

## Notice of Meeting:

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

**Date:** Tuesday 30 June 2015  
**Time:** 9.00am  
**Meeting Room:** Council Chamber  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

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## Council OPEN AGENDA

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### 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

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Jude Pani  
Democracy Manager

**24 June 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**

The public forum procedure does not apply for this Meeting.

**Committee:** Council

**Date:** 30 June 2015

**Report Name:** Council Open Minutes 4 June  
2015

**Author:** Jude Pani

<b>Status</b>	<i>Open</i>
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## Recommendation

That Council confirms and adopts as a true and correct record the Open Minutes of the Council Meetings held on 4 June 2015.

## 1. Attachments

- Attachment 1 - Council Minutes - Open - 4 June 2015

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## Council

### OPEN MINUTES

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**Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 4 June 2015 at 9.00am.**

#### PRESENT

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
In Attendance	Chief Executive, Chief Financial Officer, General Manager City Environments, General Manager City Infrastructure, General Manager Community, General Manager Events and Economic Development, General Manager Organisational Development and General Manager Performance.
	Corporate Projects Accountant, Community Development & Leisure Manager, City Safe Unit Manager, Waters Manager, Manager Swimming & Recreation, City Planning Unit Manager, River Plan Manager and Communication Advisor
Committee Advisors	Mrs J C Pani and Mrs M Birch

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## 1. Apologies

There were no apologies received. Later in the meeting Council was advised of apologies for lateness from Cr Green and Cr Macpherson.

## 2. Confirmation of Agenda

**Resolved:** (Her Worship the Mayor Hardaker/Cr Chesterman)  
That the Council confirm the agenda

## 3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

## 4. Public Forum

As this was deliberation following a consultation and hearings process there was no requirement for a public forum.

## 5. 10-Year Plan Final Deliberations

### Introduction

Prior to the General Manager (GM) Performance, supported by the Chief Financial Officer (CFO), speaking to this Report, Her Worship the Mayor Hardaker advised of the following order for consideration of this Item:

- Presentation of Report by GM and CFO.
- Consideration of recommended changes arising from new information (page 10 and page 17, Attachment 3 of the Report);
- funding requests (page 15, Attachment 2); and
- other major themes (page 12, Attachment 1)

Councillor Gallagher joined the meeting at 9.05am during the introduction by the General Manager.

The GM Performance introduced this Item and commented that the submissions and engagement meeting notes had been made available to Elected Members. The GM worked through the information provided in the Report.

Particular mention was made of the change to the Local Government Act that provided the Council with an opportunity to engage with the community in a more focused, interactive and inclusive way. The GM advised that the new way that the Council listened to the community would be included in a review that is to be undertaken of this 10-Year Plan process.

There were views expressed both for and against this new approach to hearing from the submitters with some Councillors feeling that they were not able to listen to all submitters and that it was intimidating.

*Action: The review of the submission and consultation process for the 10-Year Plan to be available in time for the 2016/2017 Annual Plan process.*

Staff responded to questions with the following noted:

- The submission process was wider than in previous years. Submissions were also received via the usual communication channels. The only change for this 10-year planning process was in the way that people spoke to and presented in person to the Council.
- Even though the process was considered wider for this 10-Year Plan, there were less submissions received than for previous long term plan processes.
- Not every submitter was explicit in their preference for an option. Staff read through all the submissions – some submissions inferred an option.
- There was no down-grading of standardised submissions. Regarding Option 3, 34 submitters identified specific projects for deferral. The 301 submissions received through the Generation Zero standardised submission were not included as Option 3 in the Report, although they were advocating a reduction in the debt. It was agreed that 335 submissions indicated a lower level of debt, with 34 specifically indicating a preference for Option 3.
- The information circulated regarding growth assumptions remained relevant and realistic. Staff continued to have conversations with the National Institute of Demographics and Economic Analysis at the University of Waikato. The Report identifies some factors since the draft consultation was assembled. The information on growth assumptions was presented to Council by Natalie Jackson at the commencement of development of the 10-Year Plan.
- There had been media reports in the last few weeks of the pressure in the Waikato from population growth. This affected particularly Waipa and Hamilton.

Councillor Macpherson joined the meeting at 9.20am during the questions to the General Manager.

Councillor Green joined the meeting at 10.00am during the questions to the General Manager.

**The Meeting adjourned from 10.20 until 10.35am.**

### **Changes Arising from New Information (Risk and Opportunities)**

The CFO, supported by the various GMs, presented suggested changes in the operating budget lines that had been identified as being large enough to require a change.

Staff responded to questions with the following noted:

- **Pool Staff Costs** – As noted at the recent Finance Committee there had been higher users this summer with additional senior staff required for safety reasons to cope with the usage and also to manage behaviour. Staff have been taking advice from both City Safe and the Police in terms of dealing with behaviour and any trespassing issues.
- **Parking Revenue** – There had been a thorough review of parking revenue with staff comfortable that the adjustment recommended to reflect actual results was as accurate as possible and a more realistic figure.
- **Community Safety & Crime Prevention Grant** – In response to a concern about the lack of information and context to enable Council to make an informed decision on whether to allocate ratepayer funding to this activity, staff commented that they had only recently been advised that the Ministry of Justice (MoJ) funding grants for City Safe programmes would not be renewed. Council had been advised via the Executive Update and also at a recent Strategy and Policy Committee meeting.
- **Water Supply Revenue** – It was confirmed that this had been reported to the February, April and May meetings of the Finance Committee. Regarding the \$390,000 loss of revenue from major client, the GM confirmed that in principle there was a relationship between cost recovery and cost reduction, however, it was an incremental cost.

The Meeting then addressed the recommendations, paragraph 12 of the Report.

**Water Supply Revenue, Parking Revenue, Interests Costs**

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

That after considering submissions the draft 10-Year Plan 2015-25 budgets, are amended as follows: the changed budgets, listed in the Report as Attachment 3, Table 1 “impact from budget update and review” (with the exception of the pool staff costs), are approved.

**Pool Staff Costs**

**Resolved:** (Her Worship the Mayor Hardaker/Cr Forsyth)

That after considering submissions the draft 10-Year Plan 2015-25 budgets are amended as follows: the pool staff costs (increased for safety), as detailed in the Report Attachment 3, Table 1, be added to the budget.

**Community Safety & Crime Prevention Grant**

**Motion:** (Crs Forsyth/O’Leary)

That funding of \$120,000 p.a. is added to the City Safe expenditure to maintain service levels after the loss of the Community Safety and Crime Prevention Grant.

Prior to this Motion being debated, there were questions and clarification sought on the detail of this funding that was not being renewed. The Manager advised that both the Suburban City Safe Ambassador Patrol Programme (\$59,150pa) and the CBD Burglary and Crime Reduction Programme (\$60,000 p.a.) were previously funded from the MoJ. There was concern expressed about the lack of wider engagement and communication from the MoJ. Following questioning, Councillors requested further information prior to consideration of this Motion.

**Procedural Motion:** Councillor King, seconded by Councillor Wilson, then moved a Procedural Motion under Standing Orders 3.11.1(b) to adjourn debate on this Item to allow Councillors to be fully briefed prior to making a decision to fund \$120,000 to the Community Safety and Crime Prevention Grant.

The Mayor ruled that this was a closure Motion and following advice from the Democracy Manager, Put the Procedural Motion.

**Action:** Staff to note that similar requests need to be presented to the Council by way of a full report.

**Resolved:** (Crs King/Wilson)

That this matter be deferred to a date before 30 June 2015 to allow Elected Members an opportunity to be briefed.

