



# **AGENDA**

## **Strategy and Operations Committee Meeting**

**I hereby give notice that a Meeting of the Strategy and Operations Committee will be held on:**

**Date: Thursday, 13 February 2020**

**Time: 9.30am**

**Location: Council Chamber  
Ground Floor, 175 Rimu Road  
Paraparaumu**

**James Jefferson  
Group Manager Place and Space**

**Kapiti Coast District Council**

**Notice is hereby given that a meeting of the Strategy and Operations Committee will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Thursday 13 February 2020, 9.30am.**

**Strategy and Operations Committee Members**

Cr James Cootes	Chair
Cr Gwynn Compton	Deputy
Mayor K Gurunathan	Member
Deputy Mayor Janet Holborow	Member
Cr Angela Buswell	Member
Cr Jackie Elliott	Member
Cr Martin Halliday	Member
Cr Sophie Handford	Member
Cr Jocelyn Prvanov	Member
Cr Robert McCann	Member
Cr Bernie Randall	Member

**Order Of Business**

<b>1</b>	<b>Welcome.....</b>	<b>5</b>
<b>2</b>	<b>Council Blessing.....</b>	<b>5</b>
<b>3</b>	<b>Apologies .....</b>	<b>5</b>
<b>4</b>	<b>Declarations of Interest Relating to Items on the Agenda .....</b>	<b>5</b>
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<b>8</b>	<b>Reports .....</b>	<b>6</b>
8.1	Draft submission on the Urban Development Bill.....	6
8.2	National Policy Statement on Urban Development Capacity - Quarter 2 Monitoring Report.....	35
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<b>9</b>	<b>Confirmation of Minutes.....</b>	<b>48</b>
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<b>10</b>	<b>Public Speaking Time.....</b>	<b>56</b>
<b>11</b>	<b>Confirmation of Public Excluded Minutes.....</b>	<b>56</b>
	Nil	





**1 WELCOME****2 COUNCIL BLESSING**

“As we deliberate on the issues before us, we trust that we will reflect positively on the communities we serve. Let us all seek to be effective and just, so that with courage, vision and energy, we provide positive leadership in a spirit of harmony and compassion.”

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro, e pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou. Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi, ā, mā te māia, te tiro whakamua me te hihiri ka taea te arahi i roto i te kotahitanga me te aroha.

**3 APOLOGIES****4 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

**5 PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA****6 MEMBERS' BUSINESS**

- (a) Public Speaking Time Responses
- (b) Leave of Absence
- (c) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

**7 UPDATES**

Nil

## 8 REPORTS

### 8.1 DRAFT SUBMISSION ON THE URBAN DEVELOPMENT BILL

**Author:** Hamish McGillivray, Manager Research & Policy

**Authoriser:** Janice McDougall, Group Manager

#### PURPOSE OF REPORT

- 1 To seek the Strategy and Operations Committee's approval of the draft submission on the Urban Development Bill, which is attached as Appendix 1 to this report.

#### DELEGATION

- 2 The Strategy and Operations Committee has the authority to consider this matter under section B.1 of the Governance structure and delegations 2019-2022.

#### BACKGROUND

- 3 On 13 December 2019, the Environment Committee invited submissions on the Urban Development Bill (the Bill).
- 4 The Bill follows on from the recent establishment of Kāinga Ora – Homes and Communities (Kāinga Ora) as a Crown agency under the Kāinga Ora – Homes and Communities Act 2019. The Act established two primary functions for Kāinga Ora:
  - 4.1 As a public housing landlord, with the functions of Housing New Zealand and some of the functions of KiwiBuild; and
  - 4.2 To lead and coordinate urban development projects.
- 5 The Bill focuses on the second of these functions and establishes powers and process for Kāinga Ora to improve the social and economic performance of New Zealand's urban areas through undertaking complex development projects.
- 6 The Bill enables Kāinga Ora to facilitate specified development projects (SDPs). SDPs are intended to improve urban development outcomes through a mix of housing types, transport connections, employment and business opportunities, infrastructure, community facilities, and green spaces.
- 7 To deliver these projects, the Bill provides Kāinga Ora access to a range of development and finance powers to be applied within the project area. This includes planning, rating and land acquisition and disposal powers. The Bill also provides a process for the identification and assessment of potential SDPs, and if approved by Ministers, establishing a development plan for the area.
- 8 A development plan sets out the nature of development, infrastructure and financing to be applied within the area. The development of a plan provides for consultation and an independent hearing, with appeals limited to points of law.
- 9 Kāinga Ora would have the ability to undertake these projects by itself, or partner with iwi, local Government or the private sector. The Bill is designed to help streamline and reduce the risk of complex developments and create opportunities for the private market, councils, and Māori developers.
- 10 Submissions on the Bill must be lodged with the Environment Committee by 14 February 2020. The Bill and explanatory text can be viewed at:  
<http://legislation.govt.nz/bill/government/2019/0197/latest/LMS290735.html>

#### DISCUSSION

- 11 A draft submission has been prepared on the Bill and is attached as Appendix 1 to this report. The submission supports the Bill in principle, but highlights concerns over the

limitations the Bill introduces to the role and responsibilities of local authorities and suggests a number of further checks and balances.

- 12 The draft submission also supports points raised in the Society of Local Government Managers submission on the Bill (draft attached as Appendix 2).
- 13 The primary issues discussed in the submission include:
  - 13.1 The balance of Kainga Ora powers and processes for local authorities;
  - 13.2 Local authority capacity to engage;
  - 13.3 Implications of the proposal to use Council rating processes; and
  - 13.4 Potential risks to infrastructure provision and delivery.
- 14 Each of these issue areas is discussed in more detail below.

#### **Accountability and working in partnership**

- 15 Under the Bill, Kāinga Ora is provided a substantive set of powers to enable them to facilitate development projects. The effect of creating an SDP, in effect, removes or limits many of Council's own powers from being exercised within an area for which it is otherwise responsible. The Bill provides Kāinga Ora with the ability to modify District Plan objectives, policies and rules; develop infrastructure; determine resource consents; undertake monitoring and enforcement under the RMA; modify or create bylaws; and establish funding and financing mechanisms to support development in the area. This provides Kāinga Ora with the potential to significantly alter the Council's strategic direction.
- 16 Concerns over the recognition of local authorities' role alongside Kāinga Ora's were highlighted in Council's submissions on the Kāinga Ora – Homes and Communities Bill 2019. This included the uncertainty and potential impact Kāinga Ora could have on local authorities' role in shaping and delivering outcomes for their communities.
- 17 While the powers proposed for Kāinga Ora are substantive, their purpose is to streamline and consolidate processes for selected urban development projects, which by their nature, are often complex to deliver through market processes. While the Act was not changed to reflect a stronger recognition of local authorities' role, it did identify a set of operating principles for Kāinga Ora that includes partnering and engaging through effective partnerships; and achieving well-functioning urban areas that support community needs.
- 18 The Bill also provides a number of processes to support engagement in the development of SDPs. This includes early input and consultation with Māori, local authorities and the public in the identification of a potential SDP. It also establishes a more detailed process for the development of a draft plan for an area. This includes engagement and having regard to key council documents including the District Plan and Long Term plan which set out relevant land-use planning and investment processes. A draft development plan is also supported by public consultation and an independent hearing process.
- 19 While recognising the benefits and balance the Bill seeks to provide around the role of Kāinga Ora, it nonetheless creates a level of risk and uncertainty for local authorities' ability to plan and deliver long-term outcomes agreed with their communities. This point is identified in the attached submission along with a number of changes proposed to help improve certainty for local authorities in working with Kāinga Ora to shape and deliver community outcomes.
- 20 With the scope and scale of the changes proposed in the Bill being new and untested, the draft submission supports SOLGM's recommendation for a review of provisions to be introduced to the Bill following a five-year period of implementation.

#### **Additional capacity to engage**

- 21 While Kāinga Ora is intended to have its own capacity to support its role, it will also be important for local authorities to similarly identify and develop the capacity and capability to support any potential SDP process. This will have additional costs to Council. The timing of

any SDP process could also have an impact on current strategic planning, with Councils facing decisions to seek further funding or redirect current funding commitments. Both are key financial considerations affecting Council's operation, and key decisions as part of fiscal planning. Similarly, additional capacity and processes would also be required to support engagement with iwi and local communities in general. The draft submission supports the development of further guidance, tools and resources by Government to help support Kāinga Ora provide capacity to iwi, local authorities and other development partners to effectively participate in development projects.

### **Funding and financing implications for local authorities**

- 22 The Bill provides Kāinga Ora the ability to charge rates, development contributions, a betterment tax and administration levies relating to functions it chooses to exercise within a SDP. The merits of using local property taxes for central Government purposes was raised under the Productivity Commissions' Local Government Funding and Finance Review. Council's submission on the Review opposed the use of local taxes for central government purposes, as this would only aggravate a challenge that Councils already face in balancing the availability and affordability of funding to meet their current obligations. The submission also highlighted the counter, that Councils' ability to access government tax/surpluses could help councils deliver more shared outcomes locally. One such example is access to income related rent subsidies, where local authorities' ability to receive IRRS could help provide funding to enable the support and development of local social housing solutions. This point is similarly reflected in this draft submission.
- 23 The Bill also proposes that local authorities' rating systems are used as the collection mechanism on behalf of Kāinga Ora. The use of Council as a collection agency for central government mechanisms has been identified in a number of recent government proposals. Similarly, Council has previously expressed concerns around the collection of central government levies from local government rating processes, identifying potential issues of cost (to administer systems), complexity (multiple charging regimes), accountability (blurs central government purposes with those of local government) and affordability (for ratepayers). Given the potential for Kāinga Ora to face these challenges for each SDP, the draft submission proposes that a simpler alternative solution would be for Kāinga Ora to develop and administer its own process directly.

