minutes - 25 February 2015

Author: Jude Pani

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

That Council confirms and adopts as a true and correct record the Minutes of the Council Meeting held on 25 February 2015.

2. Attachments

3. Council Minutes - 25 February 2015

Item 6

Committee: Council

Date: 09 April 2015

Report Name: Development Contributions
Policy

Author: Greg Carstens

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Development Contributions Policy</i>
Financial status	<i>There is not budget allocated</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is considered to have a high degree of significance.</i>

1. Purpose of the Report

- For Council to consider and adopt the attached 2015/16 Development Contributions Policy ("draft policy") for public consultation.

3. Executive Summary

- Council must adopt a revised development contributions ("DC") policy by 30 June 2015 in order to comply with the recently amended Local Government Act 2002 ("LGA").
- Following adoption, the draft policy will be consulted on concurrently with the 2015-25 10-Year Plan ("10-Year Plan") from 13 April 2015 to 15 May 2015.
- Council's operative 2013/14 DC Policy ("current policy") was comprehensively revised in 2012/13 with input from external specialists, including a legal review by Tompkins Wake, and specialist review by a Queen's Counsel. There have been no successful legal challenges to it.
- Separate to legal robustness, the current policy is substantial improvement over its predecessor from an operational perspective too.
- The draft policy is fundamentally the same as the current policy. Only a limited number of changes from the current policy are proposed in this report.
- Changes include the way Temple View charges are capped, and other minor changes considered procedural and non-material.
- Other practicable options for change have been considered. These have utilised feedback and observations from various stakeholder engagements, Council briefings, administration of the current policy, and through remission disputes.
- New DC charges are included in the draft policy, which are generated by a comprehensive and complex calculation model ("DC Model").

12. The draft policy and DC model contain revised growth projections to the year 2061 utilising data from the 2013 Census and Market Economics, and updated financial information including the capital expenditure programme in Council's 10-Year Plan.
13. In order to comply with LGA amendments, on 27 November Council adopted a proposed approach for its 2015/16 DC Policy. This was made publically available on 1 December 2014. The changes recommended in this report are consistent with that proposed approach.

14. Recommendation/s from Management

- a) That the report be received.
- b) That the 2015/16 Draft Development Contributions Policy be adopted for public consultation concurrently with the 2015-25 10-Year Plan.
- c) That development contribution charges in the Temple View catchment be capped at the rate equal to the corresponding Rotokauri catchment rate.

15. Attachments

16. Attachment 1 - Guide to the draft Development Contributions Policy (*Under Separate Cover*)
17. Attachment 2 - Draft Development Contributions Policy 2015-16 (*Under Separate Cover*)
18. Attachment 3 - Schedule of Assets (*Under Separate Cover*)
19. Attachment 4 - (marked-up) Draft Development Contributions Policy 2015-16 (*Under Separate Cover*)

20. Key Issues

21. Background
22. Council's current policy was comprehensively revised in 2012/13 with input from external specialists, including a full legal review by Tompkins Wake, and specialist review by a Queen's Counsel. It was adopted on 1 July 2013 through a Special Consultative Procedure (SCP) involving substantive public consultation and hearings.
23. There have been no successful legal challenges to the current policy.
24. An updated 2015/16 DC Policy is required to be operative by 30 June 2015.
25. DC provisions in the LGA were enacted on 8 August 2014, requiring Council to adopt two addenda to its DC Policy – a schedule of assets and a reconsideration procedure. These changes were analysed in detail in the Council Report dated 28 August 2014, and have been incorporated in the draft policy.
26. Council's approach to further changes were made publically available on 1 December 2014, being compliance with the new purpose and principles set out in the LGA, and the introduction of new restrictions on charging for Community Infrastructure and Reserves. These changes were presented in a Council Report dated 27 November 2014, and that proposed approach has been incorporated into the draft policy.
27. Changes to the current policy
28. As part of this policy review of a limited number of changes are proposed to the current policy.