<b>Those for the Motion:</b>	Councillors Mallett, King, Gallagher, Green, Wilson, Forsyth and Macpherson
<b>Those against the Motion:</b>	Her Worship the Mayor Hardaker, Councillors Yeung, Chesterman, O’Leary, Pascoe and Tooman

### **Other Major Themes from Submissions**

The Meeting then considered other major themes from submissions. The GMs presented the staff response to the key issues identified during the consultation process as follows:

#### **Permanent closure of Municipal Pool (Attachment 1 Page 12 of the Report)**

The GM Community responded to questions regarding swimming facilities in Hamilton with the following noted:

- There was no doubt that the further swimming facilities were needed, with pressure on current facilities expected to increase with the projected growth.
- The community had been provided with plenty of opportunities to place their views before Council.
- The estimate was \$670,000 (not included in the 10-Year Plan) for demolition and clearance of the site. If left as is, cost would be \$10,000 p.a. for weed control and fencing.
- There had not been research on usage for a pool in the CBD. A covered pool would be preferable to enable use during the winter months.
- Hamilton Boys' High School have a 25m outside pool. They have put in an application for Partner Pool use and already have a relationship with Learn to Swim. Clarity is being sought on the level of community use, as this may be limited because the school would have priority. An indoor pool was also going to be built.
- Staff were recommending permanent closure of the Municipal Pool with any subsequent decision on the future use of the site to be a future consideration by Council.

**The Meeting adjourned from 12.20 until 1.15pm.**

#### **Permanent closure of Municipal Pool – cont'd**

**Motion:** (Crs Wilson/Macpherson)

That Council does not permanently close the Municipal pool and that it puts aside \$670,000 (in the 2016/2017 financial year) towards a refurbishment project and commences a request for proposal from the community for a public private fund raising campaign to rebuild a pool on the site. The request for proposal to be received by the end of November 2015.

**Amendment:** (Crs Chesterman/Forsyth)

Council supports the redevelopment of the Municipal Pool and provides \$4.5M (spread across 3 years) in the 10-year plan process to enable a trust to be formed and governance put in place to raise the balance needed.

Prior to consideration of the Amendment and the Motion, clarity was sought from the mover of the amendment who confirmed that this was additional to the funding for Water World which should be used in the North-East of Hamilton. The CFO provided Council with the financial consequences of the scenarios and confirmed that the amendment would be a capital cost and would increase Council's debt by \$4.5M.

**The Meeting adjourned from 1.30 until 1.35pm.**

**Permanent closure of Municipal Pool – cont'd**

Following the adjournment the following responses to questions were noted:

- The Amendment, with Hamilton City Council owning the pool, would require capital funding of \$4.5M and an operating budget of \$200,000.
- There would be a shortfall of \$1-1.3M for an outdoor pool and \$4-4.3M for an indoor facility. The previous drawings for the Municipal Pool site were for an outdoor pool complex and effectively a rebuild capturing the essence of the historical design.
- Staff are in the River Plan planning stages regarding the Ferrybank plan with a master plan being available mid-2016. If Council was to support a pool at the Municipal Pool location it would need to be included into any design brief for the Ferrybank planning process.
- Engineering information indicated that the Municipal Pool was not suitable for repair.
- Previous attempts by the community to secure funding were unsuccessful as the prospective funders were wanting commitment at that stage from the owner of the pool.

Councillor O'Leary left the meeting during discussion at 2.20pm.

**The Amendment was Put.**

**Amendment:** (Crs Chesterman/Forsyth)

Council supports the redevelopment of the Municipal Pool and provides \$4.5M (spread across 3 years) in the 10-year plan process to enable a trust to be formed and governance put in place to raise the balance needed.

**Those for the Amendment:**

Councillors Gallagher, Forsyth,  
Macpherson, Yeung and Chesterman

**Those against the Amendment:**

Her Worship the Mayor Hardaker,  
Councillors Mallett, King, Green, Wilson,  
Pascoe and Tooman

**The Amendment was declared lost.**

**The Motion was then Put.**

**Motion:** (Crs Wilson/Macpherson)

That Council does not permanently close the Municipal pool and that it puts aside \$670,000 (in the 2016/2017 financial year) towards a refurbishment project and commences a request for proposal from the community for a public private fund raising campaign to rebuild a pool on the site. The request for proposal to be received by the end of November 2015.

**Those for the Motion:**

Councillors King, Gallagher, Green,  
Wilson, Macpherson and Chesterman

**Those against the Motion:**

Her Worship the Mayor Hardaker,  
Councillors Mallett, Forsyth, Yeung,  
Pascoe and Tooman

**The Motion was declared equal votes. The Mayor advised that she would be exercising the Chair's casting vote.**

**The Motion was declared lost.**

Councillor O'Leary returned at 2.29pm and was not present for voting on the Amendment and the Motion.

**The Meeting adjourned from 2.32 until 2.45pm.**

Councillor Green retired from the Meeting at 2.32pm.

**Permanent closure of Municipal Pool – cont'd**

**Motion:** (Crs Pascoe/O'Leary)  
That the Municipal Pool be permanently closed.

**Amendment:** (Crs Yeung/Gallagher)  
That Council supports the redevelopment of the Municipal Pool and provides \$2.5M (spread across 3 years) in the 10-year plan process to enable a trust to be formed and governance put in place to raise the balance needed.

The CFO provided the Council with the financial consequences of the scenarios.

**The Amendment was Put.**

<b>Those for the Amendment:</b>	Councillors Gallagher, Forsyth, Macpherson, Yeung and Chesterman
<b>Those against the Amendment:</b>	Her Worship the Mayor Hardaker, Councillors Mallett, King, Wilson, O'Leary, Pascoe and Tooman

**The Amendment was declared lost.  
The Motion was then Put.**

**Resolved:** (Crs Pascoe/O'Leary)  
That the Municipal Pool be permanently closed.

<b>Those for the Motion:</b>	Her Worship the Mayor Hardaker, Councillors Mallett, King, Wilson, Forsyth, O'Leary, Pascoe and Tooman
<b>Those against the Motion:</b>	Councillors Gallagher, Macpherson, Yeung and Chesterman

**During debate on the above the Meeting adjourned from 3.00 until 3.15pm.**

**Cycling Infrastructure** (Attachment 1 Page 12 of the Report)

The GM City Infrastructure talked to this Item advising that staff were not recommending changes to the current 10-Year Plan provisions of approximately \$12.75M for cycle infrastructure. In response to questions regarding the contestable fund and allocating part of the fund to cycling, the GM advised that there was a total fund of \$900,000 p.a. in the Integrated Transport Fund. One-third of this fund could be allocated to cycling, with the New Zealand Transport Agency matching this funding.

**Resolved:** (Crs Forsyth/Macpherson)

That council commits a minimum of \$3M of the \$9M Integrated Transport Fund to cycling for the 10-Year Plan period (in addition to any external funding including NZTA funding).

**Those for the Motion:** Her Worship the Mayor Hardaker,  
Councillors Gallagher, Wilson, Forsyth,  
Macpherson, Yeung, Chesterman,  
O'Leary, Pascoe and Tooman

**Those against the Motion:** Councillors Mallett and King

Councillor O'Leary retired from the Meeting at 4.10pm.

**Procedural Motion to Adjourn the Meeting:**

In response to a question regarding reconvening the Meeting to complete the business in a timely way, the Democracy Manager advised that the correct process would be for Council to resolve a procedural motion under Standing Orders 3.11.1(a) to adjourn the Meeting to reconvene at a date and time to be stated.

In response to a question about whether this would allow Council to comply with the legislative requirements regarding public notification of meetings, the Democracy Manager confirmed her earlier advice that the Council could, under Standing Orders 3.11.1(a), procedurally resolve to adjourn and reconvene Friday 5 June 2015.