### **Potential risks to infrastructure provision and delivery**

- 24 The Bill provides Kāinga Ora the ability to build and develop infrastructure within a SDP. As local authorities provide three waters, roading and community infrastructure for urban areas, the ability for Kāinga Ora to introduce and change infrastructure (including the level of demand for infrastructure), within part of a Council network, could have a significant impact on the networks operation and its strategic land use planning and infrastructure investment processes.
- 25 Kāinga Ora also has the ability to transfer assets back to appropriate bodies during or at the conclusion of a project. This could similarly see local authorities receiving assets relating to its three water, roading networks and community infrastructure. This will introduce additional costs to local authorities for the ongoing operation, maintenance and future replacement of those assets. There is an assumption made that any debt and funding mechanisms established to pay for infrastructure will remain on Kāinga Ora's balance sheet and will not accompany assets when vested back with Council. Clarification on this has been sought in the submission given its potential impact on Council's balance sheet.
- 26 The Bill currently provides for Kāinga Ora to engage with local authorities on potential infrastructure requirements and impacts at the initial assessment of a SDP, with more detailed work taking place during the development of a draft development plan. It will be important for Councils to understand the long-term funding implications from Kāinga Ora to inform their ongoing long-term planning requirements under the Local Government Act 2002.
- 27 The Bill does not currently identify the standards that infrastructure needs to meet in its development. Given the potential long-term impacts and implications for network delivery, the

draft submission proposes and supports SOLGM's recommendation that provision be added to the Bill that requires infrastructure to be designed and delivered to meet a relevant local authority's standards.

- 28 Kāinga Ora's powers also enable it to become the road controlling authority within a SDP and build and alter roading infrastructure. Currently NZTA funds 50-60% of local authorities' roading budgets every year. Local authorities need to meet NZTA investment priorities and policies to access this funding. The Bill is not clear whether NZTA would support an increased funding demand to maintain and renew those new networks if these do not align with their overall priorities. This creates a risk that infrastructure could be developed and transferred back to local authorities that cannot meet or match NZTA funding criteria, creating a greater ongoing cost to Council. To address this, we recommend the Bill recognise alignment with NZTA priorities within Kāinga Ora's road controlling functions. We also recommend that clause 26 'duty to cooperate' should be extended to include NZTA, for example, as Council simply cannot make decisions on roading infrastructure without engaging and getting funding approval for the future from NZTA. SOLGM makes a similar recommendation in their draft submission.
- 29 The Bill also identifies the development of infrastructure statements and assessment reports alongside draft plans for consultation. The purpose of the statement is to provide supporting detail and assumptions behind the detail of the draft development plan. However, the Bill clearly states that the infrastructure statements and evaluation documents are not subject to submissions or the independent hearing process. Given the significance of local authority functions for land-use planning and infrastructure, and in keeping with checks and balances, Council recommends there is provision for local authorities to submit and be heard on points relating to these supporting documents, to help identify and resolve any unknown or ongoing areas of disagreement.

## CONSIDERATIONS

### Policy considerations

- 30 The Kāinga Ora–Homes and Communities Act 2019 also identifies the need for a Government Policy Statement to be developed by 2021. It is anticipated that the GPS will contain further information on Central Government's intentions for complex urban development projects. The form and content of this GPS will also be of interest to Council and a future submission is also likely to be made to highlight any linkages across the framework that provides for Kāinga Ora's role and function.
- 31 The Infrastructure Funding and Financing Bill is also currently being consulted on. This Bill has related implications on how Council and other bodies work together in partnerships to facilitate the development and funding of projects within local authority areas. A separate submission is being prepared on this Bill which closes for consultation on 5 March 2020.

### Legal considerations

- 32 There are no legal considerations for this submission.

### Financial considerations

- 33 There are no financial considerations for this submission. However, the development of an SDP within the Kāpiti Coast District could have significant financial implications for Council's long-term planning processes, including the potential to inherit infrastructure sooner than anticipated through current planning and infrastructure investment processes. It will also significantly impact on the rates setting and collection process and will require additional funding. The nature and extent of any financial implications will be identified early in the process, following the identification of a potential SDP in the district.

**Tāngata whenua considerations**

- 34 We have not engaged with iwi on this submission, but note that the Kāinga Ora–Homes and Communities Act 2019 and the Bill recognise and provide a number of ways to protect Māori interests and actively support advancement of Māori aspirations with regards to urban development.
- 35 Kāinga Ora will be expected to engage early and meaningfully with Māori when undertaking urban development. This includes engaging with Māori entities (including post-settlement governance entities, iwi and hapū authorities, and urban Māori authorities) and the former owners of, and the hapū associated with, any former Māori land within a proposed project area when assessing a proposal to establish an SDP.
- 36 The Bill provides for expressions of interest to be sought from Māori entities to develop, as part of the project, any land within the project area in which they have an interest. It also provides an opportunity for Māori to shape the project area and project objectives sought from the SDP.
- 37 The Bill identifies that no powers in the Bill can be used in respect of Māori customary land, Māori reserves and reservations, or any parts of the common marine and coastal area in which customary marine title or protected customary rights have been recognised. Other categories of land are protected from compulsory acquisition, but may be developed using powers under the Bill if the owners of the land provide their prior consent.

**Strategic considerations**

- 38 *Toitū Kāpiti* reflects aspirations for a vibrant and thriving Kāpiti, with strong and safe communities that are connected to our natural environment. Therefore, it is important that Council advocate for outcomes that will have a favourable impact on the district.

**SIGNIFICANCE AND ENGAGEMENT****Significance policy**

- 39 The establishment of legislation under the Urban Development Bill has a low degree of significance under Council's Significance and Engagement Policy. However, any future application of the powers and process would have a high level of significance. As proposed, the Bill includes a number of different stages and levels of requirement to engage and consult with Māori, the Council, and public. The Bill also specifically references the need for Council's to not consult with any one before responding to Kāinga Ora on an initial project assessment report. This applies despite anything to the contrary in the Local Government Act 2002.

**Consultation already undertaken**

- 40 No public consultation was undertaken for the development of this submission.

**Engagement planning**

- 41 An engagement plan is not required for this submission.



**Publicity**

- 42 This submission will be uploaded to the 'Submissions we have made' section of the Council website.

**RECOMMENDATIONS**

- 43 That the Strategy and Operations Committee approve the submission to the Environment Committee on the Urban Development Bill, which is attached as Appendix 1 to this report.

**APPENDICES**

1. Draft submission on the Urban Development Bill [↓](#) 
2. SOLGM draft submission on the Urban Development Bill [↓](#) 

13 February 2020

Committee Secretariat  
Environment Committee  
Parliament Buildings  
**WELLINGTON**

Email: [en@parliament.govt.nz](mailto:en@parliament.govt.nz)

## **URBAN DEVELOPMENT BILL**

1. Thank you for the opportunity to submit on the Urban Development Bill (the Bill). Kapiti Coast District Council (Council) supports the Bill in principle, but has concerns about how the powers provided to Kāinga Ora will impact local authorities' roles and responsibilities to strategically plan and deliver outcomes for their communities.
2. While we agree and support the shared objectives to increase the supply of housing and develop well-functioning urban areas, Council believes that allowing these powers to Kāinga Ora, without more substantive checks and balances, is a significant step away from democracy.
3. While we welcome the ability to work alongside Kāinga Ora to facilitate and deliver transformational urban development projects, it is important that these are connected to our communities, and do not leave a legacy of failed master planning, crippling debt and mismatched infrastructure. Specifically, we acknowledge the need, and welcome the opportunity, for Kāinga Ora to play alongside local authorities to achieve shared objectives for sustainable, inclusive, and thriving communities. The role Kāinga Ora can play is particularly important alongside other Government tools, such as the proposed National Policy Statement on Urban Development, to enable Councils to overcome some of the financial and market limitations that can prevent the realisation of the aspirations we have for our urban areas.
4. Council is also pleased to note that the recognition of Māori interests and participation in the Kāinga Ora-Homes and Communities Act 2019 is continued and reflected in the provisions of this Bill, providing Māori and iwi a greater role and voice in shaping and delivering urban development outcomes. However, as with recent submissions on Māori engagement across urban development and the Resource Management Act, this will require support and capacity if the outcomes sought are to be achieved.
5. The submission below identifies a number of changes to the Bill to provide for further checks and balances to recognise and ensure connection to Council's role in shaping urban outcomes through land-use and infrastructure investment processes.



6. Council also supports the submission made by the Society of Local Government Managers on the Bill.

**Accountability and working in partnership**

7. Council recognises the importance of working in partnership with Kāinga Ora to achieve sustainable, inclusive, and thriving communities.
8. Local authorities have an enduring role to play before, alongside, and after any development projects delivered with Kāinga Ora. Given the nature of this role, it is important that local authorities are appropriately recognised and included in the structure and delivery of all development projects in their area. This is particularly important to help ensure alignment and reflection of local authorities' land-use and infrastructure investment processes. Ensuring and supporting local authorities' participation within projects will also greatly improve the achievement of shared outcomes from any projects. Council supports SOLGM's recommendation that Kāinga Ora be required to appoint at least one local authority nominee to each project governance body.
9. Council is also conscious of the additional capacity, time and costs a potential SDP will place on local authorities.
10. Local authorities will be required to increase their capacity in order to effectively support the development of an SDP process with Kāinga Ora. Unless signalled early into future planning processes, the advent of a SDP will require local authorities to seek additional resource or meet costs by redirecting existing commitments. Both options are significant fiscal decisions impacting on existing commitments. Council recommends that additional guidance, tools and resources are made available to local authorities to help them build capacity to effectively engage with Kāinga Ora.
11. Supporting and developing capacity across key participants will also be important if development projects are to achieve the best long term outcomes for an area. While we appreciate statutory timeframes provide a minimum basis that may be applied when developing an SDP, we are also conscious of the time needed to develop capacity early in any engagement process. Clause 43 is one of the first timeframes affecting local authorities during the process to scope and develop an SDP. The timeframes currently provide 10 working days for a Council to respond to a project assessment report. While we support SOLGM's recommendation to extend this timeframe, Council supports an option of at least 30 working days to enable engagement and decisions to be sought from elected members. Given the extent of potential change an SDP could create, it is important that adequate time is provided for an internal assessment by staff, but also the opportunity to discuss and seek direction and decisions from elected members, who are ultimately accountable for Council's decisions.
12. Clause 69 currently recognises regional and district planning documents, regional transport plans, long-term plans and iwi management plans as relevant considerations in the preparation of a development plan. However, this list currently excludes any other non-statutory strategies and plans that may be relevant and collaboratively developed (e.g. growth plans, spatial strategies, and local outcome statements). Council recommends that clause 69 should recognise these documents as relevant considerations where they exist.