29. Changes proposed in the attached draft policy largely fall into three categories:
- a) *Legislative compliance* - changes made in order to maintain compliance with the LGA. A number of these changes have already been adopted by Council on 28 August 2014 to meet the legislations transitional requirements.
 - b) *Council decision* - Council has an opportunity to amend the current policy where it sees fit, but the scope for making changes is quite limited due to the prescriptive nature of DC provisions in the LGA.
 - c) *Minor changes* – includes updated page and section references, layout changes, minor adjustments to catchment boundaries, and some new and slightly altered definitions. These minor changes are not detailed in this report but are disclosed in the draft policy. These changes are considered procedural and non-material.
30. Tompkins Wake have reviewed the draft policy and the relevant aspects of the LGA, and consider that it complies with the requirements of the LGA.
31. DC Charges
32. DC charges are generated in the DC model which in the simplest sense divides all allocated capital costs by all forecast growth. It incorporates both future and historical capital expenditure.
33. Charges are calculated separately across multiple catchments using Net Present Value (NPV) calculations. It converts inputs and outputs into a common basic unit of demand being a Household Unit Equivalent (“HUE”), which is what an average household is estimated to use in terms of council services.
34. Charges change upon review because if new inputs such as new capital costs and growth forecasts. The actual calculation or formula are stipulated in the LGA and remain the same.
35. Moderating modeled charges
36. Some charges are moderated downwards in the current policy.
37. In accordance with s101(3)b of the LGA, Council determines the appropriate sources to meet its revenue needs, including “*the overall impact of any allocation of liability for revenue needs on the community*”. This allows Council to take account of considerations outside the scope of the DC model parameters in setting the level of DC charges.
38. The effect of any charge moderation cannot be to increase that charge, or any other charge.
39. Moderating charges downwards represents a departure from the mathematically derived modeled charges. Caution must be taken in moderating any charge to avoid adverse economic effects or unintended consequences, including impacts on DC revenue and general rates.
40. Modified charges in the current policy include the CBD remission, certain capped non-residential charges, capped Temple View charges, and reduced charges for certain high density (HD) developments. It is proposed that these moderated charges be retained in the draft policy, albeit with a slight amendment to the Temple View cap.
41. Capped Temple View Charges
42. It is recommended to retain a cap on Temple View charges, but that the cap be modified and set at the rate applicable to the comparable Rotokauri charge rather than the Rototuna charge, which is the current policy provision.
43. The calculated charge in Temple View is unfairly high due to uncertainty around growth projections in the absence of a Structure Plan for the area. The of reliable inputs returns unrepresentative modeled charges, and as such Temple View charges are capped in order to keep a degree of parity between greenfield catchments.

