10-Year Plan 2018-28
Consultation Document

Have your say about Hamilton's future.

Hamilton City Council
Te kaunihera o Kirikiriroa

Planning for a growing city

Hamilton City Council
Te kaunihera o Kirikiriroa

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Why you should read this.

The draft 10-Year Plan sets out the Council's priorities, plans and budget for the next decade. It is reviewed every three years.

This document is about getting your feedback on the draft 10-Year Plan to help the Council make decisions. It tells you about the big challenges we face as a city, how the Council plans to address them and some alternative options.

Consultation is open from 29 March to 30 April 2018

How to have your say

Online

hamilton.govt.nz/10yearplan complete your submission online.

On a form

Download a submission form or pick up a copy from any Hamilton City Library or the Hamilton City Council Municipal Building in Garden Place.

Returning your form:

Drop it into the 'have your say' box at any Hamilton City Library or the Hamilton City Council Municipal Building in Garden Place.

Scan and email the form to 10yearplan@hcc.govt.nz

Post it to:
2018-28 10-Year Plan Submission
Hamilton City Council
Strategy Unit
Private Bag 3010
Hamilton 3240

Other consultations

We are consulting on our Development Contributions Policy and our Rating Review. For more information and to have your say on these visit:

hamilton.govt.nz/dcpolicy2018
hamilton.govt.nz/ratingreview2018

Need more information?
If you want to ask us a question about the draft 10-Year Plan before you write your submission, you can contact us by email 10yearplan@hamilton.govt.nz or by phone 07 838 6699.

If you want more detail on the proposals that underpin this document, supporting information can be found at hamilton.govt.nz/10yearplan

Contents:

Hamilton is a city on the move

Hamilton is among the fastest-growing cities in New Zealand. Our economy is strong and our communities are innovative, diverse and caring.

People want to move here and we need to build and look after the infrastructure, the community facilities and the services a bigger city requires. We need a Council which is financially strong and a plan for a sustainable yet ambitious future.

The facts are clear. We are not covering our everyday operating costs from our everyday revenue, and we have not been for some time. We have also been deferring maintenance and not looking after all of our assets as well as we should. The results of this can be seen in the state of some of our city's assets, and we have been borrowing tens of millions of dollars just to run the city. We can't allow this to continue, and the longer we leave it, the more it will cost in the future.

I have been very clear I believe we shouldn't leave the hard financial decisions for future generations and future councils to deal with. This Council has faced this challenge through the options proposed in this document.

Hamilton is your city. I encourage you to get involved – read through this document and have your say. Together we will shape a city which will be strong, sustainable and resilient.

I believe we live in the best city in New Zealand and I look forward to working with you to make it even better.

Love Hamilton.

Andrew King,
Mayor of Hamilton

A vision for Hamilton

Outcomes we want for our community

A great river city

Our city embraces its natural environment and has green spaces, features and community facilities that make it a great place to live, work, play and visit.

A city that embraces growth

Our city has infrastructure that meets our current demands, supports growth and helps build a strong economy.

A Council that is best in business

Our council is customer-focused, financially sustainable and has the best people delivering the best outcomes for the city.

Funding a growing city

Our financial strategy

The Council's financial strategy sets the financial limits the Council works within.

Our financial strategy was originally set back in 2012, in a low-growth environment off the back of the global financial crisis. The strategy centred around austerity, with steady increases in rates, cutting costs to reduce deficits and keeping debt as low as possible. As a result, our finances are in much better shape than they were.

However, Hamilton's population and economy have grown faster than expected and the costs of growth and running the city continue to rise.

Hamilton is now a city of more than 165,000 people – an increase of around 20,000 from six years ago. We expect to grow even faster over the coming years.

Growth brings opportunities to the city through more economic activity, more jobs and greater diversity. But it is also challenging for our budget. As demand increases for council services, more investment is required in water and transport infrastructure and expectations grow for community facilities like playgrounds, parks and theatres.

Our current financial strategy is no longer sustainable in a high-growth environment. We're proposing a revised strategy which is better suited to this stage of Hamilton's development.

PARTNERSHIP FUNDING

The Council can't pay for everything on its own. Additionally, Hamilton's land area is small, the second smallest council area in New Zealand. This means we provide a lot of infrastructure and community facilities that are used by people who live outside the city.

The future is about partnerships with others who also benefit from the services we provide. Partners may include the Government, neighbouring councils, philanthropic groups or private industry.

The Council is continually looking for opportunities to partner with others to deliver projects and you will see examples of this with the projects proposed in this document.

Waikato Regional Council is consulting on a proposed Community Facilities Framework, which would enable councils in the Waikato to collaborate and co-fund new facilities. This would be for specialty facilities that would be used by a range of people across the region for sport, recreation, arts or cultural activities. You can find out more about this initiative at waikatoregion.govt.nz/LTP-fwd10

Everyday costs and rates

EVERYDAY COSTS OF RUNNING THE CITY SHOULD BE PAID FOR FROM EVERYDAY REVENUES (RATES, FEES AND USER CHARGES). THE COUNCIL IS CURRENTLY BORROWING TO PAY FOR SOME OF THESE EVERYDAY COSTS.

This is one of the big challenges that you will read about in this document. There is a range of options to address this challenge, and we are asking for your feedback on which one you prefer.

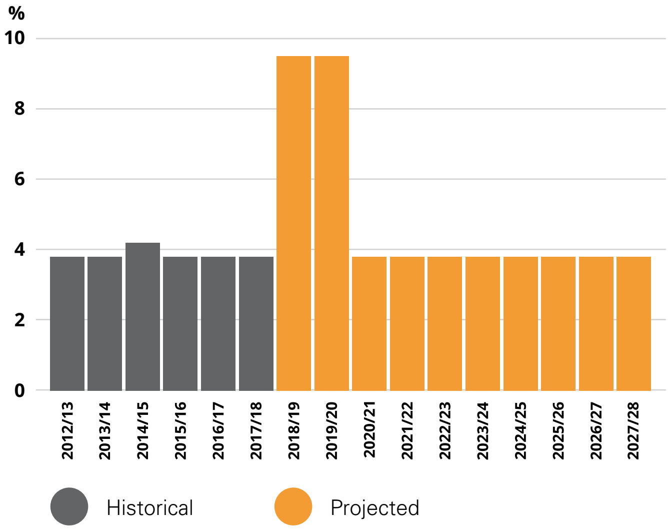
Our draft 10-Year Plan reflects the Council's proposed option, which includes average rates increases for existing ratepayers of 9.5% each year for the first two years of the 10-Year Plan. Over time, we also need enough revenue to pay back the debt we use to build new assets, such as roads, water reservoirs, libraries and playgrounds. To achieve this, we need our everyday revenue to be more than our everyday costs. We are proposing to do this by continuing with average annual rates increases of 3.8% from the third year of the plan.

To lessen the impact on existing ratepayers, we are also proposing some changes to how rates are divided up among ratepayers.

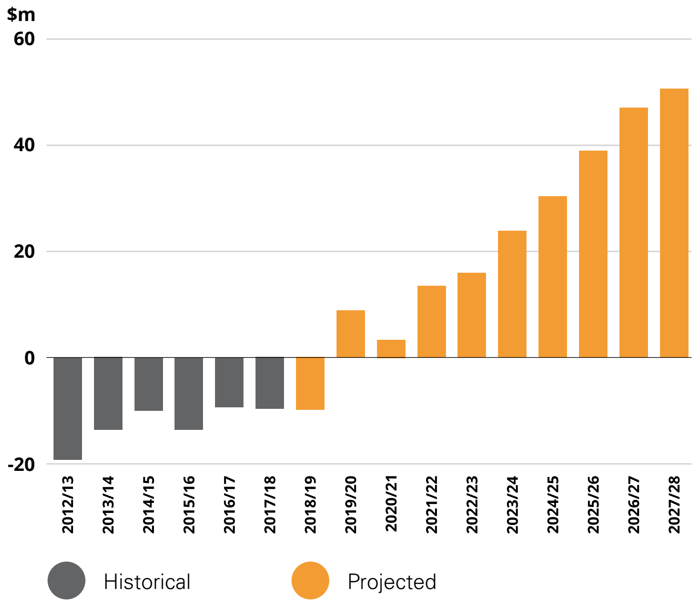
As a result of increasing rates, our balance sheet will be in a stronger position and we will be able to borrow more to pay for the infrastructure the city needs to grow, improvements to our transport system and some community projects.

Read more about our proposed rates changes and how they affect you from page 14.

AVERAGE RATES INCREASES TO EXISTING RATEPAYERS



EVERYDAY COSTS AND REVENUES
(Balancing the books measure)



In August 2017, the Council voted to change the 'balancing the books' measure it used in the 2015-25 10-Year Plan. This measure shows our revenue minus our expenses. The change in measure does not change the financial situation and more clearly shows the balance of everyday revenue and everyday costs.

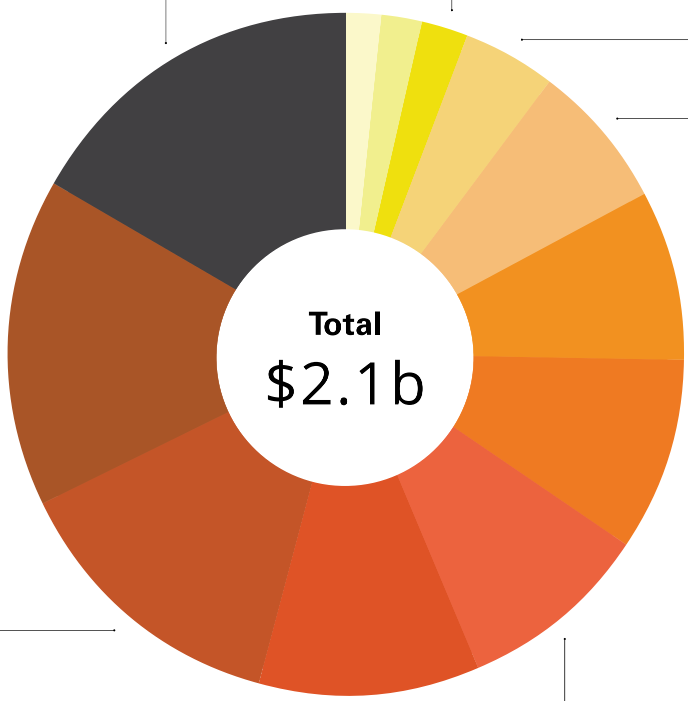
As a large and complex organisation, we want to have a simple way to show where we stand with our everyday finances – that is, the money we have available to pay for the general running costs of the city.

The Council decided to use a measure which includes rates revenue and the fees and user charges we receive as our 'everyday' revenue. It excludes a large portion of the money we receive from developers, subsidies on capital projects and other items not considered normal operating expenses. Revenue from these sources is set aside for specific projects and it cannot be used to pay for everyday costs.

We think the 2018-28 revised measure provides better clarity of whether we are living within our means.

