
Council

OPEN MINUTES

Minutes of a meeting of the Council held in Council Chamber, Municipal Building, Garden Place, Hamilton on Thursday 14 July 2016 at 10.00am.

PRESENT

Chairperson	Her Worship the Mayor J Hardaker
Deputy Chairperson	Cr G Chesterman
Members	Cr M Gallagher Cr A King Cr D Macpherson Cr G Mallett Cr R Pascoe Cr L Tooman Cr E Wilson Cr P Yeung
In attendance	Richard Briggs – Chief Executive Blair Bowcott – Executive Director Special Projects Chris Allen – General Manager City Infrastructure Kelvyn Eglinton – General Manager City Growth Andrew Parsons – City Development Manager Luke O’Dwyer – Economic Growth & City Planning Unit Manager Peter Winder – Director, McGredy Winder Mike Stanton – Director, Cranleigh
Committee Advisors	Mrs MM Birch and Mr B Stringer

1. Apologies

Resolved: (Her Worship the Mayor Hardaker/Cr Tooman)
That the apologies from Councillors Forsyth, Green and O’Leary be received and accepted.

2. Confirmation of Agenda

Resolved: (Her Worship the Mayor Hardaker/Cr Wilson)

The Council to confirm the Agenda.

3. Declarations of Interest

No members of the Council declared a Conflict of Interest.

4. Public Forum

There was no Public Forum.

5. Waikato Sub-Regional Waters CCO Proposed Record of Agreement

The Executive Director Special Projects ('Executive Director') provided a summary of the history to the report presented to Council in relation to:

- the future delivery of water services in the Waikato; and
- a draft Record of Agreement between Hamilton City Council, Waipa District Council and Waikato District Council ('the three Councils'), as recommended by the Waters Governance Group ('WGG').

Supported by Mr Peter Winder, Director of McGredy Winder, and Mr Mike Stanton, Director of Cranleigh, the Executive Director highlighted and responded to questions on the following points:

- **WGG Governance**

- i. At its Meeting on 29 October 2015, the Council resolved to support the establishment of the WGG to address the issues identified in the attachment to the *Waikato Sub-Regional Waters Study – Next Steps* report.
- ii. Her Worship the Mayor, and Councillors Mallet and Gallagher were the Council's representatives on the WGG.
- iii. The Terms of Reference for the WGG did not include discussion nor consultation on a council-controlled organisation ('CCO'), which was outside the ambit of the staff report.
- iv. There were differences of opinion across the delegations from each of the three Councils represented on the WGG. The draft Record of Agreement reflected the majority view of the Councils' representatives.
- v. Should the Council wish to change parts of the Record of Agreement, there was a risk of delays to the process and achieving the business case objectives previously agreed by the Council. This could also result in the other Councils requesting that other elements of the Record of Agreement be revisited.

- **Waters CCO**

- i. It was clarified that the three Councils had agreed, in principle, to form and own a CCO to manage water and wastewater services subject to undertaking public consultation.
- ii. Council could, at the relevant time, decide to include alternative models of ownership and management of water resources in the public consultation documents.
- iii. It was not proposed that any Elected Member from the three Councils would sit on the CCO Board, which was consistent with the Council's policy on appointment of remunerated directors of CCOs. A competency-based approach would be used for Board

appointments.

- **Record of Agreement**

- i. Reference to 'communities' in the Record of Agreement reflected that there were public health benefits to communities through the operation of a CCO.
- ii. While the Record of Agreement was not intended to be legally binding, staff acknowledged that clarity of terms used would be critical in any formal agreement concluded by the three Councils.
- iii. Reference to 'sub-region' referred to the combined boundaries of the three Councils.
- iv. With reference to paragraph 46(c), the process to deal with assets owned by the CCO, should a shareholder exit the proposed CCO, was complex. Arrangements, including an appropriate valuation method, would need to be agreed as part of any exit plan.
- v. There were a number of factors to be considered in the price harmonisation process contemplated.
- vi. The forecasted debt to equity ratio in paragraph 14 took account of all three Councils' respective Long-Term Plans. Different funding models of similar CCOs in other countries were discussed.
- vii. The intention was that the proposed CCO would eventually have a direct relationship with each recipient of the services it would provide; it was acknowledged that initially the relationship could be between the CCO and each of the three Councils. Hamilton residents would be able to contact an Elected Member to raise any concerns in relation to the CCO.
- viii. The proposed CCO would not be set up to make a profit; the operations of the CCO would be interdependent with environmental and social issues.
- ix. As a majority shareholder at the Shareholders Forum, the Council would need to agree to the principles set out in Table 1 of pages 12 to 13 of the Agenda in order for these to be binding on the proposed CCO.