Owing to the urgent nature of the business to be concluded the Chief Executive confirmed that Wednesday 10 June would be the last day for Council decision to adopt the 10-Year Plan for Audit New Zealand review and presenting to the Council on 30 June 2015.

**Resolved:** (Crs Chesterman/Pascoe)

That the meeting be adjourned to Friday 5 June 2015 commencing at 9.00am.

**Those for the Motion:** Her Worship the Mayor Hardaker,  
Councillors Mallett, King, Wilson, Forsyth,  
Yeung, Chesterman, Pascoe and Tooman

**Those against the Motion:** Councillors Gallagher and Macpherson

**The Meeting adjourned at 4.30pm to reconvene Friday 5 June 2015 at 9.00am.**

## The Meeting reconvened on Friday 5 June 2015 at 9.00am.

### PRESENT:

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 G Mallett Cr A O'Leary Cr R Pascoe Cr L Tooman Cr E Wilson Cr P Yeung
In Attendance	Chief Executive, Chief Financial Officer, General Manager City Environments, General Manager City Infrastructure, General Manager Community, General Manager Events and Economic Development, General Manager Organisational Development and General Manager Performance.  Senior Strategic Policy Analyst, Corporate Projects Accountant, Community Development & Leisure Manager, City Safe Unit Manager, Waters Manager, Manager Swimming & Recreation, City Planning Unit Manager, River Plan Manager and Communication Advisor
Committee Advisors	Mrs J Pani, Mrs M Birch and Mr B Stringer

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### Welcome:

Her Worship the Mayor welcomed everyone to the reconvened Meeting. She advised that the advice from the Chief Executive and the City Solicitor confirmed that the Meeting had appropriately adjourned on 4 June to reconvene at 9.00am on Friday 5 June.

### 1. Apologies

**Resolved:** (Her Worship the Mayor Hardaker/Cr Tooman)

That the apologies from Councillor Macpherson and apologies from Councillor Wilson (for lateness) be received and accepted.

**Councillors O'Leary and Forsyth dissenting.**

## 5. 10-Year Plan Final Deliberations Cont'd

### Other Major Themes from Submissions

The Meeting returned to consider other major themes from submissions. The GMs presented the staff response to the key issues identified during the consultation process as follows:

#### Pensioner Housing (Attachment 1 Page 13 of the Report)

The GM Performance responded to questions regarding pensioner housing with the following noted:

- 23 organisations had responded to the 23 February 2015 expressions of interest and registered an interest. Site tours of the complexes were conducted in May, with many of the interested parties participating. The inspection phase continued until August 2015. Staff would report back to the Council towards the end of 2015.
- A discussion on fees and charges would be available later in the Meeting.

#### Public source of non-fluoridated water (Attachment 1 Page 13 of the Report)

The GM City Infrastructure and GM Performance responded to questions regarding a public source of non-fluoridated water with the following noted:

- The information in Attachment 1 of the Report was consistent with what had been provided.
- Some of the towns identified in the submissions, already had non-fluoridated water.
- The fundamental difference between Hamilton and these places was that many of them could tap into artesian wells and bores. This approach would be costly, as Hamilton did not have the same access to the aquifer water and probably could not find a secure supply free from contaminants.
- Hastings District had provided an outside solution with vehicle access to the supply.
- Normal flow rate was 1-2 litres/minute for the non-fluoridated water.
- Option 2 in the Report presented an internal supply, similar to a water cooler, using reverse osmosis technology to remove fluoride.
- Expectation from staff was that people would bring 20 litre containers to source the water, Staff had not been advised of any commercial operators interested in obtaining non-fluoridated water.
- It was clarified that there would need to be a capital budget, and then on going operational budget, to provide this non-fluoridated water supply.

**Resolved:** (Crs Yeung/Forsyth)

That a capital budget of \$60,000, and an annual operating budget \$5,000 from year 1, for a non-fluoridated water station be provided, with staff to report back on the options for the Council following consultation with the groups requesting the facility.

**Those for the Motion:**

Her Worship the Mayor Hardaker,  
Councillors Mallett, Gallagher, Green,  
Forsyth, Yeung, Chesterman, O'Leary and  
Pascoe

**Those against the Motion:**

Councillors King and Tooman

**Hamilton and Waikato Tourism** (Attachment 2 Page 15 of the Report)

The GM Performance responded to questions regarding the funding request from Hamilton Waikato Tourism with the following noted:

- There would be a 50% increase from the current funding.
- All the territorial authorities in the region had confirmed funding to Hamilton and Waikato Tourism, subject to adoption of their 10-year plans, with the Regional Council declining to provide funding.
- Hamilton and Waikato Tourism financials are publicly available.

**Resolved:** (Crs Pascoe/Chesterman)

That additional funding for Hamilton and Waikato Tourism of \$195,000 p.a. is budgeted as requested in their submission, subject to the other funding partner councils confirming their increased share in their final 10-Year Plans.

**Those for the Motion:** Her Worship the Mayor Hardaker,  
Councillors Gallagher, Forsyth, Yeung,  
Chesterman, O'Leary, Tooman and  
Pascoe

**Those against the Motion:** Councillors Mallett, King and Green.

**Te Awa River Ride Charitable Trust** (Attachment 2 Page 15 of the Report)

Funding for the development of the southern extension is to be considered by the Discretionary Transport Programme Working Group.

**Creative Waikato** (Attachment 2 Page 15 of the Report)

Feasibility study for Regional Art Gallery funding to be considered during the development of the 2016/17 Annual Plan following completion of the Waikato Museum Strategic Plan.

Requests for arts and culture project can be made to the existing grant funds.

**ULeisure** (Attachment 2 Page 15 of the Report)

Funding for the partner pool programme is to remain the same.

The GM Community will work through with Hamilton Boy's High School issues regarding the Partner Pool Programme.

**Te Runanga or Kirikiriroa** (Attachment 2 Page 16 of the Report)

Support for the Marae being a community centre could be considered by the Multi-Year Community Contestable Fund.

**Living Wage** (Attachment 2 Page 16 of the Report)

In response to a request to the Chief Executive for a report on how a living wage might be implemented in future years, the Chief Executive advised that this had been previously considered by Council and that no new information was available.

**The Meeting adjourned from 10.30 until 10.50am.**

Councillor Wilson joined the meeting at 10.50am following the adjournment.

## **Changes Arising from New Information (Risk and Opportunities)**

### **Community Safety & Crime Prevention Grant**

The Council returned to consideration of the Motion (Crs Forsyth/O'Leary) "That funding of \$120,000 p.a. is added to the City Safe expenditure to maintain service levels after the loss of the Community Safety and Crime Prevention Grant." The additional information, as requested earlier in the Meeting, was tabled at the commencement of the reconvened Meeting.

Councillor Chesterman left the meeting at 10.55am prior to voting on this Item.

**Resolved:** (Crs Forsyth/O'Leary)

That funding of \$120,000 p.a. is added to the City Safe expenditure to maintain service levels after the loss of the Community Safety and Crime Prevention Grant.

**Those for the Motion:** Her Worship the Mayor Hardaker,  
Councillors Gallagher, Green, Forsyth,  
Yeung, O'Leary, Pascoe and Tooman

**Those against the Motion:** Councillors Mallett, King, and Wilson

## **Other Major Themes from Submissions Cont'd**

### **Riverlea Theatre and Arts Centre** (Attachment 2 Page 16 of the Report)

The Meeting returned to consider Riverlea Theatre and Arts Centre – a major theme from submissions. Staff advised that the Council decision in September 2014 was to sell the Riverlea Theatre and that as the sale was progressing within the terms, no further action was recommended at this stage.