Where does the money go?

This graph shows you the breakdown of how rates will be spent over the next 10 years (figures include inflation).



$358m
Wastewater
Wastewater collection, treatment and disposal

$33m
Democracy Services
Governance and public affairs, partnership with Maaori

$43m
Safety
Animal education and control, environmental health, alcohol licensing, public safety, Civil Defence

$45m
City Planning and Development
City planning, planning guidance, building control

$326m
Parks and Recreation
Community parks, natural areas, streetscapes, sports parks, playgrounds, cemeteries and crematorium, pools, indoor recreation

$95m
Rubbish and Recycling
Refuse collection, waste minimisation, landfill site management

$285m
Water Supply
Water treatment, storage and distribution

$145m
Visitor Attractions
Hamilton Gardens, Waikato Museum, Hamilton Zoo

$225m
Transport
Transport network, transport centre, parking management

$193m
Venues, Tourism and Major Events
Claudelands, FMG Stadium Waikato, Seddon Park, i-SITE, tourism and events funding

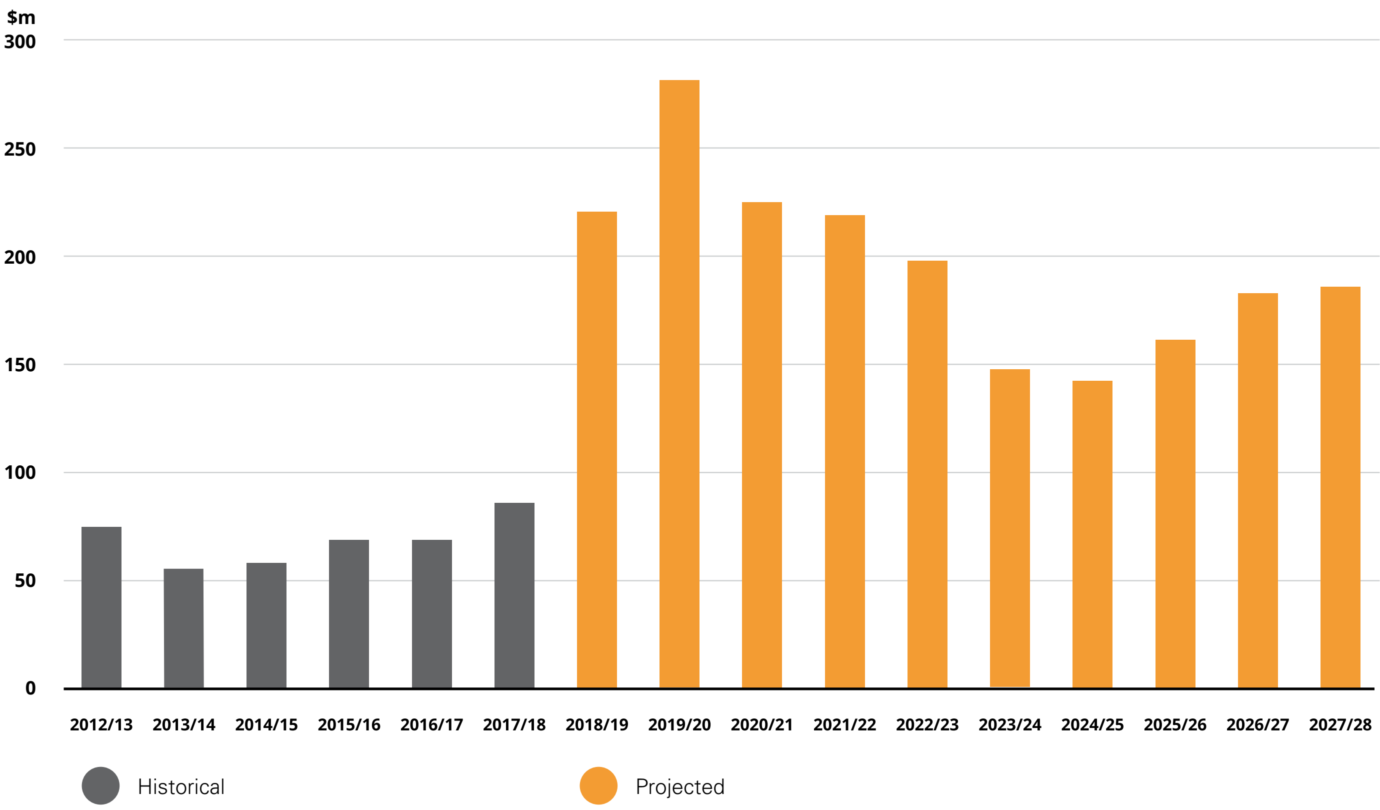
$195m
Arts and Community
Libraries, community development, arts promotion, theatres

$171m
Stormwater
Stormwater network

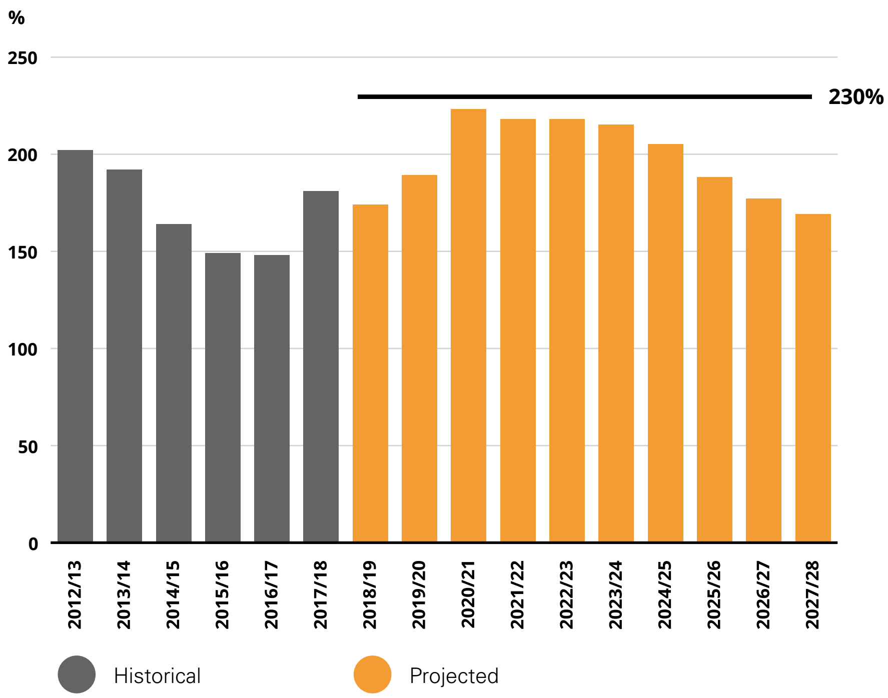
Capital spending and debt

Over the next 10 years we propose spending $2 billion to look after our existing assets, build new infrastructure needed for a bigger city and complete projects to make Hamilton a better place to live.

CAPITAL EXPENDITURE (INCLUDES INFLATION)



DEBT-TO-REVENUE



To keep debt to manageable levels, the Council is proposing a debt-to-revenue ratio of 230% over the next 10 years. This caps debt at $2.30 for every $1 collected in revenue. It's like having a mortgage of $230,000 with a household income of $100,000.

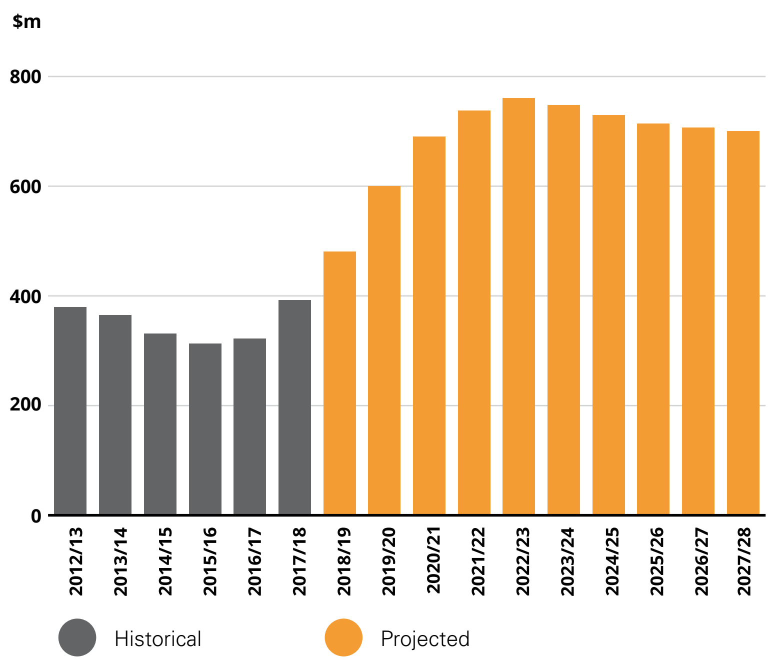
This is a change to our current limit of 200%. Increasing this limit will mean we can borrow more to cover the cost of delivering the infrastructure the city needs. It also allows us to use the Housing Infrastructure Fund (HIF), which includes a 10-year interest-free loan from the Government for major infrastructure projects.

Our lenders will let us borrow up to a maximum debt-to-revenue ratio of 250%. So, a limit of 230% is financially sound and ensures we have a buffer available for any unforeseen events, such as a natural disaster.

Net debt is the money we owe our lenders, less cash.

To fund the proposed capital programme, net debt will rise to a peak of $760 million in 2023. By maintaining rates increases at 3.8% surpluses are created which repay debt. By 2028 net debt is reduced to $700 million.

NET DEBT



Challenge 1:

We are borrowing to pay for everyday costs.

The challenge

The Council is borrowing money to pay for some of the everyday costs of running the city, such as providing drinking water, park maintenance, rubbish collection and repairing roads.

These should be paid for by rates, fees and user charges but we currently have a shortfall that is being met by borrowing. Over the past five years, on average we have borrowed $10 million per year to cover everyday costs.

In household terms, it's like extending the mortgage to pay for groceries. If we continue to do this we will take on more debt and the interest costs with it. The interest alone would be around $3 million per year. We would also limit our ability to borrow for other future projects.

This is unsustainable.