13. Given the potential extent and untested nature of Kāinga Ora's new powers and processes, Council supports SOLGM's recommendation for a review following completion of initial projects or in five years' time.

**Funding and financing implications for local authorities**

14. The Bill provides Kāinga Ora the ability to charge rates, development contributions, a betterment tax and administration levies relating to functions it chooses to exercise within a SDP. The merits of using local property taxes for central Government purposes was raised under the Productivity Commissions' Local Government Funding and Finance Review. Council's submission on the Review opposed the use of local taxes for central government purposes, highlighting that Council's already face ongoing challenges in balancing the availability and affordability of funding to meet their current obligations. Similarly, Council opposes the powers for Kāinga Ora to take a local property or betterment tax, with the viability of SDPs determined on the basis of their ability to be self-funded, including funding from general taxation.
15. The Bill also proposes that local authorities' rating systems are used as the collection mechanism for funding mechanisms on behalf of Kāinga Ora. The use of Council as a collection agency for central government mechanisms has been identified in a number of recent government proposals. Similarly, Council expresses concerns around the collection of central government levies from local government rating processes identifying potential issues of cost (to administer systems), complexity (multiple charging regimes), accountability (blurs central government purposes with those of local government) and affordability (for ratepayers). Given the potential for Kāinga Ora to face these challenges and costs for each SDP, Council recommends that a simpler alternative would be for Kāinga Ora to develop and administer its own process directly.
16. If local government rating processes are considered as the collection vehicle, we support SOLGM's recommendation that clause 199 be amended to require Kāinga Ora to notify local authorities of the rates they have set by the 10th of May, preceding the commencement of the financial year for which the rates have been struck. This will enable any supporting work to be undertaken ahead of time and for ratepayers to have transparency and certainty of charges affecting them.

**Potential risks to infrastructure provision and delivery**

17. With Kāinga Ora's powers to provide three waters, roading and community infrastructure within an SDP, it's important that the processes to identify and develop plans for any SDP are able to appropriately identify, understand and reflect impacts on a local authority's land use planning, wider network capacity and long-term infrastructure investment plans. This requirement should also identify the potential vesting of assets back into a Council to ensure the financial implications can be identified, understood and planned for through Council's Long-Term planning requirements, early in the formation of a project.
18. It is also important that any network infrastructure is designed and developed in accordance with the standards established for local authorities' networks. This will ensure that the design and specifications will align with any of Council's short and long term infrastructure plans and minimise risks of any stranded assets or costs due to any under or over investment of network infrastructure. Council recommends that the Bill

makes provision for any additional infrastructure to be agreed to meet Council's sustainable development standards for land use and infrastructure development.

19. The Bill includes provision for relevant assets to be vested back to local authorities. Given the financial implications of receiving vested assets, Council would like to clarify the assumption that any debt created through the development of an asset will remain on Kāinga Ora's balance sheet until repaid, and is not expected to be received by Councils alongside the vesting of assets.
20. Similarly, given NZTA's co-funding of local roading assets, Council would also like assurances that any road assets to be vested back to Council will meet NZTA's funding criteria. To ensure this, Council recommends the Bill recognise alignment with NZTA priorities within Kāinga Ora's road controlling functions. We also recommend that clause 26 'duty to cooperate' should be extended to include NZTA.
21. Lastly, given the significance of implications and assumptions relating to the cost and timing of infrastructure, Council recommends that that provisions for consultation on an infrastructure statement alongside a draft development plan should enable submissions on the infrastructure statement (including an independent hearing) if warranted by a local authority. This measure provides a local authority with the ability to work through any issues that might remain unresolved as part of the final detail of developing a plan for a project area.

#### **Conclusion**

22. A 'whole of government' approach to housing and urban development is required to ensure current and future needs are met and to achieve goals for sustainable, inclusive, and thriving communities. Kāpiti Coast District Council would welcome the opportunity to discuss and explore the potential to work with Kāinga Ora to achieve shared outcomes across the Kāpiti Coast Community.

Yours sincerely

K. Gurunathan JP, MA

**MAYOR, KĀPITI COAST DISTRICT**



## **Submission of the Society of Local Government Managers regarding the Urban Development Bill**

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### **What is SOLGM?**

The New Zealand Society of Local Government Managers (SOLGM) thanks the Environment Committee (the Committee) for the opportunity to submit on the *Urban Development Bill* (the Bill).

SOLGM is a professional society of approximately 870 local government Chief Executives, senior managers, and council staff.<sup>1</sup> We are an apolitical organisation that can provide a wealth of knowledge of the local government sector and of the technical, practical and managerial implications of legislation and policy.

Our vision is:

*Professional local government management, leading staff and enabling communities to shape their future.*

Our primary role is to help local authorities perform their roles and responsibilities as effectively and efficiently as possible. We have an interest in all aspects of the management of local authorities from the provision of advice to elected members, to the planning and delivery of services, to the less glamorous but equally important supporting activities such as election management and the collection of rates.

This Bill sets out the powers that Kāinga Ora – Homes and Communities (Kāinga Ora) will have when undertaking its functions as the nation's urban development authority, and the processes Kāinga Ora must follow when exercising them.

Last year we were one of the submitters on the bill that established Kāinga Ora. We gave in principle support to the establishment of Kāinga Ora, noting that

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<sup>1</sup> As at 15 January 2020.

*"we are uncertain of the full scope and nature of the powers that Kāinga Ora will have in relation to housing and urban development functions. While we understand that these will be traversed in a subsequent Bill, we also understand that these powers could include ..."*

*We also remain uncertain about the processes through which Kāinga Ora will create developments, and 'trigger' the above powers. We would want to ensure that there are processes and safeguards that ensure that the protections local planning provides and the rights that local communities and local authorities have to make local policy decisions are overridden as a last resort, rather than as a matter of convenience. We are also wary of the potential for Kāinga Ora to become both poacher and gamekeeper with consenting functions. We are particularly wary of both situations in the context of an agency that has the power to undertake 'related' commercial and industrial development.*

The Bill has addressed some, but not all, of these concerns. We develop these concerns further below.

SOLGM gratefully acknowledges the assistance of the local government sector in preparing this submission. Many of the more detailed and technical recommendations in this submission have come from practitioners. We also draw the Committee's attention to the typographical and section referencing issues identified in the Auckland Council submission and commend them to you.

## General Comments

### *Kāinga Ora has been given sweeping powers*

Our submission on what is now the Kāinga Ora Homes and Communities Act set out a list of powers that we had been advised could be provided to support the urban development functions provided by this Bill. These powers include:

- powers to dictate what happens with all roading, three waters and community infrastructure in the development area (and potentially with such infrastructure that is, or could be, connected)
- the power to levy a coercive tax, and access to development contributions, to fund these activities (though these are constrained)
- powers of land acquisition (including compulsory acquisition if need be)
- powers to act as the consenting authority
- bylaw-making powers
- the powers of a road controlling authority.

In essence, Kāinga Ora, assumes a significant part of the role that a territorial authority has within the development area.

Creating an agency with these 'crash-through' powers is presented as one of the solutions to the housing shortage. We submit that this should not be unfettered – at the minimum there should be a review of the effectiveness of these powers at a point when Kāinga Ora has had a reasonable opportunity to make a difference.

There is legislative precedent for this. The, now spent, section 32 of the Local Government Act 2002 required that the operation of that Act be reviewed by an independent agency within five years of enactment. We would favour an agency at arms-length from the Government, such as the Productivity Commission, for such a role.

Over the last 10 years policymakers at central government level, regardless of affiliation, have increasingly resorted to the design of legislatively bespoke processes to 'simplify' planning requirements. For example, we've seen:

- the Auckland Plan and Auckland Unitary Plan
- various plans and policies to support the Christchurch recovery
- the collaborative freshwater process
- another freshwater process in the Resource Management Bill currently before the House.

This isn't a criticism of the individual policy decisions and legislative processes, or how local government gives effect to them. It is an observation that if this many bespoke legislative 'work-arounds' are required then perhaps there should be cross-

party support for a first-principles review of the Resource Management Act (and perhaps on the direction such a review should take).

**Recommendation: Review of the Legislation**

- 1. That the Select Committee insert a provision requiring that an independent agency undertake a review of the operations of Kāinga Ora and the Urban Development Bill to be completed within five years of the date this Bill takes effect.**

***Kāinga Ora will need significant specialist capability, almost immediately***

Kāinga Ora has access to a varied and complex set of coercive powers. It will need to draw on a wide variety of expertise to fulfil its role as the urban development authority. This includes access to people who understand the commercial world, but who also understand public sector concepts such as the obligations inherent in the power to tax (and a working knowledge of the Rating Act and Local Government Act). Other areas of expertise required include:

- infrastructure provision
- urban planning
- development at scale (including development in a variety of different contexts)
- resource management
- regulation (including specialist knowledge of the Building Act and Resource Management Act, and more general knowledge of the making and operation of regulations)
- procurement methodologies
- law and
- community engagement.

It will need a substantial presence in the local areas targeted for development – and in the long-run this may extend beyond the six areas commonly designated as high growth. Our submission on the original Bill noted that many of these skills and competencies are in short supply in almost all parts of the country.

More than a few of these skill sets are resident predominantly in local government. Last year, we were made aware that Kāinga Ora were aggressively recruiting for skilled building inspectors and other building regulatory staff. This included their recruitment agent directly approaching every building inspector employed in one council with offers of considerably higher remuneration and other benefits, we understand that this extended to other councils in the same region. The result – the

council was forced to offer market premiums to all their building staff at considerable cost. Some might say that's an outcome of free markets (and they'd be right) we mention this both to note that the ratepayer ultimately bears these costs, and to add that New Zealand needs to do more in the skills and workforce planning area.

In writing the original drafts of this submission we visited the careers page of the Kāinga Ora website (on 15 January 2020). At that time there were some 31 distinct advertisements recruiting to fill some 35 different vacancies. While it is true to say that the organisation is new, we note that few of these appeared to relate to the actual urban development activities.

