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## Strategy and Policy Committee MINUTES

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Minutes of a meeting of the Strategy and Policy Committee held in Council Chambers, 401 Grey Street, Hamilton East on Tuesday 31 October 2017 at 10.03am

<b>Chairman</b>	<b>Present:</b> Cr B Simcock
<b>Waikato Regional Council</b>	<b>Members</b> Cr J Hayman Cr J Hennebry Cr S Husband Cr S Kneebone Cr F Lichtwark Cr A Livingston Cr D Minogue Cr R Rimmington Cr H Vercoe Cr B Quayle
<b>Staff</b>	V Payne (Chief Executive) T May (Director Science and Strategy) M Garret (Chief Financial Officer) C Crickett (Director Integrated Catchment Services) N Williams (Director Community and Services) D Thurlow (Democracy Advisor)

**Apologies**

(Agenda Item 1)

The apologies from Councillor White, Councillor Hodge, and Councillor Mahuta for absence, and Councillor Lichtwark for early departure were accepted.

**Confirmation of Agenda**

(Agenda Item 2)

Cr Livingston moved/Cr Simcock seconded.

SPC17/40

**RESOLVED**

**THAT the agenda of the meeting of the Strategy and Policy Committee of 31 October 2017, as circulated, be confirmed as the business for the meeting.**

**The motion was put and carried (SPC17/40)**

**Disclosures of Interest**

(Agenda Item 3)

There were no disclosures of interest.

**SECTION A: UNDER DELEGATION AND FOR THE INFORMATION OF COUNCIL**

**Verbal Update from Communications**

(Agenda Item 4)

Communications did not have anything to report to the Committee since the last meeting.

Councillor Vercoe arrived at the meeting at 10.06am.

**Waikato Regional Theatre Proposal**

(Agenda Item 5) Doc #11217057

The report provided background information about the proposed Waikato Regional Theatre proposal and supported a presentation made by Leonard Gardiner Chair of Momentum Foundation and Shaun Murray, General Manager Venues, Tourism, and Major Events Group from Hamilton City Council (Doc # 11531487).

During questions, answers and related discussion had by the Committee the following points were noted:

- Councillors sought clarification on the funding requirement set out in the following Hamilton City Council resolution:

*“Council supports building a new performing arts theatre in Hamilton and commits in principle, a maximum of \$30 million plus GST contribution towards the new build. This sum includes any funding sourced from other Waikato Councils or government sources and funds”.*

- Typically, for projects of this nature Central Government contributes up to a third of the funding. Members questioned whether there was an opportunity for central government to take up a bigger share. The Chair of Momentum Foundation advised that he would be engaging with Central Government formally on funding options.
- The Momentum Foundation is hoping to secure \$5million funding from Waikato Regional ratepayers with a commitment of ongoing annual funding of \$300,000. The Chair of the Committee advised Councillors that the purpose of the report was to provide feedback on the project itself and that the opportunity to debate the funding would come at a later date.
- A number of Councillors were of the view that the City would benefit from a performing arts centre, whilst others questioned why it was being called a regional theatre and why the regional ratepayer should fund it.
- By way of feedback members felt that there was not enough onsite car parking, the location of the performing arts centre was great however, from a practical perspective; there was concern that access was too constrictive. It was further noted that the theatre design needed to be able to compress in size depending on the performance. In regard to the financials, it was suggested that operating costs need to be factored into the business model.
- The Chair thanked the presenters for their presentation.

Cr Hennebry moved/Cr Simcock seconded.

SPC17/41

**RESOLVED**

**THAT the report 'Waikato Regional Theatre Proposal' (Doc # 11217057 dated 10 October 2017) be received.**

**The motion was put and carried (SPC17/41)**

With the consent of the meeting, Item 12 was considered at this time.

**Access Hamilton Programme Business Case 2017**

(Agenda Item 12) Doc # 11266352

Public Transport Manager (A Wilson) and Chris Allen General Manager City Infrastructure from Hamilton City Council provided the Committee with information on Hamilton City Council's Access Hamilton Programme Business Case 2017 for information and discussion (Doc # 11528465).