Several things have contributed to this:

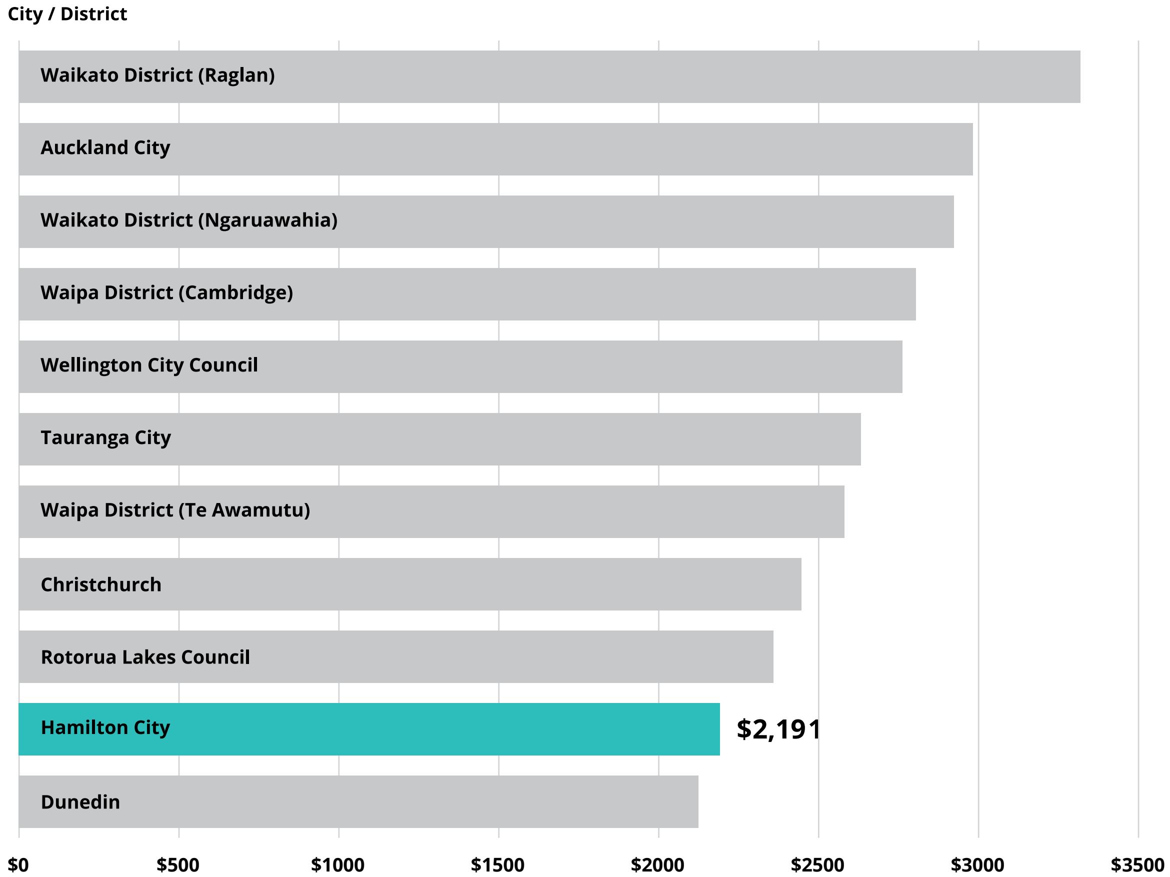
- Tight budgets over the past six years have led to under-investment in the maintenance and replacement of some assets - now we need to catch up.
- Compliance costs are making it more expensive to do business. We're seeing this with the rules around how we manage stormwater and wastewater going into the river, drinking water standards, health and safety regulations and the need to upgrade buildings to meet earthquake standards.
- Higher-than-expected growth has compounded the problem, as the extra revenue from new ratepayers is less than the increased costs to provide services to them and look after new assets.

These cost pressures have made it harder and harder to work within current budgets.

BIG COST REDUCTIONS CANNOT BE ACHIEVED WITHOUT STOPPING SOME SERVICES ENTIRELY, OR CLOSING SOME COUNCIL FACILITIES. THE COUNCIL IS NOT PROPOSING THIS.

Hamilton's rates are not enough to run a city of our size. Our average residential rate is lower than other fast-growing cities and neighbouring districts.

2017/18 AVERAGE RESIDENTIAL RATES*



*The average residential rates are based on the average rateable capital value for each council. We have calculated these rates using publicly available information.

The options

We have put forward six options to stop borrowing for everyday costs.

They include combinations of rates increases, moving to a capital value rating system faster, and introducing a $500 fixed amount for every ratepayer, (a Uniform Annual General Charge or UAGC). The UAGC is part of your total rates calculation and is not an additional charge.

OPTION 1:

Average rates increase of 16.5% in the first year of the 10-Year Plan.

OPTION 2:

Average rates increases of 10% in each of the first two years of the 10-Year Plan.

OPTION 3:

Average rates increase of 16% in the first year of the 10-Year Plan and move faster to capital value rating.

OPTION 4:

Average rates increases of 9.5% in each of the first two years of the 10-Year Plan and move faster to capital value rating.

OPTION 5:

Average rates increase of 16% in the first year of the 10-Year Plan and move faster to capital value rating and introduce a UAGC.

OPTION 6:

Average rates increases of 9.5% in each of the first two years of the 10-Year Plan and move faster to capital value rating and introduce a UAGC.

INCREASE RATES

We need to decide when to stop borrowing to pay for everyday costs. The two scenarios included in the options are:

- Straight away, with an average rates increase of 16%-16.5% in 2018/19 (the actual amount depends on which option is chosen). Rates would then increase at 3.8% per year from 2019/20.
- Over two years, with average rates increases of 9.5%-10% in 2018/19 and 2019/20 (the actual amount depends on which option is chosen). Rates would then increase at 3.8% per year from 2020/21. This would mean we would still have to borrow an additional $10 million in the first year of the 10-Year Plan to cover the shortfall, which ratepayers would have to pay back.

MOVE TO CAPITAL VALUE RATING FASTER

In 2014, the Council decided to change from a land value to a capital value rating system. Most councils in New Zealand use a capital value rating system.

Under a land value rating system, rates are calculated based on the land value of a property only. Under a capital value rating system, rates are based on the total value of the property (i.e. land and buildings combined).

We are in the third year of the 10-year transition from land value to capital value rating. We are now proposing to complete this transition faster and move to full capital value rating in the 2018/19 financial year which starts 1 July 2018.

This would mean that properties with relatively high value buildings are likely to contribute a higher share of the total rates, while properties with relatively low value buildings are likely to contribute a lower share of total rates. As most new properties tend to have higher value buildings, we expect to receive an extra $40m in rates from these properties over 10 years, reducing the cost to existing ratepayers.

INTRODUCING A UNIFORM ANNUAL GENERAL CHARGE (UAGC)

The Council is proposing a fixed portion for everyone's rates, called a Uniform Annual General Charge (UAGC). It would be the same amount for all Hamilton ratepayers and part of the final rates calculation, not on top.

Under this proposal, a UAGC of $500 would start in 2018/19 and increase each year at the same percentage as the general rate. If the UAGC was a flat rate of $500 each year, the average rates increase would remain at 9.5% in 2018/19 and 2019/20, but rates would be divided up among ratepayers differently. Higher value properties would pay a bigger share of the total rates.

The immediate move to capital value rating, combined with rates increases, would mean some ratepayers with higher value properties would pay rates increases well above the average. Ratepayers with lower value properties would get a much less than average increase. The UAGC smooths out these extremes, making rates more comparable to other cities.

This means if you have a higher value property your rates would be less than they would be if we just moved to a capital value rating system. If you have a lower value property, your rates increase will be more than if we just moved to a capital value rating system.

FIND OUT WHAT YOUR RATES WOULD BE:

Different combinations of these possible rates changes are shown in the six options on the following pages. For each option we have shown the rates for a selection of properties. You can go online and see what your rates will be under each option presented here.

Go to hamilton.govt.nz/10yearplan-rates

Increase rates only

Options 1 and 2 would see the rating system stay the same as it is now - continuing with a staged transition to capital value rating and not introducing a UAGC. These two options would mean higher rates increases overall to existing ratepayers, as we would not get the benefit of extra revenue from new properties, which we would from an entirely capital value rating system.

The increase in the Council's net debt after 10 years is the highest under these two options.

			OPTION 1			OPTION 2		
	When to stop borrowing to pay for everyday costs		STRAIGHT AWAY			OVER TWO YEARS		
	Financial year		2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
	Average rates increase for existing ratepayers		16.5%	3.8%	3.8%	10%	10%	3.8%
	Net increase in debt after 10 years		+ $210 million			+ $214 million		
	Capital value	Current rates	How rates will change					
RESIDENTIAL	**$300,000** $160,000 land value	**$1,588**	$1,838	$1,892	$1,948	$1,736	$1,893	$1,949
RESIDENTIAL	**$400,000** $200,000 land value	**$2,023**	$2,352	$2,437	$2,525	$2,222	$2,439	$2,527
RESIDENTIAL	**$650,000** $270,000 land value	**$2,905**	$3,427	$3,617	$3,817	$3,236	$3,619	$3,819
COMMERCIAL	**$500,000** $225,000 land value	**$5,989**	$6,796	$6,898	$6,998	$6,418	$6,903	$7,003
COMMERCIAL	**$2m** $755,000 land value	**$20,991**	$24,307	$25,101	$25,920	$22,952	$25,116	$25,935
COMMERCIAL	**$12m** $1.6m land value	**$69,361**	$90,503	$102,517	$115,318	$85,839	$102,575	$115,383
OTHER	**$660,000** $330,000 land value	**$1,532**	$2,156	$2,377	$2,612	$2,036	$2,378	$2,613
OTHER	**$960,000** $710,000 land value	**$2,880**	$3,802	$4,033	$4,276	$3,590	$4,035	$4,278
OTHER	**$2.99m** $2.5m land value	**$5,580**	$9,043	$10,137	$11,301	$8,539	$10,143	$11,308

Increase rates and move faster to capital value rating

Compared to options 1 and 2, options 3 and 4 would mean lower average rates increases overall for existing ratepayers. These two options also mean:

- properties with relatively high value buildings are likely to contribute a higher share of the total rates, and
- properties with relatively low value buildings are likely to contribute a lower share of total rates.

Because the Council would earn extra revenue from new properties by moving immediately to capital value rating, it would need to borrow less money. The increase in the Council's net debt after 10 years is the lowest under these options.

			OPTION 3			OPTION 4		
	When to stop borrowing to pay for everyday costs		STRAIGHT AWAY			OVER TWO YEARS		
	Financial year		2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
	Average rates increase for existing ratepayers		16%	3.8%	3.8%	9.5%	9.5%	3.8%
	Net increase in debt after 10 years		+ $174 million			+ $192 million		
	Capital value	Current rates	How rates will change					
RESIDENTIAL	**$300,000** $160,000 land value	**$1,588**	$1,742	$1,808	$1,877	$1,645	$1,801	$1,870
RESIDENTIAL	**$400,000** $200,000 land value	**$2,023**	$2,319	$2,407	$2,499	$2,190	$2,398	$2,489
RESIDENTIAL	**$650,000** $270,000 land value	**$2,905**	$3,761	$3,904	$4,052	$3,551	$3,888	$4,036
COMMERCIAL	**$500,000** $225,000 land value	**$5,989**	$5,871	$6,094	$6,325	$5,542	$6,069	$6,300
COMMERCIAL	**$2m** $755,000 land value	**$20,991**	$23,460	$24,351	$25,277	$22,147	$24,250	$25,172
COMMERCIAL	**$12m** $1.6m land value	**$69,361**	$140,493	$145,831	$151,373	$133,069	$145,710	$151,247
OTHER	**$660,000** $330,000 land value	**$1,532**	$2,951	$3,063	$3,179	$2,786	$3,050	$3,166
OTHER	**$960,000** $710,000 land value	**$2,880**	$4,286	$4,449	$4,618	$4,047	$4,431	$4,600
OTHER	**$2.99m** $2.5m land value	**$5,580**	$13,326	$13,833	$14,358	$12,580	$13,775	$14,299

Increase rates and move faster to capital value rating and introduce a $500 UAGC

The addition of the UAGC under options 5 and 6 means:

- if you have a higher value property, your rates would be less than they would be if we just moved to a capital value rating system, and
- if you have a lower value property, your rates would be more than if we just moved to a capital value rating system.