***Kāinga Ora's provision of infrastructure must meet appropriate standards***

Infrastructure is a long-lived asset – some assets can exist in perpetuity if properly maintained and renewed. The decisions that Kāinga Ora makes today will have consequences for local communities long after a development project has finished. Decisions that are made in, and for, the project area can impact on infrastructure outside the project area.

Some councils can cite experiences with the former Housing New Zealand (HNZ) and its subdivisions or other projects where HNZ installed stormwater and wastewater reticulation that complied with the building code, but did not meet the Council standard for public infrastructure. Some advised us that they inherited substandard infrastructure and where it was left in private ownership, there were ongoing problems with disputes between property owners, and unattended sewer overflows. There can also be pressure on council to upgrade services to that which applies elsewhere in the community e.g. footpaths on both sides of the street, hot mix instead of chip seal etc.

There needs to be stronger provisions in regards Kāinga Ora having to comply with standards applied by local authorities elsewhere in the district. Our discussions with local authorities have raised concerns about wider network compatibility, connection timeframes, and ongoing operational costs.

***We are unclear how Kāinga Ora will work across boundaries***

The legislation does not address how cross boundary urban development will be facilitated. The overarching cut through nature of Kāinga Ora (KO) is one of the areas where this development entity will differ from local government. It's abilities and willingness to plan and develop unconstrained by TA boundaries will determine to what extent it can leverage the opportunities for growth across the community as a whole. Of course, regardless of the final shape of the Bill, successful resolution of



cross boundary issues will require collaboration between central and local government.

***This Bill will impose additional costs on local authorities***

The discussion of Kāinga Ora's capability needs and its flow-on to wages and salaries in the local government sector is an example of the costs that this Bill will create for the sector.

A former Auditor-General once (correctly) observed that capital spending has an 'echo' in maintenance and renewals. The infrastructure that Kāinga Ora builds today and transfers to council on completion of the project will come with a need for ongoing funding for renewals, maintenance and the like. When local authorities respond to an assessment report, development plan etc they are, of necessity, obliged to consider the total life cycle costs and funding needs that will have rating consequences in the future. That's to say nothing of any work the local authority needs to undertake in the areas around the project area to integrate infrastructure inside and outside the development.

The Bill contemplates that local authorities will administer the assessment and collection of the rates set by Kāinga Ora. In the words of one Rates Manager "this is far more than just (sic) a targeted rate set and administered by the same council". It appears local authority staff will be responsible for 'mapping' the project area onto the rating information database (to flag those units that are 'in zone'). There may be multiple differential policies to administer, including (potentially) different definitions of categories. There could be an overlay of different remission and postponement policies. The more complicated Kāinga Ora makes its rating policies and practices the higher the cost to administer.

Even matters such as the duty to cooperate/avoid undue delay and the times for response to assessment reports place transaction costs on local authorities. As we'll see later coming to an informed view on an assessment report will effectively require a significant portion of managers to 'put their work programmes on hold' to meet the 10 day deadline. Requests for information could be voluminous especially in the initial stages.

***Delegation of rate collection does not delegate the accountability***

Once Kāinga Ora set rates it falls to the territorial authorities that host the project to collect the rates. One of the fundamentals of a taxation system is that those paying tax are able to hold the agency receiving the tax accountable for the use of the revenues. Kāinga Ora's delegation of rate collection does not mean it is able to wash its hands of accountability.

Kāinga Ora can expect that territorial authorities will refer queries and challenges about its rating decision to it for a response.

Kāinga Ora will need to ensure it is resourced to manage queries about its levies and resourced to contribute its share towards the cost of administering the charge. For example, in local authorities where there are no use-based differentials, a Kāinga Ora charge that is based on use might incentivise additional objections to information on the rating database. In those cases, a contribution from central government would be equitable.

***Central government and its agencies appear to be increasingly turning to the rating system as a funding solution***

We draw Parliament's attention to an element of current public policy debate that has gone unremarked upon. Central government, its agencies and statutory creations are increasingly looking to the rating system as the means for funding activities central government provides or acts as sponsor for.

The Bill is one of three policy/legislative proposals in train that would in some way grant access to the rating system and/or require local authorities to administer through the rating system. The others include:

- the Infrastructure Funding and Financing Bill – which empowers the establishment of so-called special purpose vehicles (agencies that borrow to finance infrastructure in a defined area and repay the loan through targeted rates administered by the affected local authorities). This Bill is currently before your colleagues on the Transport Select Committee and
- the review of funding for Fire and Emergency New Zealand – the Minister of Internal Affairs is currently considering a proposal to replace the present levy on insurance policies with a levy on property. This would be assessed either by local authorities or using the information held on local authority owned rating information databases.

And each of these proposals proceeds at the same time as the Government is considering advice from the Productivity Commission that, among other things, was intended to consider the sustainability and suitability of property tax as a funding source.

Should all of these proposals succeed it is entirely possible that a ratepayer might find themselves paying up to three new levies through the rating system. Human nature being what it is, the focus will be on the 'bottom line' of the rates assessments and invoices (i.e. the total amount of all the 'rates'). It concerns us that there is no coherent overall view on property tax and what it's for. And equally concerning is

8

that there is no central government agency responsible for identifying the cumulative effects of these initiatives on the ratepayer and on the sector.

## **Specific Processes, Powers and Obligations**

In this section we provide comments on specific provisions in the Bill and other issues (such as matters that may have been omitted from the Bill). We focus on identified themes and issues rather than following the order of the Bill. We also note that our comments in this section are subordinate to our general comments.

### **Principles for Development Projects**

Clause 5(1) sets out a series of principles for development projects which we largely support. We have one substantial amendment to this provision.

In our submission on what became the Kāinga Ora Homes and Communities Act we noted that Kāinga Ora is not just a builder of homes, but builder of communities. One of the lessons out of urban development overseas is that design decisions made now, stay with communities for a long time. It was something of a surprise to us that there wasn't a stronger recognition of the principles of sustainable urban development and best practice urban design/development principles. Similarly, this same provision has not strongly captured the importance of the integrated and effective use of land and infrastructure.

#### **Recommendation: Principles for Development Projects**

- 2. That clause 5(1) be amended to better incorporate the principles of sustainable development and best practice urban design/development.**

### **Duty to Cooperate**

Clause 26 places Kāinga Ora and territorial authorities under a reciprocal duty to cooperate and to avoid undue delay. These will not be the only parties to development projects, other Government agencies such as NZTA will often be players. A very large-scale development might have implications for an agency such as the Ministry of Education. The duty should also extend to these agencies.

#### **Recommendation: Duty to Cooperate**

- 3. That clause 26 be extended to include other Government agencies.**

**Project Establishment*****Criteria for Establishment***

We note that Kāinga Ora will have sweeping powers. This is matched by the powers that the Minister of Finance and other responsible Ministers will have in making decisions, some of which may override public views. Ministers must be satisfied that there is overall support from the relevant territorial authorities or that the project is in the national interest.

Generally the Bill uses the terms 'relevant local authorities' in its references to local government and clarifies that this includes both territorial authorities and regional councils. Clause 30 refers specifically to territorial authorities. Yet regional councils with large metropolitan areas are responsible for the planning of passenger transport and the commissioning of the relevant services. They also provide flood protection and river control assets that may be necessary to support the development area, or be impacted by development.

The term national interest is not a concept that is widely used in legislation. The only other use we can find is in the Overseas Investment Rules. So much is reliant on the Minister's assessment of the national interest that we consider there should be clear guidance for Ministers as to what constitutes national interest.

**Recommendations: Criteria for Establishment**

- 4. That the references to territorial authorities in clause 30(h) be replaced with the term relevant authorities.**
- 5. That clause 30(h) be supplemented with a set of principles or criteria for Ministerial assessments of national interest.**

***Identification of Constraints and Opportunities***

We consider that there are additional matters that could be included within the scope of clause 34. We begin by repeating that Kāinga Ora is (or should be) a builder of communities and not homes. Community facilities are fundamental to the creation of sustainable communities, yet nothing is said about the provision of these vital assets in the project area. The Select Committee should also add in any constraints or opportunities that employment and the local economy might pose or be created.

**Recommendation: Criteria for Establishment**

- 6. That clause 34 be amended by adding reference to (i) community facilities and (ii) employment and the local economy.**

***Assessment Reports***

The contents of assessment reports vary according to the type of recommendation that Kāinga Ora makes. We did not see any provision in clause 42 that specifically requires Kāinga Ora to state the reasons for its recommendation that the project not proceed. This reasoning may be helpful to the Ministers when they make a final decision on the project's future.

**Recommendation: Criteria for Establishment**

- 7. That clause 42 be amended to require Kāinga Ora to include its reasoning for not recommending projects proceed in the assessment report.**

***Response to the Project Assessment Report***

Clause 43 provides for local authority involvement in project establishment. Kāinga Ora must provide local authorities with a copy of a project assessment that is "sufficiently advanced" and allow local authorities at least 10 working days.

While welcoming the intent of this provision, we have two comments. The first is that that term sufficiently advanced is open to interpretation and may be better expressed as "is in a form that a reasonable local authority could express an informed view".

Second, a development project and the related assessment report and other documents are complex. They have impacts, financial and otherwise, that go well beyond the life of the project. Development has ongoing social, economic, environmental and cultural impacts. A decision to undertake a project requiring this new infrastructure will impose ongoing maintenance and renewal costs on local authorities once the infrastructure is transferred. Some development may cross local authority boundaries. Kāinga Ora will have access to a wide range of coercive powers – tax, regulation etc. A decision of this magnitude will require elected member involvement. Ten working days is an unrealistically short timeframe – 20 working days is a more realistic timeframe and used in other statute.

**Recommendations: Response to the Project Assessment Report**

8. That clause 43 be amended by replacing the term 'sufficiently advanced' with a clearer definition such as "is in a form a reasonable local authority could express an informed view".
9. That the clause 43 timeframe for a response be amended to allow a minimum of 20 working days to respond to a project assessment report.

**Development Plans*****Evaluation Report: Environmental Matters***

As the Bill currently stands, the evaluation report need not report on any of the matters of national significance (section 6 of the RMA) other than historic heritage. These are fundamentals that every other developer and infrastructure provider is obligated to address. We suspect this was an inadvertent omission.