44. If uncapped charges were used Council would have unusually high charges based on growth assumptions which do not have the same level of quality data behind them. In order to moderate that outcome, it is proposed that Temple View charges be capped at the highest Greenfield rate under the draft policy, being Rotokauri.
45. The modification to the Temple View charge is an amendment by Council decision as described in paragraph 24 above.
46. No charge for community infrastructure
47. It is recommended that the current adopted approach to not charge DC's for community infrastructure be continued in the draft policy.
48. At a 28 August 2014 Council meeting it was resolved to cease charging any community infrastructure DC's to meet requirements in the LGA. On 27 November 2014 Council adopted and made publically available a proposed approach to its upcoming policy review in order to comply with Section 9(2) of Schedule 1AA of the LGA.
49. The situation in relation to community infrastructure has not materially changed since that time.
50. To not charge community infrastructure in the draft policy is legislative compliance in terms of the definitions in paragraph 24 above.
51. Recovering Costs over 30-Years
52. It is recommended that no recovery of project costs outside the 10-Year Plan period be charged against in the policy.
53. Amendments to the LGA now provide for territorial authorities to recover DC's against capital projects outside the 10-Year Plan period.
54. Staff have investigated, in consultation with external specialists, the possibility of recovering DC's against capex in years 11-30 of Council's Infrastructure Strategy.
55. It is recommended that Council do not recover DC's outside the 10 Year Plan due to a lack of certainty for compliance in terms of total cost and timing or nature, refund risks if projects are not undertaken, and because the 30 Year programme is newly developed and untested.
56. In the opinion of staff and consultant advice, the risk outweighs the benefit. This aspect of charging would be more appropriately considered during a future review of the policy.
57. Strategic alignment
 - 1.1 Council's draft policy contributes to the following outcomes and goals identified in the Hamilton Plan:
 - a) "providing outstanding infrastructure";
 - b) "prioritising investment in provision of appropriate infrastructure to meet the city's future growth needs"; and
 - c) "our books are balanced".
58. The LGA requires Council to adopt a DC Policy such that its growth capital programme aligns to the 10 Year Plan. The current policy is based on the 2012-22 10-Year Plan capital programme.
59. Legislative requirements or legal issues
60. The LGA requires Council to adopt an amended policy by 30 June 2015 per Schedule 1AA 9(3), and through s106(2)(a) requires alignment of policy to the 10 Year Plan. The current policy is based on the 2012-22 10-Year Plan capital programme.

61. Following LGA amendments, on 27 November Council adopted a proposed approach for its 2015/16 DC Policy to compliance with new Purpose and Principles provisions, and charging for community infrastructure. Council also adopted addendums to the current policy, being a Schedule of Assets, and a process for reconsideration of a DC assessment. The proposed approach was made publically available on 1 December 2014.
62. Recommended changes in this report are consistent with the adopted proposed approach.
63. Consultation
64. A drop-in session for interested developers was held on 18 December 2014. Feedback was collated and sent to the development community for further comment. A further presentation on the DC Policy Review was made on 24 February 2015 to a cross section of city developers and consultant stakeholders.
65. On an ongoing basis, developers provide feedback on the policy and aspects of its administration, and this feedback has been considered during the development of the draft policy.
66. Stakeholders most frequent requests for change included:
1. lower charges;
 2. more flexible timing for payment; and
 3. more remissions.
67. Other topics raised by stakeholders included:
4. not charging where a building changes use;
 5. wanting expansion of qualifying High Density reductions;
 6. wanting improved relationship management for large developers; and
 7. specific points around remissions and Private Developer Agreements (PDA's).
68. Formal consultation will be undertaken concurrently with Council's 10-Year Plan. While the Special Consultative Procedure is no longer mandatory, Council must meet the Principles of Consultation as specified in the LGA.
69. Given the nature and significance of the DC policy and the requirement to give submitters an opportunity to present their views in a forum appropriate to their needs, a high level of engagement is required. This will include the following elements:
- 1) Written submissions will be sought
 - 2) Information session for the development community to explain:
 - i. the draft policy
 - ii. 10-Year Plan
 - iii. 30 Year Infrastructure Strategy
 - 3) Feedback sessions with the general public (as part of the 10-Year Plan engagement process)
 - 4) Targeted consultation session with significantly affected/interested stakeholders
70. For further details on consultation, please refer to the DC Engagement Plan, attachment 14 of the 10-Year Plan report. This approach is a departure from traditional hearings as a means to receive verbal feedback.
71. Council will have the opportunity to incorporate any feedback received from the wider community into the final policy.
72. Options
73. Council is required by statute to review its current policy by 30 June 2015. There is no practicable option to defer or delay a review at this time.

- 74. Proposed changes to the policy either require a decision by Council, are requirements of legislative change, or are to rectify or clarify minor errors or issues with policy provisions.
- 75. Council has the option to adopt the draft policy with or without these changes and with any other minor amendments it may wish to make.