Compared to options 3 and 4, the total amount of rates collected from existing ratepayers does not change. However, the Council's net debt after 10 years is higher because the UAGC reduces the overall amount of rates collected from new properties and we would have to borrow to cover the shortfall.

			OPTION 5			OPTION 6		
	When to stop borrowing to pay for everyday costs		STRAIGHT AWAY			OVER TWO YEARS		
	Financial year		2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
	Average rates increase for existing ratepayers		16%	3.8%	3.8%	9.5%	9.5%	3.8%
	Net increase in debt after 10 years		+ $186 million			+ $203 million		
	Capital value	Current rates	How rates will change					
RESIDENTIAL	**$300,000** $160,000 land value	**$1,588**	$1,874	$1,945	$2,019	$1,777	$1,945	$2,019
RESIDENTIAL	**$400,000** $200,000 land value	**$2,023**	$2,328	$2,416	$2,508	$2,198	$2,407	$2,499
RESIDENTIAL	**$650,000** $270,000 land value	**$2,905**	$3,463	$3,594	$3,731	$3,253	$3,561	$3,697
COMMERCIAL	**$500,000** $225,000 land value	**$5,989**	$6,111	$6,343	$6,584	$5,783	$6,332	$6,573
COMMERCIAL	**$2m** $755,000 land value	**$20,991**	$23,421	$24,311	$25,235	$22,108	$24,208	$25,128
COMMERCIAL	**$12m** $1.6m land value	**$69,361**	$142,820	$148,247	$153,881	$135,335	$148,192	$153,823
OTHER	**$660,000** $330,000 land value	**$1,532**	$2,672	$2,774	$2,879	$2,518	$2,758	$2,862
OTHER	**$960,000** $710,000 land value	**$2,880**	$3,654	$3,793	$3,937	$3,431	$3,757	$3,899
OTHER	**$2.99m** $2.5m land value	**$5,580**	$10,301	$10,692	$11,098	$9,604	$10,516	$10,916

The Council is proposing Option 6

This is the Council's proposed option because it:

- spreads the rates increase over two years, reducing the initial impact on existing ratepayers.
- benefits from the additional revenue generated from a faster move to capital value rating, saving existing ratepayers $40 million over 10 years.
- smooths out some of the extremes in rates for high and low value properties with the introduction of the UAGC.

Financially, this is not the best option for the Council. Spreading the rates increase over two years means we would have to borrow an extra $10 million in the first year of the 10-Year Plan to cover the shortfall in revenue. However, the Council is proposing this option so ratepayers are not faced with the full rates increase at once.

RATES REBATES:

- The New Zealand Government has a rates rebate scheme that provides subsidies to low income home owners. This scheme works on a sliding scale and is specific to your usual place of residence on 1 July each year. If you have a household income of less than $42,000 you may be eligible for a rebate depending on the level of your rates and the number of dependents you have. The Government updates the criteria for this scheme each year.
- Hamilton also has its own rates rebate scheme you may benefit from. The Council provides an option of lower rates for some people. There are criteria you need to meet to access this support – the first of which is you will need to qualify for the Government scheme.
- For information about both of these schemes and to apply visit hamilton.govt.nz/ratesrebates or you can call us on 07 838 6688.

OTHER CHANGES

Reducing costs

We are not proposing service cuts, but we have included targeted savings of $55 million over 10 years through innovation and changing the way we work.

Increasing the amount that developers contribute

The Council wants to ensure those who benefit most from growth pay a fair share of the costs. We are proposing some changes to our Development Contributions Policy that will mean developers pay approximately $40 million more over 10 years towards the cost of development.

For more information on this change, please refer to hamilton.govt.nz/dcpolicy2018

Bringing rural rates into line with residential rates

The Council is proposing to increase rates on rural properties within the Hamilton boundary, to be on par with residential rates (except for water and wastewater components of rates as rural properties do not receive those services).

For more information on this change, please refer to hamilton.govt.nz/ratingreview2018

Challenge 2:

Deciding where Hamilton's next big housing area will be.

The challenge

Today, more than 165,000 people live in Hamilton and projections show the city is well on its way to being home to 200,000 people.

Hamilton needs an extra 12,500 houses over the next 10 years and 32,000 over the next 30 years to meet the housing needs of these extra people.

As well as more people and more houses, we expect to welcome more business so were also planning for industrial growth.

In 2016, the Government introduced new rules to make sure councils provide enough land for new housing and business development. High growth areas, including Hamilton, have additional land supply targets to meet.

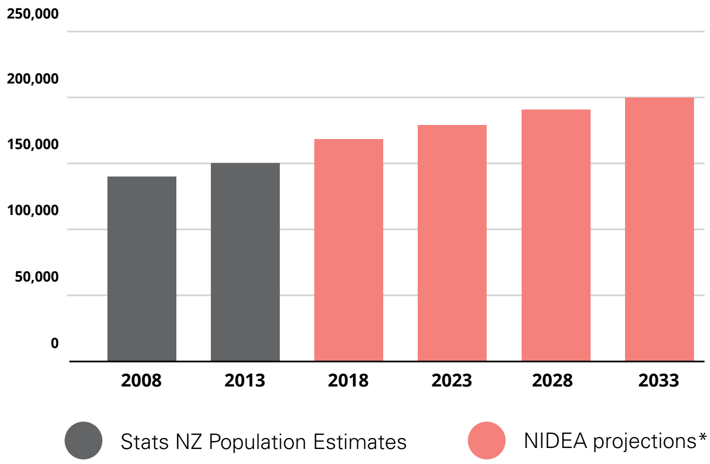
The city's rapid growth plus the Government's targets place a heavy burden on the city to fund the infrastructure needed (main roads, water, wastewater and stormwater pipes, and parks). For Hamilton, this means upgrading infrastructure within established suburbs and funding new infrastructure for new suburbs to develop and emerge.

Rototuna in Hamilton's north-east has been the focus for new housing subdivisions since the early 1990s and this area will be full in four to five years.

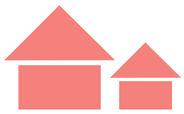
Infill or higher density housing in established suburbs (e.g. Frankton and the University precinct) also continues at pace, including apartments, multi-unit complexes, duplexes and the subdividing of sections. Over time, we expect half of new homes to be infill and half in new subdivision areas.

There is a lot of work throughout the city we must do to cater for growth and with Rototuna nearing completion, work also needs to start soon to open a new area of rural land for housing, and we need to decide where.

POPULATION GROWTH

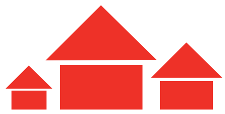


Hamilton needs more homes to meet the needs of its growing population.



12,500

needed over 10 years



32,000

needed over 30 years

Source: NIDEA projections*

*University of Waikato National Institute of Demographic and Economic Analysis (NIDEA) Projections.

CAN WE JUST SAY 'NO' TO GROWTH?

No, we can't opt out of growth because the Government has set land supply targets we must meet. Proactively managing growth and investing carefully to get value for money is the best way we can balance the costs and benefits to the city.

The law also says the Council has a role to provide infrastructure that supports a growing city. We are responsible for the big infrastructure that connects subdivisions up to the city's network, such as treatment plants, water reservoirs, large sewer and water pipes and roads. We're also responsible for upgrading the city-wide services to absorb the extra load from infill housing.

Relying on private developers to do this work can lead to ad-hoc infrastructure that doesn't link well to the rest of the city and ends up costing us more to fix in the long run. It's also unaffordable for developers to provide some of the infrastructure needed - like a new bridge over the Waikato River. In these situations, the Council provides the infrastructure and the costs are shared by developers (through contributions they pay) and ratepayers.

The options

OPTION 1:

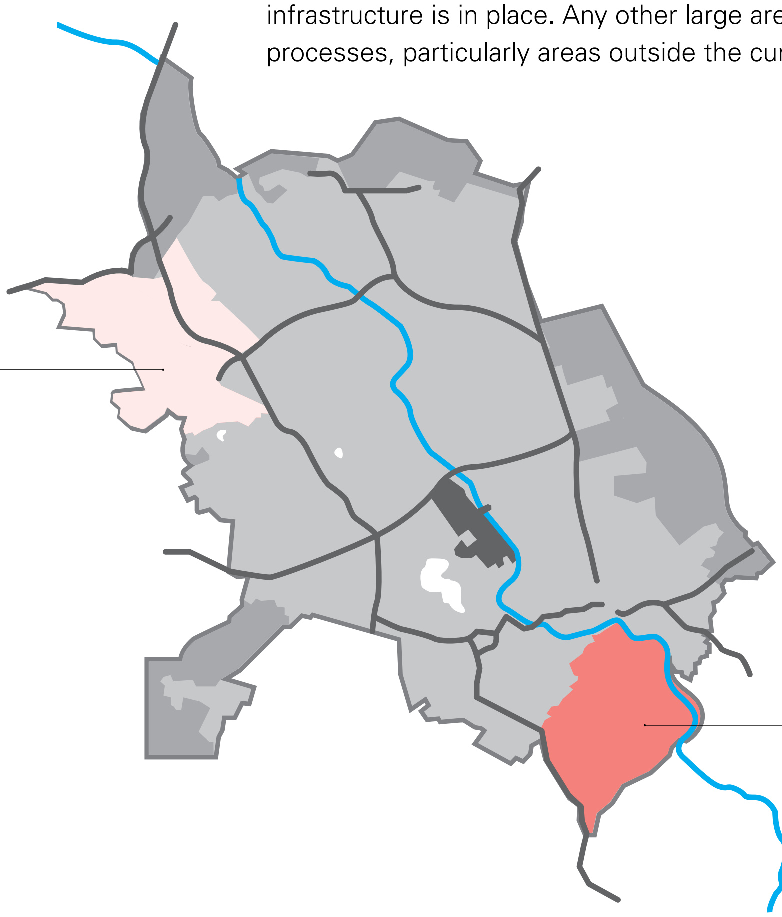
Peacocke in the south of the city as our next big housing area.

OPTION 2:

Rotokauri in the north-west as our next big housing area.