## **Other Matters:**

### **Fees and Charges**

**Pensioner Housing** – The GM Performance advised that during the budget discussions in February 2015, it was agreed that any fee increase be deferred until the outcome of the sale process was known. The tenants had been advised of this.

**Resolved:** (Crs Gallagher/Yeung)

That the pensioner housing fee increase of 11% is not implemented until the outcome and timing of the housing sale process is known with the reduction in revenue met by corresponding cost savings.

**Those for the Motion:** Councillors Gallagher, Green, Wilson,  
Forsyth, Yeung, O'Leary and Tooman

**Those against the Motion:** Her Worship the Mayor Hardaker,  
Councillors Mallett, King and Pascoe

**Pool in the North-East**

The issue of bringing forward the new Pool to Year 3 was discussed:

- Additional investment at the Waterworld complex would still be required even if a new North-East pool was constructed.
- The GM Community advised that it would not be possible to establish a new stand-alone pool for \$4.8 million (the budgeted Waterworld costs) and that the operating costs for such a pool would be significant.
- The CFO provided Council with the financial consequences of the scenarios.
- The GM Community confirmed that the demand for more pool facilities was immediate and likely to increase given rising numbers participating in swimming as a recreational activity.

Councillor O'Leary retired from the Meeting at 11:58am during the above discussion.

**The Meeting adjourned from 12.12pm to 12.19pm.**

**Sustainability Report**

In response to questions, the GM Performance commented that the responsibility for the Sustainability Report sat with the Sustainability Leadership Forum. The Forum would then make recommendations to the Strategy and Policy Committee.

**Response to Submitters**

The GM Performance clarified that the high-level decisions made by Council would be communicated to submitters on the 10-Year Plan. More specific responses would be provided to substantive submissions.

**Founders Theatre**

The GM Performance confirmed that Council had previously resolved that business cases on the options would be prepared and brought back for consideration.

**The Meeting adjourned from 12.35pm to 1.15pm at the conclusion of the above Item.**

Cr Chesterman returned to the Meeting when it reconvened at 1:15pm.

The Meeting then moved to consideration of Item 7 – Deliberations on 2015 Draft Development Contributions Policy.

## 7. Deliberations on 2015 Draft Development Contributions Policy

The GM Performance spoke to the report and highlighted that the PWC review confirmed the overall accuracy of the Development Contributions (DC) model was very high and consistent with other territorial authorities. The PWC review would be shared with the working group to be established.

The GM Performance and CFO, supported by the Senior Strategy Policy Analyst, responded to the following questions:

- It was agreed that the word “perceived” in paragraph six of the staff report was not required.
- Staff took comfort that the draft Policy was built on robust advice obtained during the last review in 2012/13. That advice addressed the same criticisms raised in the submissions received for the 10-Year Plan.
- Both benefit and cost causation are factors taken into account when determining a DC.
- The removal of Producers Price Index adjustments from the draft Policy was being recommended on the basis of feedback received from the development community. The total capital cost was recovered under the model.
- The complexity of the Policy was a result of submissions received from the development community on previous DC policies to provide accuracy on cost.
- The 10-Year Plan’s budgeted revenue for DCs was based on a middle conservative line. If the Policy was not approved by Council, there would be no material adjustment to the revenue line in the draft Plan.
- It was estimated that it would take six months for the working group to provide conclusions to Council on any changes to the DC Policy. The focus would be to educate the working group on the methodology used under the Policy.

**Resolved:** (Crs Wilson/Chesterman)

- a) That the report be received.
- b) That a working group be established to work with the development community during 2015/16 on Council’s Development Contributions Policy and Growth Funding Policy, and that staff report to Council on 30 June 2015 with draft Terms of Reference for this working group.
- c) That the Producers Price Index adjustment be removed from the policy.
- d) That the timeframe for application for a remission of an advised development contribution be extended from 20 to 30 working days.
- e) That Council note the proposed staff responses to the submission themes outlined in section 57 of the Staff Report.
- f) That the Development Contributions Policy reflecting changes outlined in this report be presented to Council on 30 June 2015 for adoption, noting an effective date of 1 July 2015.

Cr King declared a conflict of interest in relation to Item 6 – Revenue and Financing and Rates Remission and Postponement Policy. He withdrew from the Meeting for the duration of the Item and did not take part in discussion or voting.

#### 6. Revenue and Financing and Rates Remission and Postponement Policy

The CFO advised that:

- there were no new issues raised in the submissions received and, as such, no changes were recommended; and
- the last row on Table 4 (page 43 of the Agenda) be removed as Horsham Downs Hall Committee had resolved to cease collecting rates from Hamilton city properties.

**Resolved:** (Crs Wilson/Chesterman)

- a) That the report be received.
- b) That Council adopt the Rating Policy, Funding Needs Analysis, Revenue and Financing Policy (subject to the noted change) and Rates Remission and Postponement Policy.

#### 8. Investment and Liability Management Policy

**Resolved:** (Crs Wilson/Chesterman)

- a) That the report be received.
- b) That the Investment and Liability Management Policy be adopted by Council.

## 5. 10-Year Plan Final Deliberations Cont'd

### Final Budget Confirmation

The GM Performance confirmed that the Financial Strategy limits as set out under paragraph 12(d) in the staff report were the same as contained in the consultation document. He and the CFO responded as follows:

- The debt to revenue ratio would be expressed as a percentage in the final 10-Year Plan presented for adoption. This approach was consistent with the current 10-Year Plan.
- The resolutions made by Council during the Meeting did not materially change the Financial Strategy limits.
- The 10-Year Plan, if adopted, would take effect from 1 July 2015 and replace the remainder of the current plan.

**Resolved:** (Crs Chesterman/Pascoe)

a) That as a result of the changes to the 10-Year Plan resolved by Council the key Financial Strategy limits are:

Limit	Achieved
Rates increases to existing ratepayers will not exceed 3.8%.	3.8% - 2016 to 2025
Balance the books target by 2016	2016 to 2025
The debt to revenue ratio will be reduced to 200% or below by 2020 and thereafter will remain below 200%.	2020 to 2025

b) That after adjusting the 10-Year Plan budgets for the above resolutions, staff prepare the 10-Year Plan 2015-25 for audit and adoption by 30 June 2015.

**Those for the Motion:** Her Worship the Mayor Hardaker,  
Councillors Forsyth, Yeung, Chesterman,  
Pascoe and Tooman

**Those against the Motion:** Councillors Mallett, King, Gallagher,  
Green and Wilson

**The Meeting was declared closed at 2:16pm**

**Committee:** Council

**Date:** 30 June 2015

**Report Name:** Development Contributions  
Policy 2015/16

**Author:** Greg Carstens

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>The Development Contributions Policy is a key policy that delivers on the Hamilton Plan goals that relate to having a sustainable growing city.</i>
<b>Financial status</b>	<i>The Draft 10-Year Plan includes budget to operate the policy, and revenue is forecasted from the policy from 1 July 2015.</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance.</i>

## 1. Purpose of the Report

2. To adopt the Development Contributions Policy 2015/16 (“the Policy”) noting an effective date of 1 July 2015.
3. To confirm the draft Terms of Reference for a working group to discuss current approaches and future options for development contributions (“DC’s”) and the funding of growth.