76. Financial and Resourcing Implications

- 77. There are no significant financial or resourcing implications associated with the proposed changes to the current policy proposed in this report. The options proposed in this report require no changes to the DC revenue budget incorporated in the 10-Year Plan.

78. Risk

- 79. If this draft policy were not to be adopted for public consultation, consequent delays may mean Council does not meet its statutory obligation to adopt a revised DC Policy by 30 June 2015.
- 80. The risk associated with the adoption of the draft policy for consultation is considered to be minimal.
- 81. The Engagement Plan proposes a departure from consultation methods used for previous DC reviews (no hearings). While legal requirements have been met, the communication plan will also need to address the public perceptions of this change in approach. The community will need to be educated that their opportunity to be heard is at the consultation sessions during the one month submission period and not after that as has been the tradition.

Signatory

Authoriser	Blair Bowcott, General Manager Performance Group
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Committee: Council

Date: 09 April 2015

Report Name: Adoption of 10-Year Plan
Consultation Document

Author: Blair Bowcott

Report Status	<i>Open</i>
Strategy, Policy or Plan context	<i>Hamilton's 10-Year Plan 2015-2025 and associated policies.</i>
Assessment of significance	<i>Having regard to the decision making provisions in the LGA 2002 and Council's Significance and Engagement Policy, a decision in accordance with the recommendations is considered to have a high degree of significance.</i>

1. Purpose of the Report

- The purpose of this report is to adopt Hamilton's 10-Year Plan Consultation Document 2015-2025 and any supporting documentation not previously resolved by Council.

3. Executive Summary

- Council has been working on the 10-Year Plan for the last 18 months. This included work on strategy, asset management, rating review, service levels and budgeting. Council has had three meetings passing resolutions directly impacting on the information in the Consultation Document. These meetings were 9/10 December 2014, 3/4 February 2015 and 25 February 2015.
- The 2014 amendments to the Local Government Act 2002 (LGA) have changed the process for the preparation of the 10-Year Plan.
- Council is required to adopt for consultation:
 - Hamilton's 10-Year Plan Consultation Document 2015-2025.
 - Revenue and Financing Policy.
 - Rates Remissions and Postponements Policy.
 - Development Contributions Policy (see separate report).
- The Revenue and Financing Policy and Rates Remissions and Postponements Policy have been updated to enable the technical implementation of the rates review decisions from 2014.

8. The LGA also requires Council to adopt information that is relied upon by the content of the Consultation Document; is necessary for the external auditor; and provides the basis for presentation of the 10-Year Plan. These documents are listed in paragraph 9 below.
9. The items listed below are required to be adopted by Council as supporting information to the Consultation Document.

Items to be adopted
• Long-term Infrastructure Strategy 2015-2045
• 10-Year Plan Prospective Financial Statements 2015-2025
• Funding Impact Statement 2015 - 2025
• 10-Year Plan Disclosure Statement 2015 - 2025
• Group of Activity Statements 2015-2025
• Capital Projects List 2015 - 2025
• Council Controlled Organisations Statement
• Funding Needs Analysis
• Rating Policy
• 10-Year Plan Engagement Plan

10. The supporting information, along with the key consultation documents (listed in paragraph 6) will be placed in the consultation and engagement pages of the website. Residents will be told about the 10-Year Plan consultation in a snapshot published in the City News (distribution dates 14/15 April 2015).
11. The adoption of all these matters is essential to the on-time completion of the 10-Year Plan in June 2015. Changes and amendments to this information will result in the requirement to withdraw the Consultation Document for updating and re-consideration of the audit opinion.
12. The consultation provisions of the LGA have also been amended. A 10-Year Plan Engagement Plan is proposed for adoption which takes advantage of the new provisions of the LGA. This plan departs from the traditional hearing approach and provides more interactive opportunities for the community to be heard. These interactive meetings include public round table meetings and targeted stakeholder meetings.
13. Our auditors have audited Hamilton’s 10-Year Plan Consultation Document 2015-2025, which will contain a clear audit opinion. In order that an audit opinion could be issued on the Consultation Document the auditors are required to review all the supporting documentation. The final 10-Year Plan adopted in June 2015 is also required to be audited.
14. The auditors require an Audit Representation Letter (Attachment 15). Council must resolve that the Mayor and Chief Executive sign the audit representation letter to complete this process. The Chief Financial Officer and General Manager Performance have considered the matters included in the representation and provided the Mayor and Chief Executive written confirmation that the matters in the letter can be attested to. As such, it is recommended that the representation letter be signed.