Both Peacocke and Rotokauri are zoned and ready to go once the infrastructure is in place. Any other large areas would need lengthy planning processes, particularly areas outside the current city boundaries.

THIS IS ROTOKAURI



THIS IS PEACOCKE

HOW DOES OUR INVESTMENT IN PEACOCKE OR ROTOKAURI IMPACT RATES?

The Council's contribution to building new assets in Peacocke or Rotokauri is funded by borrowing which is repaid over time. This is so ratepayers who benefit from the use of these assets, now and in the future, all help to pay for them.

Most of the everyday costs related to these assets, including interest, depreciation and running costs, are paid for by rates. In general, if we reduce the amount we spend on new assets, we take on less debt and reduce the amount of rates needed to pay for everyday costs.

The options in this document show an annual average cost per ratepayer to give an indication of what the relative impact on ratepayers might be. However, because the nature and timing of investment of every project is unique, the actual impact on rates in any given year is highly variable. The majority of everyday costs relating to Peacocke and Rotokauri start after year 2 of the 10-Year Plan and are spread over several years. So, changing our investment in this area would not have a significant impact on the 9.5% rates increase required in the first two years of the plan.

Option 1: Peacocke

This option prioritises Peacocke in the south of the city as our next big housing area. Infrastructure would be provided to the northern part of Peacocke, including a new bridge over the Waikato River.

Under this option, some projects in Rotokauri would also go ahead to continue to enable industrial growth in this area and to complete works required for housing development already in progress. We would also develop the existing sports park in Rotokauri.

This option benefits from the Government's Housing Infrastructure Fund (HIF). The HIF includes a 10-year interest-free loan from the Government to build specific, approved projects.

The full detailed business case for the application for HIF funding and the Council report, which includes information for both Peacocke and Rotokauri options, can be found at hamilton.govt.nz/10yearplan

Capacity for new homes	3,700 (10 years) 8,400 (30 years)	
Total cost over 10 years (includes inflation), funded by:	$410.7m	
NZTA subsidy	$115.5m	
Council borrowing, paid back from Developer Contributions	$254.4m	Includes $180m HIF loan
Council borrowing, paid back from rates	$40.8m	
Interest savings over 10 years from the $180m HIF loan	$65m	
Annual average cost per ratepayer*	$115	

This is where the money would be spent over 10 years, including examples of some of the key elements. We would also partner with developers to provide infrastructure within Peacocke.

Transport Wairere Dr extension into Peacocke, including a new bridge over Waikato River; arterial roads within Peacocke; new intersection with State Highway 3; upgrading existing roads to urban standards.	$247.9m
Water supply Various projects to connect the existing water network into and throughout Peacocke.	$8.6m
Wastewater Bulk storage tank and pressure system to connect Peacocke into the existing wastewater network; wastewater mains within Peacocke.	$81.1m
Stormwater Majority of the spend is partnering with developers to provide infrastructure to manage stormwater.	$27.8m
Parks Neighbourhood parks; a sports park; two neighbourhood playgrounds and toilets; gully network and walkway development.	$45.3m

*This calculation provides a basis to compare the rates impact of each option, so it assumes the same investment timing for each option and includes 10 years of net operating costs (excluding inflation).

Option 2: Rotokauri

This option prioritises Rotokauri in the north-west of the city as our next big housing area.

Because this option delivers less homes than Peacocke, we will need to open up another new area for housing within the next 10 years. This option includes some infrastructure investment in Peacocke towards the end of the 10 years for this.

This option is not eligible for the Government's interest-free HIF loan.

Capacity for new homes	2,500 (10 years) 5,400 (30 years)
Total cost over 10 years (includes inflation), funded by:	$267.1m
NZTA subsidy	$23.8m
Council borrowing, paid back from Developer Contributions	$199.4m
Council borrowing, paid back from rates	$43.9m
Annual average cost per ratepayer*	$129

This is where the money would be spent over 10 years, including examples of some of the key elements. We would also partner with developers to provide infrastructure within Rotokauri.

Transport Roading upgrades and new arterial roads in areas of Rotokauri.	$120.8m
Water supply Majority of the spend is partnering with developers to provide local water supply infrastructure.	$2.0m
Wastewater Majority of the spend is partnering with developers to provide local wastewater infrastructure.	$13.0m
Stormwater Significant stormwater management floodway to capture the stormwater for the southern half of Rotokauri.	$117.6m
Parks Neighbourhood parks; sports park.	$13.7m

*This calculation provides a basis to compare the rates impact of each option, so it assumes the same investment timing for each option and includes 10 years of net operating costs (excluding inflation).

Comparing the options

<table>
<tr><th></th><th>OPTION 1: PEACOCKE</th><th>OPTION 2: ROTOKAURI</th></tr>
<tr><td>HOUSING SUPPLY</td><td>Opens up a larger area of land than Option 2, delivering more homes over the long term and delaying the need for further large investments to open up another housing area for the city.
Further development beyond 10 years can be accommodated via pipe and road extensions as and when required, similar to the approach in Rototuna over the last 10 years.</td><td>Opens up a smaller area of land than Option 1 and delivers fewer homes over the long term.
A further large investment would have to be considered earlier than Option 1 to open up another new housing area.</td></tr>
<tr><td>FINANCIAL</td><td>Benefits from the Government’s Housing Infrastructure Fund (HIF), which provides for interest cost savings of approximately $65 million.
Accesses a greater level of NZ Transport Agency (NZTA) subsidy for transport projects.
Has a higher capital cost overall. This is offset by the interest savings from the HIF loan and the NZTA subsidy.
Large capital projects (e.g. a new bridge over the Waikato River) with a higher up-front investment mean the infrastructure programme can’t be easily slowed down if there was a downturn in the housing market. Once we start, we are committed to completing the projects funded through the HIF loan.
Risk of a downturn in the property market is buffered by the 10-year interest-free HIF loan, as the Council would not have to fund interest costs for this period.</td><td>Not eligible for the Government’s interest-free HIF loan.
Smaller capital projects and a smaller up-front investment mean the infrastructure programme could be slowed down more easily than in Option 1 if there was a downturn in the housing market.
NZTA subsidy still to be confirmed.</td></tr>
<tr><td>STRATEGIC BENEFITS</td><td>Offers the opportunity to strengthen established communities and connections. Peacocke is close to the city centre, Frankton industrial area, large employers (e.g. the Waikato Hospital and Waikato University) and Ruakura. Growth in Peacocke would integrate into the existing communities of Melville and Glenview and take advantage of existing capacity at local facilities (e.g. using available space in existing school rolls).
Advances work on the Southern Links corridor - a regionally significant roading project to the west and south of the city that aims to develop an effective network of state highway and arterial routes to support Hamilton’s planned growth.
Provides the opportunity to develop riverside open space we can all enjoy.</td><td>Infrastructure investments have already been made in Rotokauri (e.g. Te Rapa bypass state highway network and upgrading water and wastewater capacity), providing the opportunity to leverage these investments.
This development area is near an established and growing industrial area, offering people the opportunity to live near their workplace.</td></tr>
</table>

The Council is proposing

Option 1 - Peacocke

This option provides more benefits financially, economically and socially. It delivers more homes over the long term and once the HIF loan and NZTA subsidies are taken into account, both options have a similar net cost to the Council. Peacocke brings more strategic advantages with its location, supports regional growth and improves the transport system for Hamilton's west and our neighbours.

Other growth projects planned

In addition to opening up a new area for housing, there is a lot we have to do in other parts of the city to keep pace with growth. Regardless of which option is chosen, our draft 10-Year Plan also includes:

- Projects throughout the city to handle the increased load and provide capacity for infill and high density housing. Examples include upgrading the water and wastewater treatment plants, putting in more water and wastewater storage capacity and completing the Ring Road (Cobham Dr intersection). The draft 10-Year Plan includes $290 million for these projects over 10-years.
- Contractually-committed developments in growth areas. This is where the Council has an agreement with a developer to work in partnership to provide infrastructure.
- Completing work in Rototuna. The big infrastructure is complete. What's left are some essentials like turning undeveloped reserve land into usable parks, upgrading water mains, the Thomas Rd/Gordonton Rd intersection and Borman Rd extension. The draft 10-Year plan includes $90 million for this investment over 10 years. Separate to this investment is a project to develop a community hub in Rototuna. You can read about this proposed project on page 45 of this document.

WORKING WITH THE GOVERNMENT

The new coalition Government has a policy to increase the supply of housing, particularly affordable housing. The Government understands one of the challenges for councils is paying for the expensive infrastructure needed to support new housing developments.

We are currently working with the Government to look at new and innovative ways to open up areas for growth and fund and speed up the delivery of infrastructure, so more homes can be delivered, faster.

Some of the options being explored include a Housing Commission and/or urban development authorities, special purpose vehicles (for infrastructure financing), infrastructure bonds and public-private partnerships.

Later in 2018, there may be opportunities for high growth councils like us to use these new tools and reduce the burden on the Council's finances. These opportunities would be thoroughly tested and considered by the Council before implementation. This may include further consultation with the community.

Challenge 3:

Improving Hamilton's transport system.

The challenge

Getting around the city is a big part of our everyday lives and transport is one of the topics we receive lots of feedback on.

With spending tight over the past six years, the Council's investment in transport has largely focused on planning for the future, looking after what we've got, dealing with essential growth and completing the Ring Road. There has been less focus on public transport, walking and cycling and we haven't invested enough in safety and congestion issues in parts of the city.

During this time, Hamilton has grown faster than expected – and with significantly more vehicles on the road we are seeing increased congestion and decreasing safety. Hamiltonians love their cars and the proportion of trips by bus, walking and cycling is reducing.

Without intervention, we're likely to see greater congestion, more people being killed or seriously injured on our roads and higher transport costs in the future.

We need to decide how much money to invest in improving our transport system and where to invest it.

The options

OPTION 1:

Proposed $251m transport improvement programme

OPTION 2:

Invest 10% less

OPTION 3:

Invest 10% more

HOW DOES OUR INVESTMENT IN THE TRANSPORT IMPROVEMENT PROGRAMME IMPACT RATES?

The Council's contribution to building new Transport Improvement assets is funded by borrowing which is repaid over time. This is so ratepayers who benefit from the use of these assets, now and in the future, all help to pay for them.

Most of the everyday costs related to these assets, including interest, depreciation and running costs, are paid for by rates. In general, if we reduce the amount we spend on new assets, we take on less debt and reduce the amount of rates needed to pay for everyday costs.

The options in this document show an annual average cost per ratepayer to give an indication of what the relative impact on ratepayers might be. However, because the nature and timing of investment of every project is unique, the actual impact on rates in any given year is highly variable. The majority of everyday costs relating to the Transport Improvement Programme are spread over several years, so changing our investment in this area would not have a significant impact on the 9.5% rates increase required in the first two years of the plan.

