
Council Kaunihera OPEN MINUTES

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

PRESENT

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

External Presenters	Peter Winder, consultant
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Kaumātua Tame Pokaia opened the meeting with a karakia.

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

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

Resolved: (Cr Wilson /Cr Macindoe)

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

6. Confirmation of the Council Open Minutes 31 October 2024

Resolved: (Cr Wilson/Cr Pike)

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

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

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

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

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

Resolved: (Cr Macindoe/Cr Huata)

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

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

Resolved: (Cr Donovan/Cr Naidoo-Rauf)

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

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

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

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

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

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

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

12. Chair's report

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

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

That the Council receives the report.

13. Local Water Done Well - Flushing out the options

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

roles, Council Controlled Organisation structure, and potential benefits.

Resolved: (Mayor Southgate/Deputy Mayor O’Leary)

That the Council:

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

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

The meeting was adjourned from 10.58am to 11.24am.

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

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

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

That the Council:

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

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

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

15. Plan Change 12 - Independent Hearings Panel Recommendations

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

Resolved: (Cr Thompson/Cr Taylor)

That the Council:

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

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

ISSUE 2: Financial Contributions

Commissioner Recommendation (rejected)

Chapter 24 & Appendix 18 – Financial Contributions

Delete the Residential Amenity component of the Financial Contribution (IHP Recommendation Para: 551 Pg: 120)

Alternative recommendation (if any)

Retain the Residential Amenity provision within the Financial Contribution Chapter

Reasons

With the enablement of increased density and infill, requiring a financial contribution that includes a component of residential amenity will enable Council to address the impacts increased densities will have on the amenity values of the residential neighbourhoods.

- c) delegates authority to the General Manager Strategy, Growth & Planning to sign and send a letter to the Minister Responsible for Resource Management Act Reform informing him of Council's acceptance of all of the Independent Hearing Panel's recommendations except for the recommendation to remove the Financial Contributions for residential amenity (detailed in Table 1). The letter will outline the reasons why Council wishes to retain the ability to recoup financial contributions related to residential amenity;
- d) notes that:
 - i. Council's decision on the recommendations of the Independent Hearings Panel, including the rejected recommendation together with the reasons for rejecting this recommendation and any alternative recommendation, will be publicly notified in accordance with clause 102, Schedule 1 of the Resource Management Act on 20 December 2024;

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

16. Recommendations from Open Committee Meetings

Resolved: (Cr van Oosten/Cr Tauariki)

That the Council:

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

Resolved: (Cr Hutt/Cr Pike)

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

Resolved: (Cr Hutt/Cr Pike)

That the Council receives the Risk Management Report.

17. Resolution to Exclude the Public

Resolved: (Mayor Southgate/Cr Wilson)

Section 48, Local Government Official Information and Meetings Act 1987

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

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

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Extraordinary Council Public Excluded Minutes 23 October 2024) Good reason to withhold) information exists under) Section 7 Local Government) Official Information and) Meetings Act 1987	Section 48(1)(a)
C2. Confirmation of the Council Public Excluded Minutes 31 October 2024		
C3. Confirmation of the Extraordinary Council		

Public Excluded Minutes
3 December 2024

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

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

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

The meeting moved into Public Excluded at 12.17pm.

The meeting was declared closed at 12.19pm