Recommendation/s from Management

That Council:

- a) Receive the report.
- b) Adopt the following information as supporting information for the consultation on Hamilton's 10-Year Plan Consultation Document 2015-2025:
 - (i) Infrastructure Strategy 2015-2045
 - (ii) 10-Year Plan Prospective Financial Statements 2015-2025
 - (iii) Funding Impact Statement 2015-2025
 - (iv) 10-Year Plan Disclosure Statement 2015-2025
 - (v) Group of Activity Statements 2015-2025
 - (vi) Capital Projects List 2015-2025
 - (vii) Council Controlled Organisations Statement
- c) Amend the Financial Strategy 2015-2025 adopted on 25 February to change the debt limit to:
 - (i) "The debt to revenue ratio will be reduced to 200% or below by 2020 and thereafter will remain below 200%."
- d) Adopt the following information as supporting information for the Revenue and Financing Policy:
 - (i) Funding Needs Analysis
 - (ii) Rating Policy
- e) Adopt the Revenue and Financing Policy for consultation concurrently with Hamilton's 10-Year Plan Consultation Document 2015-2025.
- f) Adopt the Rates Remissions and Postponements Policy for consultation concurrently with Hamilton's 10-Year Plan Consultation Document 2015-2025.
- g) Adopt the 10-Year Plan and Development Contributions Policy Engagement Plan and delegates to each Elected Member its responsibilities, duties and powers to have spoken interaction at the public and stakeholder meetings in the course of Council's consultation on the proposed 10-Year Plan.
- h) Authorises the Mayor and Chief Executive to sign the Audit Representation Letter on behalf of Council.
- i) Adopt Hamilton's 10-Year Plan Consultation Document 2015-2025 for the consultation on Hamilton's 10-Year Plan.

15. Attachments

16. Attachment 1 - Consultation Document (D-1731415) *(Under Separate Cover)*
17. Attachment 2 - Infrastructure Strategy (D-1731561) *(Under Separate Cover)*
18. Attachment 3 - Financial Strategy (D-1728131) *(Under Separate Cover)*
19. Attachment 4 - Prospective Financial Statements 2015-25 (D-1727554) *(Under Separate Cover)*

20. Attachment 5 - 10-Year Plan Disclosure Statement 2015-25 (D-1727557) *(Under Separate Cover)*
21. Attachment 6 - Council Funding Impact Statement 2015-25 (D-1727558) *(Under Separate Cover)*
22. Attachment 7 - Group of Activity Statements 2015-25 (D-1727560) *(Under Separate Cover)*
23. Attachment 8 - Capital Projects List 2015-25 (D-1727563) *(Under Separate Cover)*
24. Attachment 9 - Council Controlled Organisations(CCOs) (D-1727564) *(Under Separate Cover)*
25. Attachment 10 - Revenue and Financing Policy (D-1727565) *(Under Separate Cover)*
26. Attachment 11 - Funding Needs Analysis (D-1727567) *(Under Separate Cover)*
27. Attachment 12 - Rating Policy (D-1727568) *(Under Separate Cover)*
28. Attachment 13 - Rates Remissions and Postponements Policy (D-1727570) *(Under Separate Cover)*
29. Attachment 14 - 10-Year Plan Engagement Plan (D-1727574) *(Under Separate Cover)*
30. Attachment 15 - Letter of Representation (D-1730922) *(Under Separate Cover)*