During questions, answers and related discussion the Committee the following points were noted:

- Discussion centred on the variability associated with growth in Hamilton specifically the adaptability for the modelling to accommodate this unevenness.
- The Chief Financial Officer (M Garrett) advised that the Access Hamilton Programme Business Case (PBC) is due to be considered and approved by the Hamilton City Council Growth and Infrastructure Committee at its meeting on 24 October 2017. The PBC sets targets for public transport mode share and looks to Waikato Regional Council to deliver a programme of public transport services to meet the targets. The PBC recognises that a Mass Transit Plan, developed by the transport partners, is required to be undertaken to determine the mix of infrastructure and public transport services required to deliver on the PBC targets. WRC will be guided by the Access Hamilton PBC and the Mass Transit

Plan in determining the appropriate level of spend on public transport services through its 2018 long term planning processes.

Cr Rimmington moved/Cr Minogue seconded.

SPC17/42

**RESOLVED**

**THAT the report 'Access Hamilton Programme Business Case 2017' (Doc # 11266352 dated 19 October 2017) be received.**

**The motion was put and carried (SPC17/42)**

**SECTION B: FOR RECOMMENDATION TO COUNCIL**

**2018-2028 Long Term Plan Development – October Update**

(Agenda Item 6) Doc #11192951

Presented by the Chief Financial Officer (M Garrett) the report provided an update of the Long Term Plan development Programme, set out the work plan for the next few months and outlined key changes to the Auckland Transport Connections, and the Kaiaua working group.

During questions, answers and related discussion the Committee the following points were noted:

- Members were advised that the strategic business case is being developed, and therefore work would be required on reviewing Council's funding policy and cost model, which would need to be undertaken over the next 2 months to enable consideration at the 30 January 2018 Long Term Plan budget meeting. It is estimated that Council may need to spend up to \$25,000 to undertaken work around costings and the funding model, which is currently unbudgeted.
- It was acknowledged that understanding the new Government's position in relation to transport options is critical. In response, the Chief Financial Officer advised that indications to date are that the Government want to move quickly in this space. Should Government decide to contribute to this project, there is an underlying expectation around local share contribution, therefore it is important that Council understands the costs associated with this to enable consultation on Auckland Transport Connections through its Long Term Plan.
- The Strategic Business Case for Passenger Transport relates to ensuring durability of funding over a longer period of time, whilst Government may have signalled some changes, these have not triggered any changes to internal funding policies that would mean Council should stop taking the long term approach.
- The Committee supported the approval of the approach to review the cost model and funding policy for commuter rail on the basis that staff engage with Central Government as a matter or priority.
- The Committee endorsed the approach to fund the cost of the Kaiaua working group through the Long Term Plan budget.

Cr Quayle moved/Cr Livingston seconded.

SPC17/43

**RESOLVED**

**THAT the report '2018-2028 Long Term Plan Development – October Update' (Doc # 11192951) dated 20 October 2017 be received.**

**RECOMMENDED**

**THAT the Strategy and Policy Committee approve the approach to review the cost model and funding policy for commuter rail including engagement with Central Government as a matter of priority.**

**The motion was put and carried (SPC17/43)  
Councillor Hennebry voted against the motion**

Cr Husband moved/Cr Quayle seconded.

SPC17/43.1

**RECOMMENDED**

**THAT the Strategy and Policy Committee approve the approach to fund the cost of the Kaiaua working group through the Long Term Plan budget.**

**The motion was put and carried (SPC17/43.1)**

**2018–2028 Long Term Plan – Revenue and Financing Policy Review**

(Agenda Item 7) Doc #11193804, 11143543

Presented by the Chief Financial Officer (M Garrett) and the Manager Finance (J Becker) the report provided a review of the current Revenue and Financing Policy, particularly an assessment of the application of the Uniform Annual General Charge. The report identified further funding reviews that would be undertaken as an input in to the Long Term Plan budgets that would be presented to Council in January 2018.

During questions, answers and related discussion the Committee the following points were noted:

- Discussion ensued on the review of the current Revenue and Financing Policy, particularly the application of the Uniform Annual General Charge. A number of members could not support the proposed changes to the 2018-2028 Revenue and Financing Policy specifically how the Uniform Annual General Charge is currently being applied. The contrary argument was that if the Uniform Annual General Charge was increased this would put the burden on Hamilton City and rural towns creating an affordability issue and on that basis a number of Councillors were in support of the proposed changes to the 2018-2028 Revenue and Financing Policy.

Cr Quayle moved/Cr Kneebone seconded.