Option 1: Proposed transport improvement programme

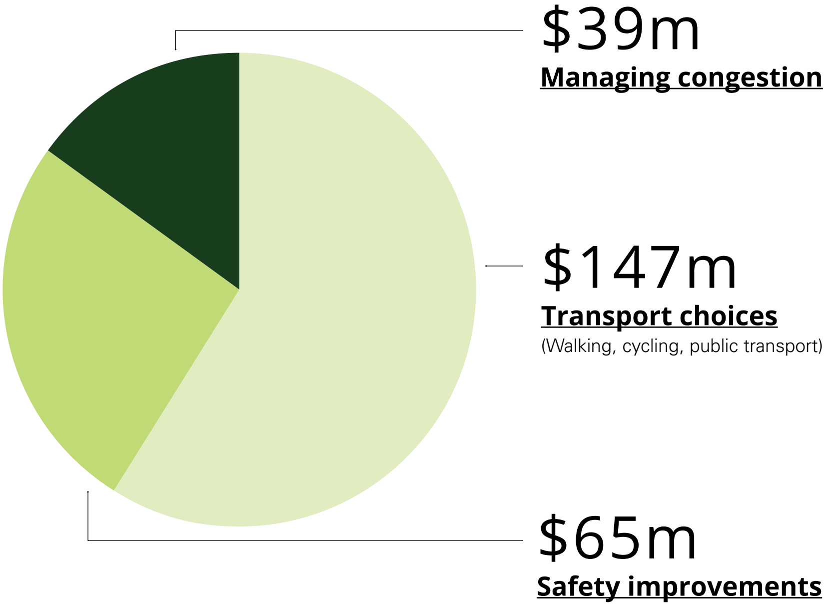
We have worked with our transport partners – the Waikato Regional Council (WRC) and the New Zealand Transport Agency (NZTA) – to identify what the city's transport needs are over the next 10 years. WRC operate public transport services and NZTA manage the state highways in the city as well as co-invest in our local roads and public transport services.

We are proposing a programme that takes a balanced approach across three investment areas – managing congestion, improving safety and transport choices (walking, cycling and public transport). Targeting one of these areas alone won't achieve the changes sought. We need to invest in all three areas and in a range of interventions.

Our proposed programme has been developed on the basis NZTA and WRC will also fund projects that support a shared programme. It assumes each project will attract a 51% subsidy from NZTA, which can only be approved once each project is more fully developed. If a subsidy is not approved, the programme will need to be adjusted.

Total cost over 10 years (includes inflation)	$251m
Council investment (debt funded)	$124m
NZTA subsidies	$127m
Annual average cost per ratepayer*	$117

TOTAL COST OVER 10 YEARS



*This calculation provides a basis to compare the rates impact of each option, so it assumes all projects start in 2018/19 and include 10 years of net operating costs (excluding inflation).

PASSENGER RAIL SERVICE TO AUCKLAND

The Council is supportive of the Government's plan to provide daily rail services between Hamilton and Auckland. Both the Rotokauri Rail Platform development and the purchase of land in Rotokauri for a future park and ride facility (included in the Council's proposed transport improvement programme) support this service.

Waikato Regional Council is responsible for public transport services in Hamilton and they are consulting on a proposal to support a start-up passenger rail service through a rate charged to Hamilton ratepayers. Other than the two projects included in our proposed programme, the Council is not providing any further funding towards this service.

To find out more and have your say on this project go to waikatoregion.govt.nz/LTP-fwd10

Our proposed programme

You will see in the tables the total investment and the average cost per ratepayer per year for each of the three investment areas. It's important to note that we plan to borrow the money to pay for these projects. That means there is a relatively small impact on today's ratepayers and the cost of the projects is spread so that ratepayers in years to come contribute to an asset they use.

SAFETY IMPROVEMENTS	
Council investment (debt funded - includes inflation)	$32m
Annual average cost per ratepayer	$30

PROJECTS	DESCRIPTION	YEAR OF INVESTMENT (YEAR 1 = 2018/19)
Minor improvements	A programme of minor improvements to the transport network (projects less than $1 million each).	1-10
Gordonton Rd improvements	Improving safety for all users of Gordonton Rd, with a focus on the Thomas Rd and Puketaha Rd intersections.	1-4
Improving our intersections that have the highest number of crashes and/or most severe crashes	Grey St/Cook St	1,5
	Grey St/Beale St	1,3
	Grey St/Wellington St	1,5
	Tristram St/Rostrevor St	5,6
	Lake Rd/King St	5,6
	Pembroke St/Ruakiwi Rd/Palmerston St	5,7
	Anglesea St/Bryce St	1,2
	Huntington Rd/Wairere Dr	1,5,6

MANAGING CONGESTION	
Council investment (debt funded - includes inflation)	$19m
Annual average cost per ratepayer	$20

PROJECTS	DESCRIPTION	YEAR OF INVESTMENT (YEAR 1 = 2018/19)
Heaphy Tce/Boundary Rd intersection improvements	Upgrading the roundabout at Heaphy Tce/Boundary Rd to traffic signals.	8-10
Upgrading our intersections that have the highest levels of congestion	Pembroke St/Selwyn St	2,8
	Tristram St/Collingwood St	2,6
	Peachgrove Rd/Clyde St	2,4
	Fairfield Bridge/River Rd	2,9
	Horsham/Thomas Rd	2,9
	Grey St/Te Aroha St	2,8
	Pembroke St/Ohaupo Rd	2,9

	MORE CHOICE – PUBLIC TRANSPORT, CYCLING, WALKING	
	Council investment (debt funded - includes inflation)	$73m
	Annual average cost per ratepayer	$67

PROJECTS	**DESCRIPTION**	**YEAR OF INVESTMENT (YEAR 1 = 2018/19)**
Bus stop infrastructure	New and upgraded bus stops to include accessible kerbs and shelters.	1-10
Integrated transport modes	Work to integrate different transport modes, e.g. bus priority, and small walking and cycling improvements.	1-10
Public transport corridor priority	Easy-flowing public transport on key routes.	1,3-7, 9-10
Public transport interchanges	Public transport hubs around the city providing greater comfort and facilities for passengers.	1,5-7
Public transport intersection priority	Making it quicker and easier for public transport to get through busy intersections.	1-8
Rotokauri park and ride	Purchase of land and construction of a parking area for a park and ride public transport interchange near The Base.	1-3
Rotokauri rail platform	Providing a rail platform for future rail service near The Base.	1,4
Transport Centre rejuvenation	Improving the facilities at the Transport Centre to make it more comfortable and appealing to use public transport.	1-2
Biking Plan – biking connectivity projects	Projects to connect our cycleways creating citywide bike paths.	1-10
Biking Plan – school link	Improving cycling and public transport facilities along the Hukanui Rd/Peachgrove Rd corridor, which services 15 schools.	1-4
Te Awa South River Ride	Complete the final Hamilton section of the Te Awa walk and cycleway from Cobham Dr to the south city boundary.	2
Biking Plan – central city	Cycleways connecting to and through the central city.	8
Biking Plan - citywide biking signage	Providing signs along cycleways throughout the city to make it easier for cyclists to find their way around.	1
Biking Plan – University route	Bike path from the city to the University of Waikato.	7-8
Whitiora Bridge shared footpath	Providing a shared footpath/cycleway on the north side of Whitiora Bridge (Boundary Rd bridge).	9-10
Kirikiriroa Bridge widening	Providing a shared footpath/cycleway on Kirikiriroa Bridge (small bridge off River Rd near Harrowfield).	9-10

Option 2: Invest 10% less

UNDER THIS OPTION, WE WOULD INVEST 10% LESS AND REMOVE SOME PROJECTS FROM OUR PROPOSED PROGRAMME.

Total cost over 10 years (includes inflation)	$226m
Council investment (debt funded)	$112m
NZTA subsidies	$114m
Annual average cost per ratepayer*	$105

Where projects are removed from the programme, safety and congestion issues would continue and some transport choice projects would not go ahead. The Council does not have other funds in the budget to do this work.

Investing less in one area of the programme may impact on the level of improvement for the other two areas. For example:

- Providing more options for walking, cycling and public transport takes cars off the road, and less cars means less risk to safety and less congestion.
- Investment in managing congestion also benefits safety, as safety is considered in the design of all projects.
- Investment in safety has benefits for all road users, and having safe roads encourages more people to try walking and cycling.

If you prefer this option, we want your feedback on which area(s) you would like us to spend less on – transport choices (walking, cycling and public transport), safety improvements or managing congestion.

*This calculation provides a basis to compare the rates impact of each option, so it assumes all projects start in 2018/19 and include 10 years of net operating costs (excluding inflation).

Option 3: Invest 10% more

UNDER THIS OPTION, WE WOULD INVEST 10% MORE THAN OUR PROPOSED PROGRAMME TO INCLUDE ADDITIONAL PROJECTS OVER THE NEXT 10 YEARS

Total cost over 10 years (includes inflation)	$276m
Council investment (debt funded)	$136m
NZTA subsidies	$140m
Annual average cost per ratepayer*	$129

If the Council was to do more than what is proposed, the projects would need to be in the latter years of the 10-Year Plan to keep within our debt limit and may require further rates increases in the future.

If you prefer this option, we want your feedback on which area(s) you would like us to spend more on – transport choices (walking, cycling and public transport), safety improvements or managing congestion.

*This calculation provides a basis to compare the rates impact of each option, so it assumes all projects start in 2018/19 and include 10 years of net operating costs (excluding inflation).

Challenge 4:

Investing in community infrastructure.

The challenge

Providing community spaces and assets that enable people to come together and enjoy themselves helps a city thrive. As the city grows and changes, the Council needs to identify what community facilities are required and where.

We also need to balance this with what is affordable, find cost effective solutions and take advantage of opportunities to work with other partners and stakeholders in Hamilton. We can't afford to do everything, so we need to decide which projects will have the most positive impact in making Hamilton a great place to live, work, play and visit.

The options

Option 1:

The Council's nine proposed projects

Option 2:

Do more, do less, or a different combination of projects

HOW DOES OUR INVESTMENT IN COMMUNITY INFRASTRUCTURE IMPACT RATES?

The Council's contribution to building new Community Infrastructure assets is funded by borrowing which is repaid over time. This is so ratepayers who benefit from the use of these assets, now and in the future, all help to pay for them.

Most of the everyday costs related to these assets, including interest, depreciation and running costs, are paid for by rates. In general, if we reduce the amount we spend on new assets, we take on less debt and reduce the amount of rates needed to pay for everyday costs.

The options in this document show an annual average cost per ratepayer to give an indication of what the relative impact on ratepayers might be. However, because the nature and timing of investment of every project is unique, the actual impact on rates in any given year is highly variable. A number of community infrastructure projects have relatively high everyday costs in the early years of the plan, so changing our investment in this area could impact the 9.5% rates increase required in the first two years of the plan.

Option 1:
The Council's proposed projects

The Council is proposing nine projects. The total cost to deliver these projects over 10 years is $70.7m (including inflation), with an annual average cost of $155 per ratepayer*.