31. Key Issues

32. Hamilton's 10-Year Plan Consultation Document 2015-2025 (Attachment 1)

33. A draft 10-Year Plan is no longer required and in its place is a Consultation Document.
34. The purpose of the consultation document is to provide an effective basis for public participation in Council's decision-making processes relating to the content of the 10-Year Plan.
35. The consultation document is not a summary and must contain the following matters in support of its purpose:
 - The important matter(s), the principal options for addressing these matter(s) and likely consequence on debt, rates and services.
 - Matters of public interest from the Financial and Infrastructure Strategies.
 - The direction and nature of changes in service levels.
 - Any significant changes in the way Council is funded (including rating system).
 - Rates samples.
 - Audit report.
36. The Act stipulates the use of graphs and charts and that a consultation document should be concise and simple. It also stipulates the document cannot contain whole policies, strategies and detailed information that cannot be readily understood by interested and affected people.
37. As this is the first year of preparation of the consultation document in the sector there is a wide variety of documents being developed and good practice is yet to be established. For example, the Auckland Council consultation document was 64 pages long (and not the largest) whereas Taupo's is 13 pages.
38. Hamilton's 10-Year Plan Consultation Document 2015-2025 has been audited and the audit opinion will be included in the document.

39. Other Supporting Information Consultation Document

40. Long-term Infrastructure Strategy 2015-2045 (Attachment 2)

41. The 30-year Infrastructure Strategy is a new LGA requirement. Council has had a considerable work programme to update asset systems, information and plans. These have informed the Infrastructure Strategy.
42. This is the first time that residents will have had information provided on infrastructure programmes beyond 10 years. Residents will find information on the nature and timing of future infrastructure projects (in the pull out overview) a helpful at a glance guide showing what Council intends to spend rates and other income on.
43. The Long-term Infrastructure Strategy 2015-2045 provides the development community with information on how Council sees the city will grow and the infrastructure plans it has to support this growth in one place. It will give indications of Council's latest plans for its investments so developers can plan with more certainty
44. Other infrastructure providers and government agencies can use the plan to understand Council's overarching infrastructure plans for Hamilton and use this information for their own planning processes to ensure that they can align their investments to help support the future infrastructure needs of Hamilton.
45. The Long-term Infrastructure Strategy 2015-2045 aligns with the Financial Strategy for the first ten years to determine a sustainable capital works programme that provides for growth. Beyond 2025 there is greater uncertainty around the timing, value and funding of projects. This uncertainty will be reduced at each triennial 10-Year Plan and Infrastructure Strategy review, of which there will be three prior to 2025.
46. The Infrastructure Strategy is a major matter addressed in the Consultation Document.
47. Financial Strategy (Attachment 3)
48. Council adopted the Financial Strategy on 25 February 2015. With the update of the other decisions on that day and with the completion of detailed budgets it has been calculated that the debt limit is achieved a year earlier (from 2021 to 2020).
49. It is therefore recommended to change the debt limit to read:
 - "The debt to revenue ratio will be reduced to 200% or below by 2020 and thereafter will remain below 200%."
50. Prospective Financial Statements 2015-2025 (Attachment 4)
51. The financial statements are prepared in accordance with generally accepted accounting principles and in compliance with LGA regulations.
52. The financial statements have been updated for the decisions made at Council's December and February meetings and for matters identified by the auditors.
53. The financial statements reconcile to the capital programme in the Infrastructure Strategy, Financial Strategy targets and limits.