- **Water Meters and Charging**

- i. The detail as to tariffs payable by customers of the proposed CCO, including how a 'fixed rate charge' will be calculated, had yet to be worked through. It was likely that a flat charge, rating system or user-pays charge were the principal fee options.
- ii. Reference to 'Implementing water metering' in the table on page 13 of the Agenda was a record that this would be an issue to be considered. As a significant matter, it would require 75% of the shareholders at the Shareholders Forum to agree on that principle.
- iii. Caution should be applied in using current commercial water rates for estimating residential consumption charges; staff advised that approximately 30 to 35% of a rates bill would be for water use.
- iv. Residential customers that are subject to a rural restricted supply had a water meter; other residential properties were not currently metered. An annual minimum fee of \$430 (including GST) applied to those customers that had meters.
- v. Staff confirmed that privatisation of provision of water for residential consumption was not permitted under current legislations.

The Meeting adjourned from 11:45am to 12:30pm

The following motion was presented:

Motion: (Crs Mallett/Pascoe)

That:

- a) the report be received.
- b) Council adopt the attached Record of Agreement and supporting documentation relating to the potential formation of a water and wastewater CCO for Hamilton City and Waipa and Waikato District Councils.

The following Amendment was put:

Amendment: (Crs Macpherson/Gallagher)

That:

- a) the report be received.
- b) the incoming Council be presented with:
 - i. the attached Record of Agreement and supporting documentation relating to the potential formation of a water and wastewater CCO for Hamilton City and Waipa and Waikato District Councils; and
 - ii. information supporting the 'enhanced shared service' water and wastewater management model, where elected members of the three Councils retain direct control of these services.

Those for the Amendment: Councillors Gallagher, Wilson and Macpherson

Those against the Amendment: Her Worship the Mayor Hardaker, Councillors King, Pascoe, Chesterman, Yeung, Mallett and Tooman

The Amendment was declared lost.

A further Amendment was then put:

Amendment: (Crs King/Wilson)

That:

- a) the report be received.
- b) the Decision-Making framework for “implementing water metering” in the Record of Agreement (paragraph 19, table 1) be amended so that the table shows “implementing water metering” be a decision of the Individual Shareholder affected, based on the recommendation of the CCO Board/Management.
- c) Council adopt the attached Record of Agreement and supporting documentation (subject to the amendment in b)) relating to the potential formation of a water and wastewater CCO for Hamilton City and Waipa and Waikato District Councils.
- d) the Waters Governance Group be reconvened to discuss the amendment to the Record of Agreement sought by Hamilton City Council.

Those for the Amendment: Councillors King, Gallagher, Wilson and Macpherson

Those against the Amendment: Her Worship the Mayor Hardaker, Councillors Pascoe, Chesterman, Yeung, Mallett and Tooman

The Amendment (Crs King/Wilson) was declared lost. The Motion was then put.

Resolved: (Crs Mallett/Pascoe)

That:

- a) the report be received.
- b) Council adopt the attached Record of Agreement and supporting documentation relating to the potential formation of a water and wastewater CCO for Hamilton City and Waipa and Waikato District Councils.

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

Those against the Motion: Councillors King, Gallagher, Wilson and Macpherson

Action: Staff were requested to advise as to when Hamilton residents could initiate a referendum under the Citizens Initiated Referendum Policy for this matter, in order for the referendum result to be presented prior to, or at the same time as, the incoming Council making its decision on a proposed CCO.

6. Proposed National Policy Statement on Urban Development Capacity

The following additional changes to the draft submission, a version of which had been circulated to Elected Members, were noted:

- Substitute “incentivise” with “promote” in paragraph 3.2, under the second bullet point (*Action*); and
- Delete “so that some of this value uplift can be accessed” in the first bullet point (*Why is it important?*) under paragraph 3.3.

Some consequential changes to the language in the Executive Summary were required as a result of the above changes.

Resolved: (Crs Chesterman/Tooman)

That

- a) the report be received.
- b) Hamilton City Council’s Draft 5 submission (#468) to the Ministry for the Environment’s consultation document ‘Proposed National Policy Statement on Urban Development Capacity’ be considered and approved, subject to the changes discussed by Council.
- c) the approved submission #468 be sent to the Ministry for the Environment by 15 July 2016 to meet the submission closing date.
- d) subsequent to Council’s approval, the submission be uploaded to Council’s website.
- e) local Members of Parliament be advised of, and encouraged to support, Council’s approved submission.

The Meeting was declared closed at 1:30pm.