SPC17/44

**RESOLVED**

**THAT the report '2018-2028 Long Term Plan – Revenue and Financing Policy' (Doc # 11193804 dated 4 October 2017) be received.**

**RECOMMENDED**

**THAT Council confirm its Rating Policy (included in the Revenue and Financing Policy) particularly with respect to the approach to determining those activities that could be funded by way of a Uniform Annual General Charge.**

**RECOMMENDED**

**THAT Council approve the proposed changes to the 2018 – 2028 Revenue and Financing Policy as set out in this report (Doc # 11193804):**

- a. **The Community Partnerships activity is funded through the General Rate/UAGC in accordance with the current funding policy.**
- b. **Funding for the Resilient Development activity remains unchanged from the current revenue and financing policy.**
- c. **Funding for the Environmental Farming Systems activity remains unchanged from the current revenue and financing policy.**
- d. **Funding for the Investigations and Incident Response activity remains unchanged from the current revenue and financing policy.**
- e. **The Social and Economic Information activity is funded through the General Rate/UAGC in accordance with the current funding policy.**

**The motion was put and carried (SPC17/44)**

**Councillors Rimmington, Hennebry, Husband and Vercoe voted against the motion**

**The meeting adjourned for lunch at 12.31pm and reconvened at 1.15pm when Item 8 was considered.**

**SECTION B: FOR RECOMMENDATION TO COUNCIL**

**Funding options for Regional Development Fund**

(Agenda Item 8) Doc #11059390, 3183909, 11257689

Chief Financial Officer (M Garrett) and Strategy Manager (K Mayes) presented a report to support committee decisions about the Regional Development Fund by informing the committee of the rationale of the Fund and options for funding the Fund from rates or a redirection of part of the return on Council's Investment Fund.

During questions, answers and related discussion the Committee the following points were noted:

- A number of members felt that the Regional Development Fund was great for the region. A member was of the view that the Regional Development Fund should not be funded by way of revenue from the Investment Fund. Another member noted that the Waikato Region has had difficulty in the past funding intergenerational projects, and to have a Regional Development Fund provides an opportunity to return the funds to projects that enhance the economic wealth for the region.
- In respect to the Waikato regional theatre proposal it is up to Waikato Regional Council to determine whether the proposal is a regional proposal, if Council determines it is, then Council will then decide how it funds it, noting that the Regional Development Fund is one mechanism Council could choose to fund it.

- The Chief Financial Officer advised members that the effect of the amendment proposed by Councillor Hennebry would be to reinstate the rates subsidy and that would mean that the Regional Development Fund would not be funded from Investment Fund returns.
- There was a view that there was a lack of transparency to the public around the rating subsidy and the Regional Development Fund, however it was felt that an increase in the Uniform Annual General Charge was not the answer. As such, it was suggested that the rates subsidy be capped.
- There was no desire from the Committee to alter the scope of the Regional Development Fund policy as such the recommendation 4 was removed.

Cr Kneebone moved/Cr Livingston seconded

SPC17/45

**RESOLVED**

**THAT the report 'Funding options for Regional Development Fund' (Doc # 11059390 dated 3 October 2017) be received.**

**The motion was put and carried (SPC17/45)**

Cr Kneebone moved/Cr Livingston seconded

**RECOMMENDED**

**THAT Council reconfirm the current funding mechanism for the Regional Development Fund by way of revenue from the Investment Fund, provided sufficient returns are available annually for distribution.**

Cr Hennebry moved/Cr Vercoe seconded  
An amendment

**RECOMMENDED**

**THAT Council change the current funding mechanism for the Regional Development Fund is through a Uniform Annual General Charge.**

**The motion was put and lost by a show of hands.**

Cr Minogue moved/Cr Hennebry seconded  
An amendment

SPC17/45.1

**RECOMMENDED**

**On the understanding that the current level of rates subsidy is not reduced to enable staff to progress the review of the Statement of Investment Policy and Objective.**

**The amendment was put and carried on a show of hands (SPC17/45.1)**

Cr Kneebone moved/Cr Livingston seconded  
Substantive Motion

SPC17/45.2

**RECOMMENDED**

**THAT Council reconfirm the current funding mechanism for the Regional Development Fund by way of revenue from the Investment Fund, provided sufficient returns are available annually for distribution on the understanding that the current level of rates subsidy is not reduced to enable staff to progress the review of the Statement of Investment Policy and Objective.**

The substantive motion was put and carried on a show of hands (SPC17/45.2)

**SECTION A: UNDER DELEGATION AND FOR THE INFORMATION OF COUNCIL**

**2018-2028 Long Term Plan context paper, resource management national direction influence**

(Agenda Item 9) Doc #10795754

Manager Policy (T Quickfall) summarised the National Direction programme of work, which will assist in work programming and budget forecasting for Council's Long Term Planning process (Doc #).