54. 10-Year Plan Disclosure Statement 2015-2025 (Attachment 5)
55. The LGA Financial Prudence Regulations have determined precisely how every council shall measure and disclose some key metrics. This is designed to develop some consistently calculated comparable information on which to assess and benchmark council financial performance. As described at the end of the statement some of these are calculated differently from how Council has traditionally calculated them in the Financial Strategy.
56. The Disclosure Statement has been updated for the decisions of 25 February.
57. Funding Impact Statement 2015–2025 (Attachment 6)
58. The Funding Impact Statement is another element in setting a lawful rate. It brings together the policy work and the budgets to calculate how the rates will be set and assessed.
59. The rates samples in the consultation document are drawn from the Funding Impact Statement.
60. The Funding Impact Statement has been updated for the decisions of 25 February.
61. Group of Activity Statements 2015-2025 (Attachment 7)
62. The 10-Year Plan requires group of activity statements, which include performance measures that enable the public to assess Council's levels of service for major aspects of groups of activities.
63. The performance measures have been reviewed since the last 10-Year Plan and now include the new mandatory measures set by LGA regulation, which must be included in all councils' 10-year plans. The mandatory measures include the water supply, sewerage and stormwater measures and a number of the transport measures.
64. Capital Projects List 2015 – 2025 (Attachment 8)
65. The attached list of capital projects is updated for the decisions of 25 February. A list of capital projects by activity is required to be included in a 10-Year Plan
66. Council Controlled Organisations Statement (CCOs) (Attachment 9)
67. The attached statement is required to be included in a 10-Year Plan stating Councils significant policies and objectives in relationship to ownership and control of the organisation as well as the nature and scope of the activity and KPI's for the organisation.
68. The performance information is based on draft Statement of Intent prepared by the CCOs that is still subject to amendment. The final figures will go into the adopted 10-Year Plan in June 2015.
69. **Revenue and Financing Policy (Attachment 10)**
70. The policy is required to be reviewed every three years to align with the 10-Year Plan. The policy must be consulted on. The policy has been amended to implement the decisions of the rates review.

71. A Revenue and Financing Policy is quite technical and is essential for supporting all Council's revenue and funding choices.
72. In 2014 Council undertook a special consultation on changes to the rating system and resolved a number of changes. The more significant of these changes being the transition over 10 years to capital value general rates. For these changes to take effect there are a number of technical policies that require to be amended. These policies are inter-related.
73. The Revenue and Financing Policy, supported by the Funding Needs Analysis, Rating Policy and Rates Remissions and Postponement Policy are all required to implement the changes resolved last year. These policies have been completely rewritten. The rates review information also forms supporting documentation to the Revenue and Financing Policy changes.
74. The final Revenue and Financing Policy will be adopted in June 2015 and included in the 10-Year Plan.
75. **Other Information Supporting Revenue and Financing Policy**
76. Funding Needs Analysis (Attachment 11)
77. The policy has been amended to implement the decisions of the rates review. As part of preparing a Revenue and Financing Policy, Council must review each activity and determine how the funding needs of each activities operating and capital expenses will be funded. This is then summarised in the Revenue and Financing Policy table 1.
78. The LGA is very prescriptive in the things a council must consider.
79. The reality is that Council sets the budget (revenue and expenses) and the policy ratios are adjusted according to the budget.
80. The choices of funding sources and policies are consistent with the budgets and practices of Council.
81. Council is not required to consult on this analysis, but it forms an integral part of the Revenue and Financing Policy and is relevant supporting information.
82. Rating Policy (Attachment 12)
83. The policy has been amended to implement the decisions of the rates review. The Rating Policy consolidates and addresses matters that assist in the application of the Local Government (Rating) Act 2002 (LGRA).
84. These matters are:
- Definition of Rating Differentials.
 - Determination of cost allocation.
 - Definition of Service Category (previously referred to as non-rateable).
 - BID area.
 - Technical policies.
85. These policies form part of the requirements of the Funding Impact Statement and support the calculations for the rates samples in the Consultation Document, but are not required to be consulted on by the LGA.

86. Rates Remissions and Postponements Policy (Attachment 13)

87. The policy is being amended to implement the decisions of the rates review and hardship relief resolution. An updated policy is required to be consulted on.