## 4. Executive Summary

5. Council is required under the Local Government Act (LGA) to adopt an updated DC Policy no later than 30 June 2015 (Attachment 1).
6. Staff have made a number of amendments to Council’s Draft DC Policy 2015/16 (“Draft Policy”) to reflect Council decisions from 4/5 June in response to submissions to the Draft Policy (Attachment 2).
7. The majority of these changes have been made to provide additional explanation in the Policy requested through submissions, and make key parts of the document easier to understand.
8. Several more substantive amendments have also been made including removal of the Producers Price Index (PPI), and the correction to the allocation of costs relating to sports parks.
9. PricewaterhouseCooper (PwC) have undertaken a review of Council’s DC Model and concluded that its accuracy is high, it complies with the LGA requirements, and reflects sound economic principles. PwC have recommendations for improvement, and have identified a small number of minor errors which have been corrected by staff. The PwC report is included as Attachment 5.
10. In response to submissions on Council’s Draft Policy, staff have been in discussions with representatives of the development community to set up a working group (“Working Group”) to discuss current approaches and future options for development contributions and the funding of growth. The draft Terms of Reference is included as Attachment 4.

## 11. Recommendation/s from Management

- a) That the report be received.
- b) That the Development Contributions Policy 2015/16 including the Schedule of Assets be adopted effective 1 July 2015.
- c) That the Development Contributions and Growth Funding Working Group draft Terms of Reference be adopted.
- d) That the Mayor and Chairperson of the Finance Committee be appointed to the Working Group.
- e) That the Chief Executive be given delegated authority to appoint the independent facilitator to the Working Group based on the draft Terms of Reference.

## 12. Attachments

13. Attachment 1 - Development Contributions Policy 2015-16 (*Under Separate Cover*)
14. Attachment 2 - Development Contributions Policy 2015-16 (track-changed) (*Under Separate Cover*)
15. Attachment 3 - Schedule of Assets (*Under Separate Cover*)
16. Attachment 4 - Working Group Draft Terms of Reference (*Under Separate Cover*)
17. Attachment 5 - PwC report - DC Model review (*Under Separate Cover*)

## 18. Key Issues

19. Background
20. Council is required under the LGA to adopt an updated DC Policy no later than 30 June 2015.
21. Council made resolutions on 4/5 June 2015 confirming recommended changes to the Draft Policy, and for staff to report back with the draft Terms of Reference for the Working Group with representatives of the development community.
22. In accordance with LGA transitional provisions, Council made changes to its current policy, and on 1 December 2014 published a proposed approach to amending the policy no later than 30 June 2015. The changes proposed in the Policy, and the Policy itself are consistent with that proposed approach.
23. Strategic alignment
24. The Policy is based on the Draft 2015-25 10-Year Plan capital programme.
25. Policy implementation
26. Following adoption, staff will publish and implement the Policy effective 1 July 2015. Staff have made the necessary preparations to do so.
27. PricewaterhouseCooper (PwC) DC Model review
28. PwC have undertaken a review of Council's DC Model and provided a report which is included as Attachment 5. The report concluded that the accuracy of the DC Model is high, it complies with the LGA requirements, and it reflects sound economic principles. PwC found that the model is both complicated and sophisticated, but recognised that complexity is inevitable given the statutory requirements. PwC have recommendations for improvement and have

identified a small number of minor errors which have since been corrected by staff and the impacts included in the finalised DC charges.

- 29. Legislative requirements or legal issues
- 30. Changes to the Local Government Act during 2014 altered the requirements for DC policies. The Policy includes changes that have been made to reflect this amended legislation.
- 31. Legal advice confirms that the policy complies with the LGA requirements, and is legally robust.

**32. Policy responses to submissions**

- 33. In response to submissions to the Draft Policy and in accordance with resolutions on 4/5 June, staff have made a number of amendments to the Draft Policy. These amendments are shown in Attachment 2.
- 34. The majority of these changes have been made to specifically address submissions by providing additional explanation to make key parts of the document easier to understand.
- 35. Several more substantive amendments have also been made including removal of the Producers Price Index (PPI), and the correction of an input error in the allocation of costs of sports parks.
- 36. None of these amendments relate to structural elements to the Policy and DC Model such as changes to the calculation methodologies.
- 37. The table below provides further detail on the amendments to the Draft Policy:

<b>Submission Theme</b>	<b>Staff response:</b>
<b>1. Assessment triggers</b>	Added an introduction/summary to make this section to make it more accessible and understandable.
<b>2. Calculation formula</b>	The exact formulae and explanation for calculating DC's has been expressed more formally for clarity.
<b>3. Capping reserves DCs</b>	Simplified for clarity.
<b>4. Catchment rationale</b>	Further explanation is provided of the rationale for the selection of catchments.
<b>5. Citywide catchment</b>	Added an expanded definition of the all-of-city or "citywide" catchment.
<b>6. DC Model</b>	Staff have made the minor amendments to the DC Model recommended in the PwC DC Model review.
<b>7. How to calculate a charge</b>	A plain English explanation has been added of how to calculate the charge for a new development.
<b>8. Interest rate</b>	The interest rate used in the DC Model has been realigned with Council's long term average cost of capital interest rate which has recently reduced from 6.3% to 6.1%.
<b>9. LGA references</b>	Additional LGA references relating to Private Developer Agreements (PDAs) and Statutory Objections have been added.
<b>10. Open-access infrastructure</b>	An input error in the allocation of costs of sports parks has been corrected. It has the effect of allocating more costs to citywide and fewer to greenfield catchments.
<b>11. Other minor amendments</b>	Includes minor reference updates and amendments to provide more clarity and improve readability.

Submission Theme	Staff response:
12. PPI	The Producers Price Index (PPI) adjustment has been removed in accordance with Council resolution.
13. Remissions	The timeframe for application for a remission of an advised development contribution has been extended from 20 to 30 working days in accordance with Council resolution.
14. Temple View	Removal of references to Temple View charge caps because charges are now lower than the capped level in the Draft Policy due to new growth information.

### 38. 2015/16 Development Contribution Charges

39. The table below provides examples from Schedule 1 of the Policy (Attachment 1) of residential charges for a new section/dwelling (or Household Unit Equivalent "HUE"), by catchment, in the most common areas where development occurs.

RESIDENTIAL Summary and comparison of charges - DC Policy 2015/16					Change from:	
(Per HUE)	Catchment	Current 13/14 Policy	Draft Policy	Final Policy	Draft Policy to Final Policy	13/14 Policy to Final Policy
Greenfield	Rototuna	28,664	29,352	26,375	(2,977)	(2,289)
	Rotokauri	23,970	37,229	33,421	(3,808)	9,450
	Peacocke 1	22,369	21,774	21,526	(247)	(843)
	Peacocke 2	10,920	13,957	16,766	2,809	5,846
	Ruakura	10,199	14,858	13,279	(1,579)	3,080
	Temple View	28,455	37,229	28,770	(8,459)	315
Brownfield	Infill East	11,517	13,774	13,506	(268)	1,989
	Infill West	13,804	17,580	16,382	(1,198)	2,578
	High Density	4,285	5,275	4,993	(282)	708
	Ancillary	4,285	5,275	4,993	(282)	708
Citywide*		8,102	10,056	9,674	(382)	1,572

\* for information only - citywide charges are included in the above catchment charges.

40. The full list of charges by catchment is set out in the Policy - there are too many possible combinations of charges to include in the report.
41. The table shows a reduction in most charges from the Draft Policy following staff responses to submissions, but overall charges in most catchments increased compared to the current 2013/14 Policy.
42. A number of factors contribute to fluctuations in charges between policies based on different 10-Year Plans. However, the main reasons for overall increases relate to a larger overall capital programme and changes to growth projections due to new information.
43. Charges in Rototuna have reduced principally due to reallocating some of the costs associated with sports parks citywide in response to submissions, and an input error in the Draft Policy.
44. The Rotokauri charge in the Policy has increased significantly from the current 2013/14 Policy following the inclusion of a major stormwater project for the Lake Rotokauri stormwater

catchment. The charge is less however than the charge in the Draft Policy due to the impact of correcting sports parks allocations.