**Recommendation: Evaluation Report**

10. That evaluation reports be required to comment on each of the matters of national significance listed in section 6 of the Resource Management Act 1991.

***Infrastructure Statements***

We support the inclusion of infrastructure statements (clause 74) in development plans. They provide all parties with a clear statement of what infrastructure is needed to support the project, where and by when.

The infrastructure in a development will often interconnect with local authority provided infrastructure in and around a development. There will an expectation of interconnectivity and that infrastructure in the development is (broadly speaking) playing the same role in the community as elsewhere in the local authority. A local authority describes this in an infrastructure strategy (prepared section 101B of the Local Government Act 2002).

There is currently no reference to any linkages between the infrastructure statement and an infrastructure strategy. There will be crossover. We therefore submit that Kāinga Ora should be required to have regard to the infrastructure strategies in force in the area, and to identify and explain any inconsistencies between their infrastructure statement and the infrastructure strategy.

One of the consistent themes we've raised is that development projects need to be cognisant of the needs for both network and community infrastructure. With that in mind the infrastructure strategy should also cover community infrastructure including community facilities, open space, schools, pre-school education facilities and medical facilities.

**Recommendations: Infrastructure Statements**

- 11. That coverage of infrastructure statements be extended to include community infrastructure.**
- 12. That Kāinga Ora be required to have regard to the infrastructure strategies in the current long-term plans of the relevant local authorities.**
- 13. That Kāinga Ora be required to explain any inconsistencies between its infrastructure statement and the infrastructure strategies in the current long-term plans of the relevant local authorities.**

**Project Governance**

***Purpose Clause***

We invite the Select Committee to consider whether this subpart should have a purpose clause. This might provide Kāinga Ora with statutory guidance when forming governance bodies and appointing governing bodies.

**Recommendations: Project Governance**

- 14. That a purposes clause be added to the project governance provisions.**



**Decision Criteria**

Kāinga Ora has been given wide discretion to tailor the type of project governance models it employs. That is appropriate given the wide variety of different circumstances and contexts that projects are conceived and delivered. Kāinga Ora must consider the need to build good relationships, the capability to govern projects and all other relevant factors.

We suggest two amendments to this provision. The first is that the reference to govern projects appears too generic (that is to say it can be read as applying to a range of projects), when governance bodies will be created for each project. We submit that amending clause 282(b) to read *"the capabilities necessary to effectively govern the project ..."* is more in keeping with the bespoke nature of models and governance bodies.

The second is a more significant concern. The requirement to consider all relevant factors is loose and may provide a ground for challenge to the appointment process based on a factor or factors that the challenger identifies as not having been considered. The Bill also leaves the question of the agency that makes the judgement. We recommend that clause 282(c) be amended to read *"any other factor that Kāinga Ora considers relevant on reasonable grounds"* or similar.

**Recommendations: Criteria for Governance Bodies**

15. That clause 282(b) be amended to require Kāinga Ora to consider *"the capabilities necessary to effectively govern the project"* when establishing governance bodies.
16. That clause 282(c) be amended to require Kāinga Ora to consider *"any other factor that Kāinga Ora considers relevant on reasonable grounds"* when establishing governance bodies.

**Appointments to Project Governance Bodies**

We turn to two of the provisions that we oppose on principle. As currently worded clause 284 empowers the appointment of local authorities to a project governance body if and only if the local authority supported the recommendation to establish the project as a development project.

In effect this provision is saying that any local authority that doesn't support the project from the start loses the ability to have any say at the project governance level

as the project evolves. In effect this provision uses statute as a means of muzzling opposition to development projects that must have come close to raising Bill of Rights Act concerns. It's even unclear whether local authorities that support a project with conditions would be able to nominate a potential appointee.

We also observe that local authorities may only nominate appointees where the governance body is to be a wholly Crown-owned subsidiary or a committee appointed by Kāinga Ora. Local authorities may not nominate members of a governing body that is a company, partnership, joint venture or trust.

There are several issues here. The first is that there appears to be some duplication in the drafting. A Crown owned subsidiary that takes one of the named organisational forms could be captured in clause 283(1)(a) or clause 283(1)(c). Second, and more important is that we see no grounds for excluding a local authority appointment to the governing bodies of forms listed in clause 283(1)(c). Local authority representatives can and do successfully govern and contribute to the governing bodies of each of these organisational forms.

Projects will not have the support of local communities where there isn't appropriate means for ensuring local concerns are reflected at the project governance level. Local authorities must be represented 'as of right' on project governance bodies regardless of the organisational form.

**Recommendation: Appointment to Project Governance Bodies**

**17. That Kāinga Ora be required to appoint at least one local authority nominee to each project governance body.**

**Rating Powers**

***Does the Bill Require an Annual Budget for Kāinga Ora?***

Clause 93 provides that Kāinga Ora must set rates in accordance with the development plan and the annual budget for the year. Loosely speaking, the provision has been copied from the equivalent provisions of the Rating Act. We have no concern with that *per se*.

Our concern is that we have been unable to locate any provision that requires the production of an annual budget. The development plan sets out sources of funding – though the wording of these provisions is open to interpretation as to whether this is year by year or in total. One of the supporting documents requires Kāinga Ora to

set out the infrastructure spend – although again its not clear that this is annualised or in total.

The Committee should clarify whether there is an intent that Kainga Ora prepare a formal annual budget with officials. Our view is that the development plan should include indicative annual budgets as a matter of course, and that there should be an annual process (which might then provide for changes to the plan and orders).

As an aside these schemes will incur substantive administrative costs. It is unclear to us that the targeted rating provisions allow for recovery of anything other than capital costs. The Committee should seek clarification of this – if the legislation doesn't expressly provide for it, then by default the cost will be borne by the Crown.

### ***Specification of Project Areas and Differential Categories***

Kāinga Ora is empowered to set targeted rates on rating units within the project area. One of the pieces of advice that we provide local authorities is that all ratepayers must know without doubt whether they are liable to pay a targeted rate or not, and that equally ratepayers must know without doubt .

This applies equally to the project areas designed by Kāinga Ora and any differential categories. We submit that the legislation should clearly state that the project area must be specified to this level. Part 2, subpart one sets out the key features of projects and would be the logical place for such a provision.

It would also be prudent for Kāinga Ora to seek advice from the affected territorial authorities when designing any differential categories.

#### **Recommendation: Project Areas**

**That a provision be added to Part 2, subpart one requiring the specification of project areas with sufficient particularity that residents of the affected area know without doubt whether they reside in the project area.**

### ***Remission and Postponement Policies***

The Bill requires Kāinga Ora to develop its own policies for the remission and postponement of rates on Māori freehold land, and similar policies of remission and postponement of rates on land in general title.

The former requirement is the equivalent of requirements in the Local Government Act 2002. The latter places Kāinga Ora under an obligation that doesn't extend to local authorities (which need only have a remission and postponement policy for land in general title if they intend to remit or postpone rates on this land).

Territorial authorities who collect rates on behalf of regional councils often observe that administering different remission and postponement policies adds an additional layer of cost and complexity to the administration of rates. Differing policies also do little to aide the ratepayer in their understanding of their bill and what assistance might be available for them. This is one of the reasons that there has been a slow-moving trend to regional councils collecting their own rates, and that it's now common for regional council remission and postponement policies to mirror those in each territorial authority.

Kāinga Ora can expect this to be a topic that will come up in feedback on the development plans. We are unclear whether the legislation empowers Kāinga Ora to adopt different policies with respect to each development and therefore recommend that the Committee seek advice from officials.

**Recommendation: Remission and Postponement Policies**

**That clause 64 be amended to:**

- a) clarify that the remission and postponement policy on land other than Māori freehold land is not mandatory**
- b) clarify that remission and postponement policies may differ from project to project.**

***Exemptions***

The Bill proposes that Kāinga Ora apply the exemptions that exist under the present Rating Act. In essence, properties treated as exempt rates (such as a school) are required to pay only targeted rates for water supply, sewage disposal and refuse collection where the rating unit receives the services.

This is an area of the Rating Act that finds little support in the local government sector. Even the Government's think-tank, the Productivity Commission, has recently concluded that there is no principled justification for most exemptions including those enjoyed by the Crown. While this is an area well beyond the scope of the Bill, our members would want us to draw this to Parliament's attention.

Kāinga Ora will be setting targeted rates to fund its roading functions. As the Bill is worded all exempt properties would be exempt from these rates. Given the relative lack of transparency and engagement in this rate-setting process, it seems more important that all properties should contribute.

There is also a logical flaw inherent in the design of this provision in that Kāinga Ora will be providing non-roading infrastructure and can only levy for what it provides, yet the factor that determines whether exempt properties are liable for rates is based on a service provided by someone else.

**Recommendation: Exemptions from Kāinga Ora Rates**

**That all rating units be required to pay targeted rates for the roading functions of Kāinga Ora.**

***Notice of Rates Resolution***

As drafted clause 199 requires Kāinga Ora to notify local authorities of their resolution to set rates as soon as practicable after setting them. This represents the start of the process to assess and collect rates. Most, but not all, local authorities set their rates as soon as possible after adoption of the annual plan (i.e. late June or July).

In the lead-up to setting rates local authorities are changing the necessary system parameters to enable the assessment of rates. The Infrastructure Funding and Financing Bill requires that the proprietors of special purpose vehicles advise local authorities of the charges they wish to collect by 10 May. We see no reason that this could not be replicated in the Bill – especially given the level of financial and asset planning done before the development plan takes effect.

**Recommendation: Notice of Rates Resolution**

**That clause 199 be amended to require Kāinga Ora to notify local authorities of the rates they have set by the 10<sup>th</sup> of May preceding the commencement of the financial year for which the rates have been struck.**

***Access to the Rating Information Database***

Clause 213 requires Kāinga Ora and territorial authorities to share rating information. We support the intent of this clause – indeed the legislation would not work without this clause. However, in one area the Bill appears too broadly drawn in that it requires the local authority to share its entire rating information database when Kāinga Ora would require only a fraction of the information (i.e. the data for all rating units in the project area). Agencies providing other agencies with information they do not need to meet statutory obligation is questionable from a privacy standpoint.