You will see on the next page the total investment and the average cost per ratepayer per year for each of these projects. It's important to note we plan to borrow the money to pay for these projects. That means there is a relatively small impact on today's ratepayers and the cost of the projects is spread so that ratepayers in years to come contribute to an asset they can enjoy.

Some projects have a similar amount of Council investment (debt funded), but quite a different annual average cost per ratepayer. This is due to the difference in operating costs and revenue for each project.

POTENTIAL CONTRIBUTIONS FROM DEVELOPERS

The Government has indicated it is reviewing the law so councils can collect contributions from developers for community infrastructure projects, such as libraries and pools. If this goes ahead, the money collected would reduce the Council's debt on those projects, costing ratepayers less over the long term.

*This calculation provides a basis to compare the rates impact of each option, so it assumes all projects start in 2018/19 and include 10 years of net operating costs (excluding inflation).

The Council's proposed projects

Project	Council investment (debt funded - includes inflation)	Annual average cost per ratepayer*
Central City Park - River Plan In January 2018, the Council opened Victoria on the River, an amphitheatre-style park connecting Victoria St to the popular river paths and giving views to the Waikato River. The vision for Central City Park is a significant extension from Victoria on the River to the site of the Waikato Regional Theatre and includes open spaces, river views, restaurants and retail in support of the principles of the existing River Plan. There are a number of properties in the area that the Council has a rare opportunity to purchase to safeguard the vision for future implementation. This project sets aside funding to purchase and potentially demolish several existing buildings. It will also develop a Master Plan of the vision. **Years of investment+: 1, 2, 4, 5**	$12.8m	$52
Fenced Dog Exercise Area Funding for a newly fenced area for dogs with waste bins. Location will be decided following consultation with the community. Funding is also included for extra bins in some existing dog parks. **Year of investment+: 1**	$177,000	$0.50
Garden Place Garden Place is at the centre of our city and this project aims to bring the area back to life by creating a shared space that is easily accessible by foot or vehicle, encourages retail and hospitality business and includes a destination playground. The proposed redevelopment will be undertaken in partnership with the business community. **Years of investment+: 1, 2**	$3.2m	$5
Hamilton Gardens Development The Council wants to continue to enhance the popular Hamilton Gardens. This includes the development of a minimum of four new themed gardens and improvements to toilets, courtyards and car parks over the next 10 years. To offset the cost of this development, the $11.50 annual targeted rate to Hamilton ratepayers will remain. This plan also proposes a $10 entry fee to the enclosed, themed gardens for visitors who are not Hamilton residents for maintenance and upkeep of the Gardens. This entrance fee would be charged for entrance into the enclosed gardens only; the rest of the park and gardens would remain free for all to visit. People who live in Hamilton and those under 18 can enter for free. Regular visitors from outside Hamilton can also become a 'Friend of the Gardens' for $35 per year and enjoy free access. **Years of investment+: 1 - 10**	$5.7m	$11.50 (Targeted rate only)
Indoor Recreation Facility A grant towards the construction of a new indoor recreation facility in partnership with the University. This facility will be available for community use. **Years of investment+: 4, 5**	$4m	$6

+Year 1 = 2018/19.

*This calculation provides a basis to compare the rates impact of each project, so it assumes all projects start in 2018/19 and include 10 years of net operating costs (excluding inflation).

The Council's proposed projects

	Council investment (debt funded - includes inflation)	Annual average cost per ratepayer*
Playground Development Up to 14 new or upgraded playgrounds to be built in consultation with the community. The Council has identified areas of the city with a lower proportion of playgrounds and will prioritise those locations. The proposal also includes three more destination playgrounds including one in Garden Place. **Years of investment+: 1 - 10**	$5.5m	$11
Rototuna Community Hub Hamilton's north-east suburbs continue to grow at a rapid rate. They currently lack what is termed 'community infrastructure'. The Council plans to invest in a community hub library (a library that includes shared space with formal and informal meeting areas) and public square at Rototuna, part of the development of a 'town centre'. in the suburb. We will also put aside space for a swimming facility to be developed separately by a commercial operator. Construction of a library in this part of the city will deliver library services more effectively to this community and relieve pressure on Chartwell Library, the city's busiest. This would be our first purpose-built new library in several decades. **Years of investment+: 1 - 4**	$19.6m	$28
Waikato Regional Theatre Led by Momentum Waikato, a new Waikato Regional Theatre is proposed for Victoria St on the banks of the Waikato River. The Council has committed, in principle, $25 million in funding to the new theatre. Momentum is raising a further $48 million from across the region, including a proposed $5 million from the Waikato Regional Council (assessed through their Regional Facilities Funding Framework). The Waikato Regional Council contribution excludes Hamilton ratepayers. This theatre will significantly enhance the central city and will be a key facility for Hamilton's vibrant artistic and creative community. The Council will not own or operate the theatre but will make an annual asset maintenance grant of $1.1 million. It is proposed the Waikato Regional Council make an annual asset maintenance grant of $300,000 (again, excluding Hamilton ratepayers and subject to its own consultation). **Years of investment+: 1 - 3**	$19m (Council's $25m contribution = $19m debt funded and $6m from other sources)	$35
Waiwhakareke Natural Heritage Park Development Waiwhakareke Natural Heritage park is an award-winning ecologoical restoration project. The 60-hectare site opposite the Hamilton Zoo contains a small peat lake and provides unique opportunities for research, education and recreation. This project will complete work to open the park to the public. This project includes a loop track, viewing platforms, toilet facilities, signage, fencing and bridges. **Year of investment+: 1**	$760,000	$6

+Year 1 = 2018/19.

*This calculation provides a basis to compare the rates impact of each project, so it assumes all projects start in 2018/19 and include 10 years of net operating costs (excluding inflation).

Option 2: Do more, do less, or a different combination

Any combination of projects can be considered. The following table includes some projects that the Council considered, but did not include in the draft 10-Year Plan to keep costs down. If the Council was to do significantly more than what is planned, the projects would need to be in the latter years of the 10-Year Plan and may require further rates increases in the future.

PROJECTS	Council investment (debt funded - includes inflation)	Annual average cost per ratepayer*
Complete key projects in the Hamilton Zoo Master Plan Enhancing the Savannah exhibit and opening a Waterhole Camp, creating a safari style experience where visitors can 'glamp' for the night. The proposal seeks to create an entrance area that links the Zoo with Waiwhakareke Natural Heritage Park.	$15.2m	$11
Skate park Build a new basic skate park in a central location.	$3.8m	$5
Sports parks drainage improvements Carry out high priority drainage improvements on seven parks to increase the hours of use and quality of available sports fields. This is on top of work that is planned to support and maintain sports facilities across the city.	$3.6m	$8
River Plan projects The principles and themes of the River Plan delivered through projects may include: • Better and more accessible river paths connecting the business district to the cultural and hospitality end of the city centre. • Use vegetation management to enhance river paths throughout the city and create views of the river. • Signs to improve wayfinding along the river, and signs to connect with the history of the river. • Enhancing swimming at Wellington Street Beach and redevelopment of the riverbank amenities. An accessible pedestrian and cycle bridge connecting the east of the city and the central city.	$33.4m	$45
Artificial turf at Rototuna Sports Park Build an artificial turf to provide a high durability all-weather option and extend hours of field use.	$6.1m	$15
Libraries network expansion and improvements Improvements to the Hillcrest, Chartwell and the Central Library, to make better use of the existing facilities. These projects aim to use what we have better. Projects include an extension to Hillcrest Library, an outdoor reading room at Chartwell Library, a book bus service and improvements to the Central Library to improve accessibility, safety and improve the use of space. (Funding for the seismic strengthening and reopening of the Central Library is included in the draft 10-Year Plan and is not part of this project).	$3.6m	$7

*This calculation provides a basis to compare the rates impact of each project, so it assumes all projects start in 2018/19 and include 10 years of net operating costs (excluding inflation).

OTHER ITEMS OF INTEREST

RUBBISH AND RECYCLING: WHEELED BINS AND MORE RECYCLING OPTIONS

Through a 'bags or bins' consultation process in 2016, we asked Hamiltonians about what type of kerbside rubbish and recycling collection they wanted. The feedback we received showed overwhelming support for wheeled bins for rubbish instead of black bags, more recycling options and a food waste collection.

The Council is considering a new collection option from July 2020 including:

- 1 x rubbish bin collected fortnightly,
- 1 x recycling bin collected fortnightly,
- 1 x food waste bin collected weekly.

The Council looked at whether any new service should be paid for through rates or a separate user pays service. The Council decided to include this in general rates.

FUEL TAX

Although it is not proposed as part of the draft 10-Year Plan, an 11.5 cents per litre fuel tax on all fuel bought in Hamilton was discussed by the Council during the draft 10-Year Plan debate. The Government's preference is for a fuel tax in Auckland only at this current time, however we will be putting a detailed proposal to the Government for further consideration. If a fuel tax was to be implemented in the future, the revenue generated would be used to help pay for the city's transport infrastructure, reducing the burden on the Council's finances.

DIGITISING CITY NEWS

City News is a free newspaper delivered each month to every home in Hamilton. It includes stories about the city, events and projects the Council is delivering. The Council is proposing to move to digital circulation of its news to reduce costs, reduce paper waste and acknowledges the number of people reading newspapers is falling each year. This change will save $60,000 per year. The Council agreed to digitise City News and cease distribution of hardcopy publications from July 2018. City News will be available in a print friendly version and printed free on request at libraries.

CHANGES TO FEES AND CHARGES

The Council is proposing changes to many of the fees and charges paid for the services we provide. You can see a full list of these changes in the supporting information section at hamilton.govt.nz/10yearplan.

SALE OF OLD ST PETER'S HALL

Old St Peter's Hall was built in 1893 and it and the building adjacent have been owned by the Council since 1990. The hall is a Category 2 heritage building and is currently leased to the Drury Lane Dance Studio and the building adjacent is leased to the Citizens Advice Bureau until July 2018.

The Council expects to return approximately $740,000 from the sale and will also benefit from a reduction in maintenance and upkeep costs of $128,000 over 10 years.

MINIMUM WAGE FOR COUNCIL STAFF

The Government is planning to increase the New Zealand minimum wage to $20 per hour by 2020/21. In line with this, the Council voted to move the minimum wage paid to its staff (including permanent, fixed term and casual staff) to $20 per hour over a four-year period. This will see the Council minimum wage rise by $1 per hour on 1 April each year from 2018 to 2021. The additional cost to do this is $895,000 over the four-year period.

THE FUTURE OF FOUNDERS THEATRE

Founders Theatre was closed in February 2015 due to safety concerns relating to its aging flying system for hoisting scenery and lighting. A subsequent seismic assessment revealed the building is earthquake prone.

The Council has been exploring options for the future of the theatre and asked for public comment on three specific options:

- Demolition of the building and returning it to green space.
- Partial demolition of the building and repurposing it for other uses.
- Reinstate the building for community use as a "town hall" type venue, with some modifications.

