

SECTION 2: Key decisions | Ngā take Matua

Public consultation | He whakawhitiwhitinga kōrero ā-tūmatanui

The 2018-2028 Long Term Plan Consultation Document was adopted for consultation on 13 March 2018, with formal consultation taking place from 16 March to 16 April 2018.

The consultation document and supporting documents were publicly available on Waikato Regional Council's website from 16 March 2018. Copies of the consultation document were made available at public libraries throughout the region and copies posted to key stakeholders, as well as those who requested a copy. Unlike previous years, the consultation document was not delivered to every household.

We raised awareness of the consultation through print and digital media channels, as well as radio. This included ads in local newspapers, public meetings, ads on social media, and sponsored stories on news websites.

Personalised letters were also sent to consent holders and those impacted by the highest rates increases in the Lower Waikato, Waihou and Piako catchments.

The public were invited to provide feedback in a variety of ways including via post, an online submission form, emailing a copy of their feedback to council or delivering it to any regional council office.

A total of 270 submissions were received on the eight consultation topics in the consultation document. Additionally, the council consulted on five options to reduce flooding in the Tauhei catchment, as well as water user charges and information gathering fees and the proposed adjustment of a land drainage boundary in Matangi.

Submitters were invited to speak to councillors about their feedback during hearings held in Hamilton and Paeroa from 7-11 May 2018. In total, 111 submitters indicated they wished to present their feedback in person.

The council deliberated on the feedback provided by submitters during meetings on 28 and 29 May 2018 and made decisions on the options in its consultation document. Community feedback and the council's response to key consultation topics is outlined in the following section.

Consultation point	Number of submissions received
Use of investment fund returns	124
Funding depreciation of our assets	109
Pest management	150
Catchment rates for new works	145
Community facilities framework	113
Regional theatre	149
Regional services fund	161
Hamilton to Auckland passenger rail service	134
Tauhei flood protection scheme	35
Water user charges and information gathering fees	48
Matangi boundary adjustment	3

KEY DECISIONS

Use of investment fund returns

Our investment fund, generated from the sale of our shares in the ports of Tauranga and Auckland in the early 1990s, had a value of \$99.2 million at the end of December 2017. Returns from this fund are used to inflation proof the fund to maintain the capital base, keep rates down via a rates subsidy, and build up the council's Regional Development Fund which itself is used to contribute to significant one off projects that have regional benefit.

Three years ago, following consultation with the community, the council agreed to reduce the rates subsidy provided through investment fund returns. This meant the rates subsidy would decrease over a period of five years with a corresponding increase in the returns to be used for regional development funding.

Through consultation we proposed not to continue with the reduction of rates subsidy over the next two years. There were 124 submissions received in response to this topic, of which 69 per cent supported holding the rates subsidy at the current (2017/18) level.

The council agreed through its deliberations to maintain the current level of rates subsidy, and therefore cap the funds available for regional development.

Funding depreciation of our assets

To help balance increasing costs with affordability, the council has agreed to not fully fund depreciation of our assets in the Lower Waikato, Waihou and Piako catchments for the first two years of the LTP. This will help to smooth the rate increases over the first three years, rather than ratepayers seeing a large increase in year one. The shortfall in funding will be made up in year three of the plan.

Through depreciation, users pay for an asset over its life rather than the whole cost falling to only those who pay rates at the time the asset is constructed or needs replacing. By not fully funding depreciation in the first two years we will need to borrow more to continue ongoing maintenance of our assets. However, we believe this is outweighed by reducing the increase to affected ratepayers in year one of the LTP. There were 109 submissions on this topic, of which 46 per cent supported this option.

Pest management

Plant and animal pest invasions are among the biggest threats to our region and in recent years we have seen an increasing number of new pests that require our attention. Throughout consultation 150 submissions were received in relation to pest management, of which 74 per cent supported the council increasing its funding.

At deliberations, the council agreed to increase the funding for pest management to address high risk pests including wallabies, kauri dieback, velvetleaf, alligator weed and yellow flag iris, as well as maintaining our current work programme.

The total impact of implementing all these programmes over the first three years of the LTP will be \$1.88 per \$100,000 capital value by year three.