**Recommendation: Access to the Rating Information Database**

**That clause 213 be amended to limit the exchange of rating information to that which relates to rating units situated in the project area.**

## 8.2 NATIONAL POLICY STATEMENT ON URBAN DEVELOPMENT CAPACITY - QUARTER 2 MONITORING REPORT

**Author:** Aston Mitchell, Policy Advisor

**Authoriser:** Mark de Haast, Group Manager

### PURPOSE OF REPORT

- 1 To update the Committee on the National Policy Statement on Urban Development Capacity (NPS-UDC) quarterly monitoring report from 1 September 2019 – 30 November 2019.
- 2 The monitoring report is attached as Appendix 1 to this report.

### DELEGATION

- 3 The Strategy and Operations Committee has the authority to consider this matter under section B.1 of the Governance structure and delegations 2019-2022.

### BACKGROUND

- 4 The NPS – UDC was introduced in 2016. It requires Council to undertake quarterly monitoring and reporting of a range of market indicators published by the Ministry of Housing and Urban Development (HUD).
- 5 Monitoring reports are completed quarterly in September, December, March, and June, and focus on changes to key indicators across the quarters. The September account also contains annual reporting to provide more in depth analysis across the year.
- 6 Previous monitoring reports are available on our 'Urban development capacity' webpage at <https://www.kapiticoast.govt.nz/our-district/the-kapiti-coast/urban-development-capacity/>.
- 7 The following monitoring report provides an update and analysis of changes across the housing and development market for the last quarter, from 1 September 2019 – 30 November 2019.
- 8 This report focuses only on Kāpiti Coast District Council's resource and building consent data from the last quarter as no data has been provided for the Urban Development Dashboard this quarter. Dashboard data will be updated in the next quarterly report subject to updates being made by the Ministry of Housing and Urban Development.

### POINTS OF INTEREST

- 9 Key points of interest from this report include:
  - Resource and building consent activity has increased over the second quarter.
  - Resource and building consent activity has also increased when compared to the same period last year.
  - 185 building consents issued in the quarter for a total value of \$48,723,427.
  - 79 resource consents granted, with potential net additional dwellings dropping from last quarter (85 to 45).

### CONSIDERATIONS

#### Policy considerations

- 10 Regular monitoring of indicators informs NPS-UDC requirements to assess development capacity every three years. Monitoring information will also help support the upcoming review of the Development Management Strategy.

**Legal considerations**

- 11 Appendix 1 to this report meets the NPS-UDC 2016 requirements to monitor and publish monitoring results.

**Financial considerations**

- 12 There are no financial considerations arising from this report.

**Tāngata whenua considerations**

- 13 We have not engaged with iwi on this report.

**Strategic considerations**

- 14 *Toitū Kāpiti* reflects aspirations for a vibrant and thriving Kāpiti, with strong and safe communities that are connected to our natural environment. Monitoring under the NPS-UDC supports Council to adapt and respond to evidence about urban development, market activity and the social, economic, cultural and environmental wellbeing of people and communities and future generations, in a timely way.

**SIGNIFICANCE AND ENGAGEMENT****Significance policy**

- 15 This matter has a low level of significance under Council's Significance and Engagement Policy.

**Publicity**

- 16 This monitoring report will be published on the Council's 'Urban Development' webpage alongside previous reports and the recently completed HBA. An email will also be distributed to a list of stakeholders who have expressed an interest in the reports and to receive future updates.

**RECOMMENDATIONS**

- 17 Note the contents of the NPS-UDC quarterly monitoring report for the period 1 September 2019 – 30 November 2019 as attached as Appendix 1 to this report.

**APPENDICES**

1. December 2019 Quarter 2 Monitoring Report [!\[\]\(3f0880663a5184fb79b391f4bd12984c\_img.jpg\)](#) 



## **National policy statement on urban development capacity**

### **Kāpiti Coast District Council Quarter 2 Monitoring Report**

*December 2019*

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## Executive summary

This second quarter NPS-UDC monitoring report provides an update and analysis of changes across the development market for the 1 September 2019 – 30 November 2019 period.

Quarterly reporting identifies changes in development activity and a range of market and price efficiency indicators sourced from the Ministry of Housing and Urban Development's Urban Development Dashboard. As no further data is available for the dashboard this quarter, this report only provides an update on development control activity

Both resource and building consent activity has increased over the last quarter, with numbers also up from the same period last year. While levels of activity have increased, the number of potential net additions to stock from new builds and subdivisions has dropped back from 85 last quarter to 45 this quarter.

A snapshot of indicator activity for the 1 September 2019 – 30 November 2019 is summarised below:

Indicator	Movement from Last quarter	Context
Building consent applications issued	Increase (by 35 as per Appendix 1)	185 consents issued with a total value of \$48,723,427
Resource consent applications granted	Increase (by 7 as per Appendix 1)	79 consents granted <ul style="list-style-type: none"> <li>- 71 residential</li> <li>- 8 non-residential</li> <li>- Indicating a potential net addition of 45 dwellings from new builds and subdivisions</li> </ul>

Indicators not updated for this quarter are below, including their status from the previous September 2019 report for information. These will be updated in the next quarterly report subject to updates made by the Ministry of Housing and Urban Development.

Dwelling stock (number of dwellings)	Increasing	Baseline increased from 22,017 to 22,022 from 31/03/2019 to 30/06/2019.
House sales	Decreasing	Last quarter's sales figures have been revised up to 311 (from 268) with sales dropping to 281 at the end of 30/06/2019.
Dwellings sale volume as percentage of stock	Decreasing	After a recent high of 1.814% over the period to 31/12/2018 the ratio of sales to volume has fallen to 1.28% as at 30/06/2019.
House values	Increasing	The median value of house sales continues to rise, with the previous quarter revised up to \$580,000 (from \$563,500) and climbing again to \$595,000 as at 30/06/2019.
HAM Buy: share of first home buyer households with below-average income after housing costs	Decreasing (improving)	Latest data sees affordability to buy improve as it declines from the recent peak of 0.76 in June 2018 back to 0.73 as at 31/12/2018.
Nominal mean rent	Increasing	After a slight drop from \$426 to \$424 per week from 31/12/2018 to 31/03/2019, mean rent has again continued to increase, up to \$435 per week as at 30/06/2019.
HAM Rent: share of renting households with below-average income after housing costs	Decreasing (Improving)	Latest data sees affordability of renting improve, falling from 0.64 at the end of 2017 to 0.62 at 31/12/2018.
Land value as percentage of capital value	Maintaining	Maintaining 47% (as of 30/09/2017)
Average land value of a dwelling	Increasing	\$264,067 (as of 30/09/2017) increasing since 2014

## National Policy Statement on Urban Development Capacity

### Kāpiti Coast District Council - Quarter 2 Monitoring Report December 2019

#### Introduction

This is the second quarter monitoring report implementing the National Policy Statement on Urban Development Capacity (NPS-UDC). The report provides updated data and analysis of changes to the housing market from the 1 September 2019 – 30 November 2019 period.

Quarterly reporting identifies changes in development activity and a range of market and price efficiency indicators sourced from the Ministry of Housing and Urban Development's Urban Development Dashboard. As no further data is available for the dashboard this quarter, this report only provides an update on development control activity.

Regular monitoring supports Council's work to understand and develop an assessment of development capacity and a fit-for-purpose evidence base for Council's decision-making on infrastructure investment and the future release of land to meet development needs.

Previous monitoring reports are available at: [www.kapiticoast.govt.nz/Our-District/The-Kapiti-Coast/urban-development-capacity](http://www.kapiticoast.govt.nz/Our-District/The-Kapiti-Coast/urban-development-capacity)

## 1 GROWTH TRENDS

Consent numbers for this quarter are slightly up from the last quarter, however the potential net additional dwellings are down. There is also a slight increase in overall activity from the same period last year.

### Building consents<sup>1</sup>

Data on building consents helps identify development activity across the district. Between 1 September 2019 – 30 November 2019, 185 consents were issued. Of these, 57 related to new builds<sup>2</sup> (up from 51 from the last quarter), 89 related to dwellings - additions and alterations (up from 76 from the last quarter), and 2 related to resited houses.

The total value of work reflects this increase at \$48,723,427, up from last quarters \$33,865,584. Compared to the same period last year, building consents are in line (184 to 185), but an increase of total value of work increasing from \$44,205,400 to \$48,723,427. Further detail on the number and type of consents issued can be found in Appendix One.

### Resource consents<sup>3</sup>

Between 1 September 2019 – 30 November 2019, Council granted 79 resource consents. This included 51 land use consents, 22 subdivision consents, and 6 resource consents for deemed permitted activities that involved a boundary activity<sup>4</sup>. Overall, 71 of the consents granted related to residential activities and information from the consents suggests that these applications have the potential to yield 45 net additional dwellings. This is down from the 85 potential net additional dwellings reported last quarter.

<sup>1</sup> Note: Applications for garages, fireplaces, fences, retaining walls, outbuildings, conservatories, swimming and spa pools, and other construction (e.g. signs and pergolas) are excluded from this analysis of building consents.

<sup>2</sup> From statistics category for New (& prebuilt) House, Unit, Bach, Crib

<sup>3</sup> Quarterly resource consent activity excludes applications that varies or changes consent conditions or outline plans, which are included in wider Resource Management Act monitoring.

<sup>4</sup> Resource Management Act 1991, Sections 87BA, 87BB.

During this period, rural residential activities accounted for 15 of the 71 residential activities (accounting for 4 of the potential net additional dwellings), with the majority of the residential consents (26) again coming from the wider Waikanae area (accounting for 17 of the potential net additional dwellings). There were also 8 non-residential resource consents granted during this period. These included constructing a commercial sign, works relating to the Expressway, and a temporary event (local fair).

Overall, activity for this quarter is higher than the same period last year, where 69 resource consents were granted, with 29 potential net additional dwellings.

This quarter also identified three applications where houses were to be replaced/re-built and two where cross leases were to be subdivided to convert to fee simple title. We continue to monitor these activities as they provide an indication of the market and the extent to which the increase in value supports opportunities for improving or further investment into a property.

The table of residential and non-residential consents for the last quarter can be found in Table 2 of Appendix One.