88. As the policy was required to be updated some improvements have been made to it to better reflect current practices. This includes the following changes to implement existing decisions and complying with the law:

- Updating Hardship Relief thresholds as resolved by Council (para. 18).
- Update remissions to Community Organisation with Retail Shops, to remove transition now expired as previously adopted by Council but not included in the policy (para.35).
- New Water, Sewerage and Refuse Services remission resulting from rates review (para. 40).
- Deletion of 3 policies not required as the properties affected are already non-rateable under the Act.

The changes also include the following changes that improve the policy by better reflecting current practices.

- Improving the conditions and criteria for remissions to Not-for Profit Community Organisations (para 12 of policy).
- New policy that allows for a property to change from a commercial use to a residential use as has been the long-term practices (para. 45).
- Adjust the gross income threshold by inflation for remissions for Hardship Relief for 50% Non-Rateable Sporting and Cultural Organisations (para. 31).
- Clarification of delegations (para. 48).

89. The policy is no longer included in a 10-Year Plan but is notified on the Rates Assessment.

90. 10-Year Plan and Development Contributions Policy Engagement Plan (Attachment 14)

91. The following items require consultation in the period from 13 April – 15 May 2015.

- Hamilton's 10-Year Plan Consultation Document 2015-2025
- Revenue and Financing Policy
- Rates Remission and Revenue Policy
- Development Contributions Policy (see separate report).

92. The requirements of the LGA have changed allowing for more flexibility in the consultation processes. Council last year adopted a new Significance and Engagement Policy.

93. The consultation on Hamilton's 10-Year Plan Consultation Document 2015-2025 must be a Special Consultative Procedure. The consultation requirements for the three other policies must meet the Principles of Consultation as specified in the LGA, which is potentially a lesser requirement than a Special Consultative Procedure.

94. For ease of engagement, it is recommended the Revenue and Financing Policy and the Rates Remissions and Postponements Policy will be consulted on concurrently. There will be a separate but concurrent consultation on the Development Contributions Policy (see separate report).

95. The attached Engagement Plan takes advantage of the improved processes allowed by the LGA. The key thing to note with this approach is the departure from traditional hearings and

the use of social media as an additional method to receive written feedback. This will allow for a different way for Council to satisfy its legal obligations around consultation.

- 96. As there will be no hearings Council must be clear on how it meets its our obligations to:
 - “provide an opportunity for persons to present their views to the local authority in a manner that enables spoken ... interaction between the person and the local authority, or any representatives to whom an appropriate delegation has been made in accordance with Schedule 7 ...”
- 97. Council intends to achieve this in public feedback sessions and targeted stakeholder meetings. To ensure Council meets the new LGA requirements, legal advice has been sought on the Engagement Plan. The advice recommended that Council is clear in its delegation to members to have spoken interaction with those who wish to present their views.
- 98. The public will be informed about the consultations through City News, social media and on Council’s website. The website will contain the consultation documents and supporting information. Hamilton’s 10-Year Plan Consultation Document 2015-2025 will not be widely distributed but will be available at Council, libraries and on the website.

99. Risk

- 100. The result of the processes recommended by this report result in Council being able to adopt the 10-Year Plan 2015-2025 in June. This includes the lawful setting and assessing of rates and the charging of development contributions. These matters are significant and carry a higher than normal degree of risk. Following the requirements of the legislation is important to minimising risk.
- 101. Council has taken legal advice on the policies and Engagement Plan in order to get confirmation the legal requirements are meet. While meeting the legal requirements has been achieved, the communication plan will also need to address the public perceptions of this change in approach. People will need to be educated that their opportunity to be heard is during the one month period and not after which has been the tradition.
- 102. As this approach for 10-Year Plan consultation is new for both Council and the community, flexibility in the consultation method and process may be required to address any issues which arise during the submission period.

Signatory

Authoriser	Blair Bowcott, General Manager Performance Group
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