45. The Temple View charge reduced significantly from its cap at the Rotokauri rate following new information about actual development allowing costs to be spread more appropriately. Therefore, no charge cap is necessary.
46. Overall increases in charges are also due to increased investment in water and wastewater headworks projects.
47. As in the Draft Policy, non-residential charges are capped at the current 2013/14 Policy rates.

#### **48. Working Group**

49. Council resolved on 4/5 June 2015,
 

*“that a working group be established to work with the development community during 2015/16 on Council’s Development Contributions Policy and Growth Funding Policy, and that staff report to Council on 30 June 2015 with draft Terms of Reference for this working group.”*
50. The establishment of the working group is in direct response to 15 submitters on the Draft Policy that requested a working group be used to gain greater transparency of how Council calculates and administers development contributions, and its approach to “unfunded” developments.
51. Attachment 4 provides a draft Terms of Reference for the working group.
52. Staff have discussed the draft Terms of Reference with representatives of the Property Council who have expressed support for its content. One important request from the Property Council was to ensure sufficient time was provided to allow the Working Group to work through the issues in detail and not be rushed. This reflected the complexity of the topic and the fact that the Property Council members are extremely busy.
53. It is proposed that the Property Council work with its members and the wider development community to identify up to 5 representatives for the working group. For the group to have broad representative value, the members will need to be able to represent developer interests from different areas of the city, type of development and scale. The Property Council representatives are considering how representatives can be identified and mechanisms for ensuring that the working group discussions are understood by the wider development community.
54. It is recommended that given the potential significant financial impact of changes to Council policy, the Mayor and Chairperson of Council’s Finance committee be on the working group. Senior staff representation is also suggested as being General Managers responsible for growth funding and infrastructure as well as a DC analyst with extensive knowledge of the policy and legislation.
55. The working group will require expert facilitation and it is recommended that a suitably qualified consultant be used for this role. Staff recommend the Chief Executive be given delegated authority to appoint the independent facilitator based on the draft Terms of Reference.
56. As part of establishing the operating rules of the Working Group, a quorum will be confirmed at the first meeting recognising that not all members may be able to attend each meeting.
57. It is proposed the Working Group convene a first meeting in July.

**58. Financial and Resourcing Implications**

59. The proposed changes to the Policy are estimated not to have a material impact on DC revenue and that the budget for DC revenue in the 2015-25 10-Year Plan remains appropriate.

**60. Risk**

61. There are three significant risks identified with adoption of the Policy:

1. Staff resourcing and organisational changes
2. Legal challenge
3. Adoption of a compliant policy by 30 June 2015

62. Staff resourcing and organisational changes

63. A significant risk remains in relation to maintaining the necessary skills and knowledge of the Policy especially with the recommendation to create the Working Group.

64. Over the next few months there are changes occurring with key staff responsible for the Policy and management including the resignation of a key senior staff member who is relocating overseas. That role has been filled, but interim gaps in knowledge and experience remain during a recruitment and training phase.

65. In addition, the current proposed restructure shows a realignment of management roles for development contributions. For an interim period this will also impact the available knowledge relating to the development contributions and require additional specialist consultant resource to support administration of the Policy and the working group processes adequately.

66. Legal challenge

67. A number of submissions suggested that a legal challenge could be made to Council’s policy. Where this has been suggested, legal advice has been taken from Council’s solicitors and recommendations in this report have been prepared taking on board this advice.

68. The establishment of the Working Group assists in mitigating the risk of legal challenge to the Policy.

69. Adoption of a compliant policy by 30 June 2015

70. Council must have an updated development contributions policy adopted by 30 June 2015 following amendments to the LGA in 2014, and as a core requirement of the adoption of an audited 2015-25 10-Year Plan.

71. If Council were not to adopt a policy by this date, under some circumstances Council may not be able to lawfully collect development contributions.

**Signatory**

Authoriser	Blair Bowcott, General Manager Performance Group
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**Committee:** Council

**Date:** 30 June 2015

**Report Name:** Adoption of 10-Year Plan  
2015-2025

**Author:** Blair Bowcott

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>10-Year Plan 2015-25 (including Infrastructure Strategy)</i>
<b>Financial status</b>	<i>This report confirms the budgets and financial strategy from 1 July 2015.</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Councils 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 the audited 10-Year Plan 2015-25.

## 3. Executive Summary

- Council has now completed the process of developing the 10-Year Plan 2015-25.
- The statutory deadline to adopt an audited 10-Year Plan is on or before 30 June 2015.
- Council made its final decisions on the plan at its meeting of 4/5 June 2015. Subsequent to this meeting the content of the Consultation Document and the supporting documents (previously adopted by Council) have been consolidated into a final 10-Year Plan comprising two volumes:
  - Volume One contains the following major parts; telling the story of the 10-Year Plan, Council services and performance measures, Financial Strategy and Prospective Financial Statements, rates related information and other LGA requirements.
  - Volume Two contains only the 30-Year Infrastructure Strategy.
- These volumes have been audited and are now presented to Council in this report for adoption.
- Any further changes to this document would require auditing, which would result in Council not meeting the statutory deadline. Staff advise that Council not make any changes to the 10-Year Plan without first considering the risks and consequences of not adopting within the statutory timeframe. Refer to the risk section of this report.
- The process for developing a 10-Year Plan was changed in the legislation, which led to changes in the development of and consultation on the plan. A review process will be developed to identify what worked well and what could be improved.

## Recommendation/s from Management

- a) That the report be received.
- b) That the 10-Year Plan 2015-2025 be approved by Council for the Mayor and Chief Executive to sign and present to Audit NZ.
- c) That the Mayor and Chief Executive be authorised to sign the Audit NZ Letter of Representation on behalf of Council.
- d) That the audit opinion be received.
- e) That the audited 10-Year Plan 2015-2025 be adopted.

## 10. Attachments

11. Attachment 1 - Hamilton's 10-Year Plan 2015-2025 (Volume One) *(Under Separate Cover)*
12. Attachment 2 - Hamilton's 10-Year Plan 2015-2025 (Volume Two) *(Under Separate Cover)*
13. Attachment 3 - Draft Audit Opinion
14. Attachment 4 - Audit NZ Letter of Representation

## 15. Background

16. Audit and Adoption Process
17. Audit NZ completed their audit process and have provided verbal clearance that Council has met the requirements for the Audit Director to sign an unmodified audit opinion. Verbal clearance provides assurance that the auditors are unlikely to require any further changes.
18. Audit NZ can only issue their audit opinion after Council has approved the 10-Year Plan and the Mayor and Chief Executive have provided them with signed copies.
19. Two copies initialed by the Chief Financial Officer will be at the meeting for the Mayor and Chief Executive to sign.
20. The auditors also require an Audit Representation Letter (Attachment 4). 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.
21. Once both documents are approved and signed, Audit NZ will provide a signed and dated audit opinion for Council to receive. A draft of the expected opinion is attached for information.
22. Council will then adopt the audited 10-Year Plan (being both volumes).
23. Key Performance indicators (KPIs)
24. In April 2015 Council established a working group to review the 10-Year Plan KPIs, which was to report back to Council in June 2015.