Catchment rates for new works

The council has agreed to increase targeted catchment rates in response to high demand for technical and funding support for catchment management activities, and increased opportunities to partner with other agencies in co-funding environmental projects.

We received 145 submissions in relation to our catchment services, with 60 per cent supporting the proposal to increase targeted catchment rates.

The increased funding will also enable us to focus on catchment and harbour plans – one for the west coast zone, as well as the final two significant harbour plans for the Coromandel zone, being Whitianga/Mercury Bay and Coromandel/Mania.

The level of rates increase depends on the catchment you are in, so go online to our rates calculator to find out how you are impacted waikatoregion.govt.nz/ratescalculator

Community facilities framework

The Community Facilities Funding Framework was developed by the Waikato Mayoral Forum to enable local authorities in the region to make collective, strategic investments in new community facilities.

The council received 113 submissions on this topic, with 52 per cent of submitters supporting adopting the framework.

The council discussed the framework and decided not to adopt it without further consideration. The council will continue to work collaboratively with territorial authorities and other partners across the region to support community development.

Regional theatre

After Hamilton's Founders Theatre closed in 2016, Momentum Waikato developed a proposal for a Waikato Regional Theatre. The council received a request for a \$5 million contribution towards the capital component of building the theatre, and an additional \$300,000 ongoing annual grant (starting in year three of the LTP) to go towards an asset maintenance reserve fund.

We received 149 submissions on the proposed theatre, with 34 per cent of submitters supporting council providing some level of funding. Submitters held differing views on whether the council should provide funding towards the capital component as well as the ongoing maintenance reserve fund, and how the costs should be split across regional ratepayers.

Through deliberations, the council agreed to provide the requested \$5 million capital funding on the condition that Hamilton City Council confirms its contribution of \$25 million. However, the council did not agree to provide funding of \$300,000 towards the ongoing asset maintenance reserve fund.

The \$5 million of funding towards the capital component of building the theatre will be collected over 20 years. Of this, \$4.5 million will come from the three primary beneficiaries outside of Hamilton – Waikato, Waipā and Matamata-Piako, with the remaining \$500,000 coming from the rest of the region – Thames-Coromandel, Hauraki, Ōtorohanga, Waitomo, South Waikato, Taupō and the portion of Rotorua in our region. Hamilton ratepayers will be contributing through their Hamilton City Council rates.

During deliberations the council resolved that a funding deed be developed, which requires a number of issues to be addressed to the satisfaction of the council prior to any funding being released.

Regional services fund

Two years ago Waikato Regional Council agreed to collect a rate on behalf of other councils to fund emergency services in the region, including Surf Life Saving, Coastguard, Philips Search and Rescue and Coromandel Rescue Helicopter.

Through the LTP process the council has decided to include Land Search and Rescue (LandSAR) as a beneficiary to the fund, and also increase the contribution towards surf life saving services by \$25,000 per year.

These changes will mean the per property rate will increase from \$3.74 to \$4.13 per year.

Of the 161 submissions we received on this topic, 50 per cent were in support of our decision to add LandSAR as a beneficiary in addition to increasing the funding to surf life saving services.

Tauhei flood protection scheme

The council undertook targeted consultation with the Tauhei community on options to reduce flooding of land adjacent to the upper Tauhei Stream. Five design options were proposed through consultation, of which four involved construction of new flood protection assets and a fifth option representing enhanced maintenance through increasing the frequency of channel cleaning.

There were 35 submissions on the flood protection options, with 14 submitters identifying the enhanced maintenance as their preferred option.

The council resolved to increase the channel cleaning in Tauhei to every five years, which will require an additional \$1300 to be collected from Tauhei drainage ratepayers per year. The council will monitor the additional channel cleaning over the next five years to determine its effectiveness at reducing flooding.

Matangi boundary adjustment

A small area of land around Taplin Road was proposed to be transferred from the Hautapu Drainage District to Matangi Drainage District. Because this issue was specific to those landowners who would change drainage districts, targeted consultation was undertaken with those individuals. Two submissions and a petition signed by 30 people were received in relation to this proposal, and all were in support of the boundary adjustment.

The council declared at its meeting on 26 June 2018 that it would alter the boundaries of the Hautapu and Matangi drainage districts.