The Council received a range of proposals from individuals and organisations interested in taking over use of Founders Theatre and has decided to explore these in more detail. A key consideration will be funding. The Council has included $802,000 in the draft budget to support whichever option is chosen. Should repurposing or reinstatement be chosen, the organisation or group that will use the facility will be expected to cover the costs of making Founders fit for purpose.

Timeline of major capital decisions

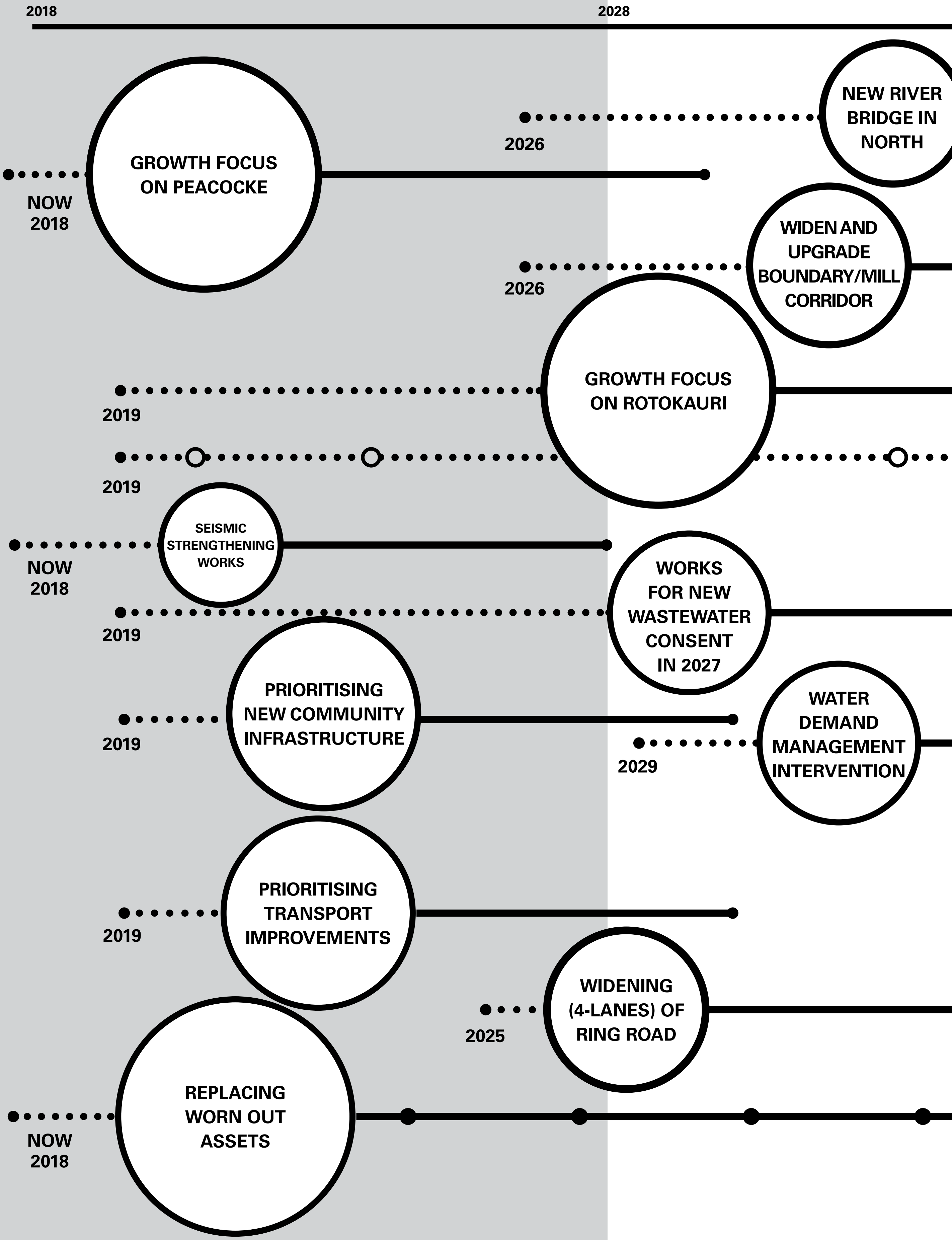
Alongside our draft 10-Year Plan, we're also planning for what the city will need 30 years from now. The diagram that follows shows the big infrastructure decisions we anticipate over the next 30 years.

Because Hamilton is growing quickly, there are some big decisions we need to make in order to provide the infrastructure needed. There are options for where the city could grow and we need to keep updating our plans to make the best out of the opportunities we have as a city.

Assets that are wearing out also need to be replaced. And we need to decide on the right time to do some of the improvements and build new facilities for the city. The timing for some of these projects will depend on other organisations and funders wanting to work with the Council.

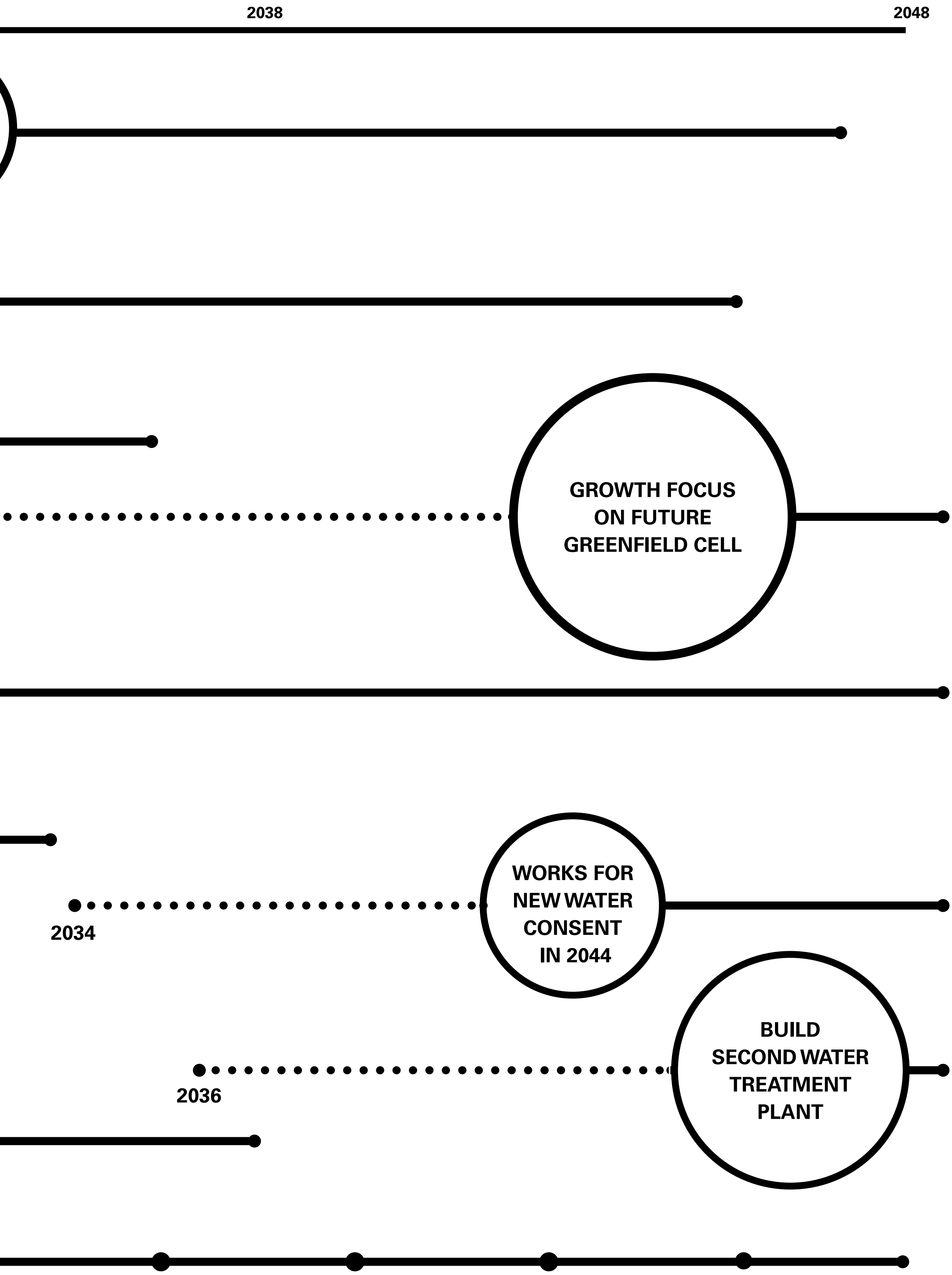
More information on each of these big investments can be found in the 30-Year Infrastructure Strategy at hamilton.govt.nz/10yearplan

10-Year Plan

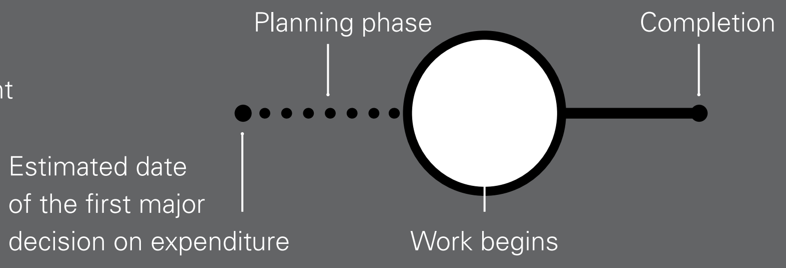


2018
2028
GROWTH FOCUS ON PEACOCKE
NOW 2018
NEW RIVER BRIDGE IN NORTH
2026
WIDEN AND UPGRADE BOUNDARY/MILL CORRIDOR
2026
GROWTH FOCUS ON ROTOKAURI
2019
2019
SEISMIC STRENGTHENING WORKS
NOW 2018
WORKS FOR NEW WASTEWATER CONSENT IN 2027
2019
PRIORITISING NEW COMMUNITY INFRASTRUCTURE
2019
WATER DEMAND MANAGEMENT INTERVENTION
2029
PRIORITISING TRANSPORT IMPROVEMENTS
2019
WIDENING (4-LANES) OF RING ROAD
2025
REPLACING WORN OUT ASSETS
NOW 2018

Indicative estimate



KEY:
Size of circle indicates relative size of investment



Audit report

INDEPENDENT AUDITOR'S REPORT ON HAMILTON CITY COUNCIL'S CONSULTATION DOCUMENT FOR ITS PROPOSED 2018-28 LONG-TERM PLAN

I am the Auditor-General's appointed auditor for Hamilton City Council (the Council). Section 93C of the Local Government Act 2002 (the Act) requires an audit report on the Council's consultation document. We have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 27 March 2018.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2018-28 long-term plan, because it:
    - fairly represents the matters proposed for inclusion in the long-term plan; and
    - identifies and explains the main issues and choices facing the Council and city, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's consultation document and all legally required external audits, we have provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, 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