25. The intention of the working group process was to complete a fundamental review of the KPIs and to establish a measurement framework that aligned to Council’s strategic direction and tracked progress against Council’s strategic objectives.
26. This is a major piece of work requiring an organisational culture shift and despite the intention to complete it in the timeframe, further work is required. A project plan will be developed to continue this review over the next six months, with the changes to be incorporated into the 2016/17 Annual Plan.
27. Some interim work has been completed since April. The alignment of the KPIs to the Hamilton Plan and other key council plans has been strengthened where possible and the number of KPIs has been reduced from 80 to 65. This included removing some KPIs and introducing some new ones. Eighteen of the 65 KPIs are mandatory for all councils and are included in the water, sewerage, stormwater and transport sections of the 10-Year Plan.
28. The 65 KPIs have been audited and are included in the Council Services section of the 10-Year Plan.
29. Communication
30. Copies of the 10-Year Plan will be available on Council’s website, at the Municipal Building and at Council libraries.
31. A short and concise communications summary version will also be available for elected members. This is currently being finalised and is not required for adoption.
32. Staff will reply to 10-Year Plan submitters advising of the Council’s final decisions following the adoption of the 10-Year Plan.

**33. Risk**

34. Council must adopt its audited 10-Year Plan by 30 June 2015 in accordance with the Local Government Act. Failure to complete the process by 30 June 2015 has the potential to:
  - Delay implementing the new capital value rating system and the setting and assessing the rates for 2015/16 at the level required to support the budgets.
  - Limit borrowing, impacting on the start of the new capital programme and have consequences with lending agencies.
  - Stop the collection of new development contributions.
  - Incur additional audit costs.
  - Introduce significant negative reputational risk.

**Signatory**

Authoriser	Richard Briggs, Chief Executive
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## To the reader

### Independent auditor's report on Hamilton City Council's 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Hamilton City Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 30 June 2015.

#### Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and coordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 136 to 139 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from City Council's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

#### Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;

- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

#### **Responsibilities of the Council and auditor**

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

#### **Independence**

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

Leon Pieterse, Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

(Hamilton CC Letterhead)

30 June 2015

Leon Pieterse  
Director  
Audit New Zealand  
PO Box 1165  
Auckland 1140

Dear Leon

### **Letter of representation for the audit of the Long-Term Plan**

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of Hamilton City Council (the Council's) Long-Term Plan (LTP) for the 10 years commencing 1 July 2015.

This representation letter is furnished to you in connection with your responsibility under the Local Government Act 2002 (the Act) to report on the:

- extent to which the LTP gives effect to the purpose set out in section 93(6) of the Act; and
- quality of information and assumptions underlying the forecast information provided in the LTP.

We understand that your audit was carried out in accordance with the International Standard on Assurance Engagements 3000 (New Zealand): *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and that you examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

We also understand that your audit was (to the extent that you deemed appropriate) for the purposes of expressing an opinion as to whether the LTP provides a reasonable basis for long term integrated decision making by the Council, and for participation in decision making by the public and subsequent accountability to the community about the activities of the Council, and that the audit would not necessarily disclose any or all irregularities should any exist.

We acknowledge that actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material, and that you express no opinion as to whether the forecasts will be achieved.

We confirm, to the best of our knowledge and belief, the following representations:

## General

- 1 The Council accepts that it is responsible for the preparation of the LTP as set out in section 93(6) of the Act, that is, that:
  - describes the activities of the Council;
  - describes the community outcomes of the Council;
  - provides integrated decision-making and co-ordination of the resources of the Council;
  - provides a long-term focus for the decisions and activities of the Council; and
  - provides a basis for accountability of the Council to the community.
- 2 In complying with the requirements of the Act in relation to the LTP, we have acted in such a manner and included in the LTP such detail as we consider on reasonable grounds to be appropriate.
- 3 The LTP has been prepared using the best information currently available to the Council and accordingly the forecast information included therein is our best forecast of anticipated events for the 10 years commencing 1 July 2015.
- 4 The LTP has been prepared and is consistent with Council's own policies and strategies and the strategies and policies of other organisations where appropriate.

## Underlying information and assumptions

- 5 The forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted. The assumptions and underlying information are reasonable and supportable in the context of Council's position and have been based on the best information currently available to Council. The assumptions are consistent amongst themselves, consistent with the current strategies and plans of the Council and have been consistently applied.
- 6 All significant assumptions have been included in the preparation of the forecast information, and have been clearly identified in the LTP. Where significant assumptions have a high level of uncertainty that uncertainty has been stated and the potential effects of the uncertainty on the forecast financial information have been provided.
- 7 The LTP includes all the items of operating expenditure and capital projects the Council reasonably expects will be undertaken in the 10 years covered by the plan, based on the best information currently available to the Council.
- 8 The forecast of capital expenditure and operating expenditure are supported by, and consistent with, the underlying information in the asset management plans.
- 9 The records maintained by Council were adequate for the preparation of the Council's LTP.
- 10 We have made available to you all supporting documentation on the underlying information and assumptions used to prepare the LTP.

- 11 All minutes of meetings of the Council and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.

#### **Performance framework**

- 12 The forecast information and proposed performance measures provide an appropriate framework for the meaningful assessment of the actual levels of service. The performance measures reflect the intended levels of service for those activities the Council has chosen to undertake in response to community consultation and legislative requirements. The performance measure estimates are based on the equivalent basis of reasonable and supportable assumptions and underlying information.

#### **Systems and processes**

- 13 The Council accepts that it is responsible for establishing and maintaining systems and processes designed to provide reasonable assurance as to the integrity and reliability of the forecast information. The Council has maintained effective systems and processes and they have operated to generate accurate and reliable forecast information.

#### **Legislative compliance**

- 14 The Council accepts that it is responsible for ensuring, that all applicable aspects of the Act which impact on the LTP have been complied with. To the best of its knowledge the Council has complied with all legislative requirements in the preparation of the LTP.
- 15 The Council has followed the decision-making provisions of Part 6 of the Act in making decisions about the content and options considered for inclusion and exclusion from the LTP.
- 16 The Council has followed the special consultative procedures outlined in sections 93A of the Act in relation to the Consultation Document. All changes to the underlying information resulting from consultation have been appropriately reflected in the LTP.
- 17 We have a significance and engagement policy that outlines the Council's approach to determining the significance of proposals and decisions in accordance with section 76AA of the Act.
- 18 The Council has considered the balanced budget requirements outlined in section 100 of the Act, and is managing its revenue, expenses, assets, liabilities and general financial dealings prudently as required by sections 101 and 101A of the Act. We have made adequate provision to meet the expenditure needs of the Council identified in the LTP.

19 The Council has adopted and applied the following policies in the development of the LTP:

- A revenue and financing policy which complies with section 103 of the Act and has been prepared following consideration of the matters outlined in section 101(3) of the Act.
- A liability management policy which complies with section 104 of the Act.
- An investment policy which complies with section 105 of the Act.
- A policy on development contributions or financial contributions which complies with section 106 of the Act.
- A policy on remission and postponement of rates on Maori freehold land which complies with section 108 of the Act.
- Any rates postponement policy adopted under section 110 or rates remission policy adopted under section 109 of the Act.

These policies have formed the basis for the financial parameters used in the preparation of the LTP.

20 All the information, required by schedule 10, Part 1 of the Act, has been included in the LTP.

21 All the information, required by the Local Government (Financial Reporting and Prudence) Regulations 2014, has been included in the LTP.

#### **Generally accepted accounting practice**

22 The accounting policies applied to the forecast financial statements comply with generally accepted accounting practice and are those that the Council intends to use in the future for reporting historical financial statements. Any change in accounting policy from policies previously applied and reported in historical financial statements has been disclosed in the LTP.

23 The estimated impact of the revaluation of service delivery assets has been incorporated into the LTP.

24 The forecast financial information has been prepared and presented in accordance with FRS-42.

25 The accounting policies and financial forecast information have been prepared in accordance with PBE accounting standards.

26 The Council's assumption regarding future price changes on the forecast financial information is based on best information currently available to the Council and is reasonable and supportable.