During questions, answers and related discussion the Committee the following points were noted:

- The Committee reinforced their 'do minimum' approach that would ensure legal compliance with the national direction, unless there are benefits to the regional community of doing more.
- Forestry harvesting is a sensitive issue in the Coromandel due the sedimentation issues that result; a question was raised as to whether there is the potential for Waikato Regional Council to do its own mapping of erosion susceptibility in the Coromandel to feed into the Government's final review of the policy. In response the Director Science and Strategy advised that whilst Council is unable to influence Government given it is now a regulation, it will, as an interim measure pull together preliminary mapping of the region's sensitive areas in line with the National Environmental Standard to ensure that these sensitive environments are protected.

Cr Kneebone moved/Cr Quayle seconded

SPC17/46

**RESOLVED**

**THAT the report '2018-2028 Long Term Plan context paper, resource management national direction influence' (Doc # 10795754 dated 17 October 2017) be received.**

The motion was put and carried (SPC17/46)

**2018-2028 Long Term Plan Context Paper, Resource Management Policy Programme**

(Agenda Item 10) Doc # 11188106

Manager Policy (T Quickfall) summarised the resource management policy programme of work over the Long Term Plan period to help inform Council's Long Term Planning process.

During questions, answers and related discussion the Committee the following points were noted:

- The resource management policy programme covers two broad work streams, namely specific policy development projects and general policy advice and analysis.
- Members were advised the report is presented to Council for information to demonstrate the size of the resource management policy package going forward as part of the Long Term Plan discussions.

Cr Rimmington moved/Cr Livingston seconded.

SPC17/47

**RESOLVED**

**THAT the report '2018-2028 Long Term Plan context paper, Resource Management Policy Programme' (Doc # 11188106 dated 12 October 2017) be received.**

**The motion was put and carried (SPC17/47)**

**Waikato Regional Council Infrastructure Strategy**

(Agenda Item 11) Doc # 11211233

Acting Manager, Business and Technical Services (G Ryan) provided an overview of the draft Waikato Regional Council Infrastructure Strategy 2018-2067, which has been prepared as part of the 2018-2028 Long Term Plan development.

During questions, answers and related discussion the Committee the following points were noted:

- Members acknowledged the importance of the Infrastructure Strategy and noted that they would have preferred to have seen the report following the Audit and Risk Committee meeting on 1 November 2017 in order to better understand Council's current position. Concern was expressed that the Strategy raises some long-term funding issues for the Waikato Region and nationally. The Director Integrated Catchment Services advised the Committee that the Infrastructure Strategy was a requirement of the last Long Term Plan because of a directive by Government. In preparing the 2018-2067 Strategy reviewers were tasked with looking at Audit New Zealand requirements and to develop a Strategy that confronts the difficult issues, including affordability.

Cr Kneebone moved/Cr Quayle seconded.

SPC17/48

**RESOLVED**

**THAT the report 'Waikato Regional Council Infrastructure Strategy' (Doc # 11211233 dated 17 October 2017) be received.**

**The motion was put and carried (SPC17/48)**

**Resolution to Exclude the Public**

(Agenda Item 13)

**13** Cr Minogue moved/Cr Hayman seconded

**Resolution to Exclude the Public**

SPC17/49	<p><b>Recommended that the public be excluded from the following part/s of the meeting:</b></p> <p><b>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 are as follows:</b></p>	
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	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
<b>14</b>	<i>Update on Treaty of Waitangi settlements for Long Term Plan</i>	Good reason to withhold exists under Section 7.	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

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

Item No	Interest
<b>14</b>	Maintain legal professional privilege (Schedule 7(2)(g))
<b>14</b>	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (Schedule 7(2)(i))

The motion was put and carried (SPC17/49)

Return to Open Meeting at 3.01pm.

Meeting closed at 3.01pm

Doc # 1126352