## 2 Appendix One: Building and resource consents

**Table 1:** Building consents issued by type, Kāpiti Coast District, first and second quarter comparison

Application type	1 June 2019 – 31 August 2019		1 September 2019 – 30 November 2019	
	Number	Value \$	Number	Number
New (& prebuilt) House, Unit, Bach, Crib	51	23,296,701	57	35,535,569
New House with one or more attached flat	0	0	1	220,000
New Flat	0	0	2	335,000
New Flat(s) added to existing dwelling	2	24,7000	4	1,045,000
New Flat(s) added to existing bldg other	1	90,000	0	0
New Showrooms	1	15,000	0	0
New Offices	1	5,000	0	0
New Warehouses	1	250,000	0	0
New Shops	0	0	1	1,200,000
New Haybarns	0	0	1	16,000
New Farm Buildings - Other	1	35,000	3	96,549
New Other Buildings	2	1,430,000	0	50,000
New Office/Warehouse Buildings	0	0	1	1,300,000
New Multi-Purpose Bldg - Other	0	0	1	830,000
Dwellings - Alterations & additions	76	7,721,883	89	5,654,199
Dwelling with flats - Alterations & addi	5	540,000	6	250,000
New Flats – Alterations & Additions	0	0	1	60,000
Resited Houses	2	110,000	2	429,000
Shops, restaurants - Alterations & addit	3	115,000	0	0
Alterations & Additions – Office/Admin	0	0	2	280,000
Other Buildings - alterations & addition	1	5,000	0	0

Multi-Purpose Bldg alterations & additions	0	0	2	260,000
<b>Total</b>	<b>148</b>	<b>33,865,584</b>	<b>185</b>	<b>48,723,427</b>

Note: applications for garages, fireplaces, fences, retaining walls, outbuildings, conservatories, swimming and spa pools, and other construction (e.g. signs and pergolas) have been deliberately excluded.

Source: Kāpiti Coast District Council building consent data.

**Table 2:** Resource consents granted by location, Kāpiti Coast District, first and second quarter comparison.

Location	1 June 2019 – 31 August 2019	1 September 2019 – 30 November 2019
	Number	Number
Maungakotukutuku	2	2
Ōtaki	11	4
Ōtaki Forks	2	3
Paekākāriki	1	0
Paraparaumu (Central, North Beach, and South Beach & Otaihanga)	15	20
Peka Peka (Te Horo and Kaitawa)	4	6
Raumati Beach and Raumati South	3	10
Waikanae	22	26
<b>Residential (total)</b>	<b>60</b>	<b>71</b>
Maungakotukutuku	3	0
Ōtaki	4	1
Ōtaki Forks	0	0
Paekākāriki	0	0
Paraparaumu (Central, North Beach, and South Beach)	2	3
Peka Peka (Te Horo and Kaitawa)	0	1
Raumati Beach and Raumati South	1	2
Waikanae	2	1
<b>Non-residential (total)</b>	<b>12</b>	<b>8</b>
<b>Total granted</b>	<b>72</b>	<b>79</b>

Source: Kāpiti Coast District Council resource consent data.

**Table 3:** Resource consents granted by type, Kāpiti Coast District, first and second quarter comparison.

Resource Consent Type	1 June 2019 – 31 August 2019	1 September 2019 – 30 November 2019
	Number	Number
Compliance Certificate	1	0
Deemed Permitted Boundary Activity	11	6
Land Use - Controlled	1	2
Land Use - Discretionary	20	25
Land Use - Non-complying	7	7
Land Use - Restricted Discretionary	15	17
Subdivision - Controlled	1	1

Subdivision - Discretionary	1	5
Subdivision - Non-complying	10	10
Subdivision - Restricted Discretionary	5	6
<b>Total</b>	<b>72</b>	<b>79</b>

Source: Kāpiti Coast District Council resource consent data.

**Table 4:** Net dwelling increases for resource consents granted by location, Kāpiti Coast District, first and second quarter comparison.

Location	1 June 2019 – 31 August 2019	1 September 2019 – 30 November 2019
	Number	Number
Maungakotukutuku	2	0
Ōtaki	10	5
Paraparaumu (Central, North Beach, and South Beach & Otaihanga)	27	10
Peka Peka (Te Horo and Kaitawa)	16	0
Raumati Beach and Raumati South	1	13
Waikanae	29	17
<b>Total</b>	<b>85</b>	<b>45</b>

Source: Kāpiti Coast District Council resource consent data.

**8.3 RECENT SUBMISSION ON THE PUBLIC SERVICE LEGISLATION BILL**

**Author:** Brandy Griffin, Senior Policy Advisor

**Authoriser:** Mark de Haast, Group Manager

**PURPOSE OF REPORT**

- 1 This noting report provides the Committee with an update on a submission that was made on the Public Service Legislation Bill during the recent holiday period.

**DELEGATION**

- 2 Section B1 of the *Governance Structure and Delegations for the 2019-2022 Triennium* states that the Strategy and Operations Committee is responsible for signing off any submission to an external agency or body.

**BACKGROUND**

- 3 During the recent holiday period, a submission was made to the Governance and Administration Select Committee on the Public Service Legislation Bill. This noting report is provided to ensure that the Elected Members are made aware that this submission was made.
- 4 Normally, draft submissions are submitted to the Committee for adoption; however, the recent holiday period meant that the submission timeframes did not allow for this preferred approach.

**ISSUES AND OPTIONS**

- 5 On 24 November 2019, the Public Service Legislation Bill had its first reading in Parliament and was then directed to the Governance and Administration Select Committee. The Committee later called for submissions on the Bill, which were due on 31 January 2020.
- 6 This Bill repeals the State Sector Act 1988 and makes a small number of related amendments to the Public Finance Act 1989. Its aim is to provide a modern legislative framework that will support a more adaptive and collaborative Public Service by expanding the types of agencies that comprise the Public Service, and unifying those agencies by a common purpose, ethos, and strengthened leadership arrangements. Further information on the Bill can be found online at:  
<http://www.legislation.govt.nz/bill/government/2019/0189/latest/LMS106159.html>.
- 7 Council made a submission on 31 January 2020, which is attached as Appendix 1 to this report. Council's primary argument in the submission is that the Bill appears to miss an opportunity to further collaboration between central and local government. Local government is excluded from the Bill because it is not seen to be part of the Public Sector.

**CONSIDERATIONS****Policy considerations**

- 8 There are no policy considerations arising from this report.

**Legal considerations**

- 9 There are no legal considerations arising from this report.

**Financial considerations**

- 10 There are no financial considerations arising from this report.



**Tāngata whenua considerations**

- 11 Iwi have not been consulted on the development of this paper.

**Strategic considerations**

- 12 The *Toitū Kāpiti* vision is that of a thriving environment, a vibrant economy, and strong communities. An important role of Council is to advocate on behalf of the District to encourage the development and implementation of Central Government programmes that help to achieve the *Toitū Kāpiti* vision.

**SIGNIFICANCE AND ENGAGEMENT****Significance policy**

- 13 This noting paper has a low level of significance under Council's Significance and Engagement Policy.

**Consultation already undertaken**

- 14 No consultation was undertaken in the development of this report.

**Engagement planning**

- 15 An engagement plan is not required for this report.

**Publicity**

- 16 The completed submission has been posted on the 'Submissions we have made' section of the Council's website.

**RECOMMENDATIONS**

- 17 Note that a submission, attached as appendix 1 to this report, was made to the Governance and Administration Select Committee on the Public Service Legislation Bill during the recent summer holiday period.

**APPENDICES**

1. Submission on the Public Service Legislation Bill [!\[\]\(cc0da69b57cc8625c10a850ea917e99a\_img.jpg\) !\[\]\(f2ca2c3f080f0b2f60d381d33dfc58d9\_img.jpg\)](#)



31 January 2020

Committee Secretariat  
Governance and Administration Committee  
Parliament Buildings  
Wellington

Email: [ssc@parliament.govt.nz](mailto:ssc@parliament.govt.nz)

### **PUBLIC SERVICE LEGISLATION BILL**

Kāpiti Coast District Council (Council) supports the intent of the Public Service Legislation Bill, particularly in regards to modernising its operations; setting out shared purpose, principles, and values across the public service; establishing organisational forms and ways of working *to achieve better outcomes for the public*; and affirming that the fundamental characteristic of the public service is *acting with a spirit of service to the community*.

Council is surprised to note, however, that local government is not really mentioned anywhere in the Bill. Local government also “acts with a spirit of service to the community” and “seeks to achieve better outcomes for the public”. Therefore, the exclusion of local government from this Bill is a missed opportunity.

In her LGNZ Rural and Provincial Sector Speech of 21 November 2019, Hon Nanaia Mahuta emphasised the importance of collaboration across central and local government to achieve better outcomes:

... the scope of this Government's programme of reform reflects the vital importance of local government – and the work that you all do day-to-day – to the wellbeing of New Zealanders. We are committed to a strong, robust local government sector, focused on wellbeing. To achieve this, *we need an effective partnership between central and local government, and iwi/Māori, guided by the aspirations of our local communities* (emphasis added).

While there is intention to establish a greater regional presence (e.g., the establishment of regional leads in the public service), Council would argue that there is much more that the Bill could do to develop the central and local government partnership. Council is not arguing that local government should be subsumed by central government, but rather that the Bill provides an opportunity to strengthen the relationship between the two.

Council recommends consideration of the following:

- Include a section articulating the relationship between the Local Government Act 2002 and the Public Service Bill;
- Include a section articulating the relationship between public service agencies and the Local Government Commission;
- Require the Public Service Commissioner to oversee, and report on, the relationship between central and local government;
- Set out principles for working across central and local government, similar to those set out in the clauses on interdepartmental ventures and joint operational agreements;
- Acknowledge the similarities between the central and local government workforces (particularly in relation to policy development, for example) and consider how skill development could be strengthened in local government as well as central government;
- Recognise that the public service values and standards of integrity and conduct for public service employees / employers that are outlined in the Bill also apply to local government employees / employers.

Thank you once again for the opportunity to submit on the Public Service Legislation Bill.