**Publication of the LTP and related audit report on the Council's website**

- 27 The Council accepts that it is responsible for the electronic presentation of the audited LTP.
- 28 The electronic version of the audited LTP and related audit report presented on the website are the same as the final signed version of the audited LTP and audit report.
- 29 We have clearly differentiated between audited and unaudited information in the construction of the Council's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- 30 We have assessed the security controls over audited forecast information and the related audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- 31 Where the audit report on the full LTP is provided on the website, the LTP is also provided in full.
- 32 These representations are made at your request, and to supplement information obtained by you from the records of the Council and to confirm information given to you orally.

Yours faithfully

Julie Hardaker  
Mayor

Richard Briggs  
Chief Executive

**Committee:** Council

**Date:** 30 June 2015

**Report Name:** Rates Resolution to Set and Assess Rates for 2015/2016

**Author:** John Gibson

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>10 Year Plan 2015-25</i>
<b>Financial status</b>	<i>There is no budget allocated This sets the 2015/16 Rates Revenue</i>
<b>Assessment of significance</b>	<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

- To set and assess the rates for the 2015/16 financial year.

## 3. Executive Summary

- Council has adopted the 10-Year Plan 2015-2025. Council must set and assess the rates as described in its Funding Impact Statement. (Note: should Council not adopt the 10-Year Plan 2015/25 these resolutions cannot be made).
- The Council has historically collected its rates in four instalments. Cash flow from the intervals of the four instalments meets the timing of expenditure needs for Council. The recommended rates resolution is lengthy and is recorded as all of Attachment 1 – Rates Resolution.

## 6. Recommendation/s from Management

- That the report be received
- That Council resolves the resolution in Attachment 1 – Rates Resolution attached to this report.

## 9. Attachments

- Attachment 1 - 2015-16 Resolution

## 11. Risk

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

**Signatory**

Authoriser	Paul Conder, Chief Financial Officer
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## ATTACHMENT 1 – RATES RESOLUTION

Council resolve to set and assess the following rates for the 2015/16 financial year (1 July 2015 to 30 June 2016):

All figures in this resolution are GST inclusive.

### General Rate

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

General rates are set under Section 13 of the Local Government (Rating) Act 2002 on a differential basis on the categories of land identified below. The rating categories are defined in the Rating Policy. The differential basis is the use to which the land is put and the area of the land and in the case of the BID Commercial differential, the location of the land. The different categories of rateable land are outlined in the table below.

This funding mechanism covers all services of Council. The total revenue sought for 2015/2016 is \$15.335 million.

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

SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL GENERAL RATES	GENERAL RATE IN THE DOLLAR OF CAPITAL VALUE (GST INCL)	RATES REVENUE (GST INCL)
General Rate	Residential	1.0000	65.00%	0.00056887	\$9,967,762
	Commercial	1.5801	26.85%	0.00089885	\$4,116,902
	BID Commercial	1.5011	7.15%	0.00085391	\$1,097,005
	Rural	0.4346	1.00%	0.00024722	\$153,350

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

The revenue sought for 2015/16 is \$185,361.

### Targeted Rates

#### Transitional Rate

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

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

The total revenue sought is \$138.015 million.

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SOURCE	DIFFERENTIAL CATEGORIES	DIFFERENTIAL FACTOR	PERCENTAGE OF TOTAL TRANSITIONAL RATES	TRANSITIONAL RATE IN THE DOLLAR OF LAND VALUE (GST INCL)	RATES REVENUE (GST INCL)
Transitional Rate	Residential	1.0000	63.16%	0.01101898	\$87,176,504
	Commercial	2.3281	26.31%	0.02565286	\$36,306,941
	BID Commercial	2.2117	7.69%	0.02437022	\$10,618,300
	Multi Unit Residential	1.4171	1.79%	0.01561533	\$2,470,814
	Rural Residential	0.4618	0.05%	0.00508876	\$62,694
	Rural Small	0.3478	0.75%	0.00383238	\$1,034,532
	Rural Large	0.1653	0.25%	0.00182198	\$345,622

#### Metered Water Rate

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

The rate is:

- i. a fixed amount based on the nature of the connection as follows:
  - \$422 for all metered rating units (except rural rating units receiving a restricted flow supply);
  - \$312 for rural rating units receiving a restricted flow supply.
- ii. a charge per unit of water consumed or supplied on every metered connection in accordance with the following scale:
  - All metered rating units (except rural rating units receiving a restricted supply) - \$1.76 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply;
  - rural rating units receiving a restricted flow supply - \$1.30 per kilolitre of water supplied after the first 240 kilolitres of consumption or supply.

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

The total revenue sought is \$8.684 million.

#### Commercial and Rural Non-metered Water Rate

The rate is set and assessed on non-metered Commercial and Rural properties which are connected to or have a water supply available. The rate is \$422 per separately used or inhabited part of the rating unit.

The rates contribute to the funding of the Water Distribution and Water Treatment and Storage activities. The total revenue sought is \$254,150.

#### Access Hamilton Rate

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

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The rate is \$0.00023951 per dollar of capital value. The total revenue sought is \$5,750,000.

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

#### **Business Improvement District Rates (BID)**

The rate is set and assessed on all separately used or inhabited part of commercial rating units in the BID area as mapped in the Rating Policy. The rate is:

- i. BID Fixed rate: a fixed amount of \$230 per separately used or inhabited parts of a commercial rating unit within the defined area; and
- ii. BID CV Rate: a rate per dollar of capital value required to meet the total revenue (after allowing for the total revenue raised by the fixed amount of \$230 per rating unit or separately used portion of a rating unit, is \$0.00003738

The rate provides funding to the Economic Initiatives activity. The total revenue sought is \$322,000.

#### **Hamilton Gardens Rate**

The rate is set and assessed as a fixed amount on all separately used or inhabited parts of each rating unit within the City. The rate is set at \$11.50.

The rate contributes funding to develop themed gardens and infrastructure as part of the Hamilton Gardens activity.

The total revenue sought is \$701,500.

#### **Services Category Use- Water Rate**

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

- i. a fixed amount of \$422 per separately used or inhabited part of a rating unit; and
- ii. a rate per dollar of land value of the rating unit, set at \$0.00273303

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

The total revenue sought is \$143,921.

#### **Services Category Use- Refuse Rate**

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

- i. a fixed amount of \$148 per separately used or inhabited part of a rating unit; and
- ii. a rate per dollar of land value) per rating unit set at \$0.00098732

The rate provides funding towards the refuse collection activity.

The total revenue sought is \$43,720.

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#### Service Category Use -Sewerage Rate

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

- i. a fixed amount of \$404 per separately used or inhabited part of a rating unit; and
- ii. The rate per dollar of land value set at \$0.00254788.

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

The total revenue sought is \$884,143.

#### Due Dates for Payment of Rates

The due dates for rates covering the financial period 1 July 2015 to 30 June 2016 are as follows:

Area	Instalment 1	Instalment 2	Instalment 3	Instalment 4
North East	20 Aug 2015	12 Nov 2015	11 Feb 2016	12 May 2016
South East	27 Aug 2015	19 Nov 2015	18 Feb 2016	19 May 2016
North West	03 Sep 2015	26 Nov 2015	25 Feb 2016	26 May 2016
South West	10 Sep 2015	03 Dec 2015	03 Mar 2016	02 Jun 2016

#### Penalties

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

- (a) A penalty of 10% of the amount due and unpaid on the due date to be added on the day after the due date.
- (b) A penalty of 10% of the amount of any rates assessed in any previous year which remain unpaid on 7 July 2015 to be added on the day after 7 July 2015.
- (c) A penalty of 10% of the amount of any rates assessed in any previous year which remain unpaid on 7 January 2016 to be added on 7 January 2016.
- (d) A penalty of 10% of the amount unpaid for water-by-meter rates charged to be added on the day after the due date.

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