Science and information gathering charges on water takes and other consent holders

The Resource Management Act requires the council to undertake state of the environment monitoring, including science and information gathering, and also allows the council to recover the costs from consent holders. One third of the council's science and information work is considered to be of benefit to, or needed to be undertaken in response to consent holders.

The charging regime for water takes was recently reviewed by a Water Users Liaison Forum sub-group. The sub-group suggested the charging regime which was consulted on. As part of our consultation, more than 3000 letters were sent to all consent holders to outline the proposed changes to charges across the different consent types. A total of 48 submissions were received on these proposed changes.

Through deliberations, the council agreed to adopt the charges as they were proposed through consultation for water takes, process discharges, agricultural discharges, land use discharges, and air discharges. The council also noted that a further review of water take charges should be completed over the next three years.

In response to submissions received it was decided to make changes to the proposed charges for dams, marine farms, Lake Taupō land use, geothermal takes and geothermal discharges.

The council had proposed to increase the proportion of charges recovered from marine farms through consultation. However, after reviewing the submissions we have revisited this decision and will maintain the status quo, which sees marine farms apportioned seven per cent of the costs.

The council had also proposed to increase the proportion of charges recovered from dams. After receiving submissions the council has revisited this decision and confirmed to maintain the status quo. The dam charges will be included as part of the Water User Liaison Forum's review and therefore no changes are being made to dam consent charges at this time.

The council agreed to increase the charges for Lake Taupō Land Use, but have confirmed that these charges will be phased in over a three year period.

Geothermal takes and discharges have also been accepted by the council as proposed during consultation, with the exception of medium takes and discharges which will be reduced from the charges proposed to take account of updated consent data.

Hamilton to Auckland passenger rail service

In response to the increasing demand on travel routes between Hamilton and Auckland, Hamilton City Council has asked us to rate its ratepayers for a start-up passenger rail service.

The council has allocated funding of \$300,000 in year one of the LTP and \$150,000 in year two for detailed planning and pre-implementation work to be undertaken, including the completion of a detailed business case necessary to secure NZ Transport Agency funding approval for the start-up service.

On the assumption that the NZ Transport Agency funding is approved, the council has made provision from year two of the LTP for the operational costs of running the service, estimated to be \$8.8 million per annum. We have assumed annual fare revenue of \$1.5 million and a NZ Transport Agency subsidy of \$5.7 million, leaving the balance of \$1.625 million to be funded from rates collected from Hamilton ratepayers only via a \$20 uniform charge and then a rate based on the capital value of your property.

It is assumed the service will not be ready to commence until October 2019, therefore year two costs, including revenue and funding (rates and NZ Transport Agency subsidy), has been pro-rated.

There are still a number of important issues that need to be worked through in relation to the service. We will need to receive at least 75 per cent funding (after annual fare revenue of \$1.5 million) from the NZ Transport Agency for the everyday running of the service and 100 per cent funding for the purchase and refurbishment of the passenger carriages and

locomotives by KiwiRail. Hamilton City Council, Waikato District Council and the NZ Transport Agency, along with KiwiRail will also need to allocate the necessary funding to upgrade the infrastructure at railway stations along the way before the service starts. Should the service go ahead our contribution will only be towards the everyday running of the service, and does not include any funding towards capital upgrades of the carriages, locomotives or railway station infrastructure. Furthermore there are still network access and timetabling matters to be confirmed with Auckland Transport. All these matters will need to be resolved to the council's satisfaction as part of completing the detailed business case.

The detailed business case is due to be completed in September 2018 for council to review, if all matters are resolved to council's satisfaction the business case will be submitted to NZ Transport Agency in early October 2018 for approval. After completion of the detailed business case if there is insufficient evidence to support the service, or all funding parties don't provide the necessary approvals, the start-up service won't go ahead.

The budgets in our LTP are based on the assumption that all matters will be resolved and that the NZ Transport Agency will approve the funding we have requested.

A level of service and performance measure has also been developed based on these assumptions and included on Page 55 of this document. However, if all of these matters are not resolved or the level of funding requested is not received this will mean we will not collect the rates we have proposed from year two onwards, our expenditure for public transport will be lower than what is outlined in the LTP, and we won't provide a passenger rail service to the community.

Fifty-nine per cent of the 134 submissions we received supported the introduction of this start-up rail service.