Yours sincerely



Wayne Maxwell  
CHIEF EXECUTIVE

**9 CONFIRMATION OF MINUTES****9.1 CONFIRMATION OF MINUTES**


**Author:** Grayson Rowse, Democracy Services Advisor

**Authoriser:** Leyanne Belcher, Democracy Services Manager

**RECOMMENDATIONS**

That the minutes of the Strategy and Operations Committee meeting on 5 December 2019 be accepted as a true and accurate record of the meeting.

**APPENDICES**

1. Strategy and Operations minutes 5 December 2019 [!\[\]\(e6ddc77b791299d975007937cebef274\_img.jpg\)](#) 

**MINUTES OF KAPITI COAST DISTRICT COUNCIL  
STRATEGY AND OPERATIONS COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, GROUND FLOOR, 175 RIMU ROAD, PARAPARAUMU  
ON THURSDAY, 5 DECEMBER 2019 AT 9.30AM**

**PRESENT:** Mayor K Gurunathan, Cr James Cootes, Deputy Mayor Janet Holborow, Cr Angela Buswell, Cr Gwynn Compton, Cr Jackie Elliott, Cr Martin Halliday, Cr Sophie Handford, Cr Jocelyn Prvanov, Cr Robert McCann, Cr Bernie Randall

**IN ATTENDANCE:** Wayne Maxwell (Mr), James Jefferson (Mr), Sean Mallon (Mr), Mark de Haast (Mr), Janice McDougall (Mrs), Natasha Tod (Ms), Leyanne Belcher (Ms), Jacinta Straker (Ms), Jill Griggs (WCB Deputy Chair) (Ms), Marilyn Stevens (OCB Deputy Chair) (Ms), Brandy Griffin (Ms), Hamish McGillivray (Mr),

**APOLOGIES:** Nil

**LEAVE OF  
ABSENCE:** Nil

**1 WELCOME**

The Chair Cr James Cootes welcomed everyone to the first meeting of the Strategy and Operations Committee.

**2 APOLOGIES**

Nil

**3 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Nil

**4 PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA**

Nil

**5 MEMBERS' BUSINESS**

- (a) Public Speaking Time Responses - nil
- (b) Leave of Absence - nil
- (c) Matters of an Urgent Nature (advise to be provided to the Chair prior to the commencement of the meeting) - nil

**6 UPDATES**

Nil

## 8 REPORTS

### 8.1 THE 2009 BEACH BYLAW REVIEW PROJECT

Brandy Griffin spoke to the report and gave a PowerPoint presentation, copies of the slides were tabled. She explained the legislative timeframes and process for reviewing bylaws. The review of this bylaw is part of the policy work programme and was expected to be completed by the mandatory deadline (7 May 2021). Throughout the process there would be opportunities for elected member input.

She described the work done to date as part of Phase 1 (pre-engagement) and provided updates to some of the data provided in the report.

A key concern expressed by groups and individuals so far was vehicles driving on the beach, although data collected indicated most drivers were unaware of bylaw provisions in this respect, and compliance issues are complex.

Council is still in discussions with iwi about how they will partner during the process.

Further plans for pre-engagement (Dec 2019-February 2020) were outlined. 13 January would see the commencement of a 'mass communication' effort, timed in order to capture the views of interested (holiday) bach owners as well as residents. Councillors were keen to be involved. Engaging with white-baiting groups would be important.

Community Boards were an important part of the process and meetings outside of formal meetings would be sought as soon as possible.

There was no intention to change sections in the bylaw on customary rights unless iwi requested this. The rahui process could be a useful mechanism in beach environment protection.

The hierarchy of legislative provisions applying was discussed as certain legislation or rules trump the bylaw provisions, and care would be taken not to confuse the community.

Provisions in the Dog Bylaw were also relevant.

The Communications Team in Council was working very closely with the project team and had already started seeding messages about the bylaw consultation in the community.

Regular updates would be provided to the Committee.

*Cr Halliday left the meeting at 10.23am.*

#### **MOVED (MAYOR/COMPTON)**

The Strategy & Operations Committee notes this progress update on the 2009 Beach Bylaw Review Project.

#### **CARRIED**

**8.2 2018-2021 POLICY WORK PROGRAMME UPDATE**

Brandy Griffin spoke to the report.

*Cr Halliday returned to the meeting at 10.24am.*

The policy groupings were explained, but throughout the triennium there would be ample opportunity to discuss priorities and make adjustments to the work programme as required and agreed.

It was confirmed that the sign audit report currently on the Waikanae Community board work programme falls outside the policy work programme as it is an operational matter and related to an internal council policy, most of which were current for five years.

Placing the Older Persons' Housing policy project on hold was queried. The Chief Executive clarified that that policy was about eligibility criteria and didn't help create more housing capacity, so it would be premature to update that policy until the larger programme of work around social housing had been considered.

Briefings and workshops associated with the Annual Plan are scheduled for early 2020.

**MOVED (ELLIOTT/HOLBOROW)**

The Strategy & Operations Committee notes the projects on the PWP that:  
have been completed;  
are in process with no known concerns;  
are in process with some delays; and  
are currently on hold.

The Strategy & Operations Committee approves the following proposed amendments to the 2018-2021 Policy Work Programme:

Review of the Regional Land Transport Strategy be added, with the understanding that the project commenced in January 2019 and has an expected completion date of June 2021; and

Review of the Library Strategy be added, with the understanding that the project commenced in October 2019 and has an expected completion date of August 2020.

The Strategy & Operations Committee notes the following updates to the 2018-2021 Policy Work Programme:

The Beach Bylaw Review expected completion date is September 2020;

The Traffic Bylaw Review expected completion date is September 2020;

The PDP Variation 2 – Waikanae Beach expected completion date is July 2020;

The Open Space Strategy Review expected completion date is June 2020;

The Land Audit expected completion date is June 2020;

CEMARS (Certified Emissions Measurement and Reduction Scheme) is comprised of a 3-yearly plan, accompanied by a yearly audit; and

The Waste Levy Allocation Policy is expected to commence in February 2020 and be completed by June 2020.

**CARRIED**

*The meeting adjourned at 10.35am and reconvened at 10.45am.*

**8.3 NPS-UDC QUARTERLY MONITORING REPORT WITH ANNUAL UPDATE**

Hamish McGillivray spoke to the report, and gave a PowerPoint presentation detailing the key indicators to provide context. Quarterly monitoring helps council understand what's happening in housing and business spaces, so planning for future needs can occur.

With regard to building consents, information on the location and type of subdivisions can be found on the council website and on page 36 of the report.

The 2016 peak in building consents could be explained perhaps by the McKays to Peka Peka project.

Market indicators were drawn from the Ministry of Business, Innovation and Employment (MBIE) dashboard: data on housing sales and rents was provided and discussed. Housing affordability measures were outlined, noting the increasing gap between incomes and prices.

Linkages were detailed for e.g. with Census 2018; Housing and Business Assessment in 2021; and the Review of the Development Management Strategy.

*Cr Randall left the meeting at 11.14am and returned at 11.16am.*

The relationship between the housing work and the Older Persons' Policy was explained.

Councillors expressed an interest in understanding how home ownership was tracking over the longer term and this information would be provided once the Census data is available.

**MOVED (ELLIOTT/RANDALL)**

The Strategy and Operations Committee notes the contents of the NPS-UDC quarterly monitoring report for the period 1 June to 31 August 2019, including the annual update from 1 July 2018 to 30 June 2019, as attached as Appendix 1 to this report.

**CARRIED**

**8.4 THE LOCAL GOVERNMENT FUNDING AGENCY 2018/19 ANNUAL REPORT**

Jacinta Straker spoke to the report, reminding Councillors that the agency had been established in 2011 and 64 councils were now members. This Council had been a member since 2014 and membership had achieved significant savings.

Discussions were continuing with the Agency about membership on the shareholders council.

**MOVED (MAYOR/ELLIOTT)**

The Strategy and Operations Committee notes the performance of the Local Government Funding Agency as set out in its 2018/19 Annual Report, attached as Appendix 1 to this report.

**CARRIED**



## 8.5 CONFIRMATION OF THE COUNCIL'S VOTE AT THE LOCAL GOVERNMENT FUNDING AGENCY'S 2019 ANNUAL GENERAL MEETING

Jacinta Straker spoke to the report, and Councillor requested the minutes of the AGM which would be provided.

The funding of CCOs and CCTOs through the Agency was discussed; this was not a move away from the Agency's core business and did not make this Council and underwriter. It was very likely that any council would default on funding arrangements and even if that scenario occurred there are mechanisms in place to limit risk, including a cap on councils' liability.

### MOVED (MAYOR/HOLBOROW)

That the Strategy and Operations Committee:

receives the report, including the proposed changes to the Local Government Funding Agency Foundation Policy and Shareholders Agreement, attached as Appendices 2 and 3 to the report; and

recommends that the Strategy and Operations Committee:

notes that the Chief Executive authorised Jacinta Straker (Chief Financial Officer) to vote on behalf of the Council, at the Local Government Funding Agency's 2019 Annual General Meeting to be held on 21 November 2019, in accordance with the Council's votes on recommendations (aa) to (jj) inclusive, noting Committee recommendations in bold;

or, if Council officers were unable to attend the Annual General Meeting:

notes that the Chief Executive authorised Mark Butcher (Chief Executive Officer, LGFA) as the Council's proxy to vote on behalf of the Council, at the Local Government Funding Agency's 2019 Annual General Meeting to be held on 21 November 2019, in accordance with the Council's votes on recommendations (aa) to (jj) inclusive, noting Committee recommendations in bold:

re-elect Linda Robertson as an independent director of the LGFA - (**For/Against**); and

re-elect Michael Timmer as non-independent director of the LGFA - (**For/Against**); and

re-elect Auckland Council as a Nominating Local Authority - (**For/Against**); and

re-elect Western Bay of Plenty District Council as a Nominating Local Authority - (**For/Against**);

With effect from 1 July 2019, approve an increase in fees payable for the director acting as chairman of the board of directors of \$5,000 per annum, from \$97,000 per annum to \$102,000 per annum - (**For/Against**);

With effect from 1 July 2019, approve an increase in fees payable for each of the other directors acting as members of the audit and risk committee, an increase of \$4,000 per annum, from \$55,000 per annum to \$59,000 per annum - (**For/Against**);

With effect from 1 July 2019, approve an increase in fees payable for the director acting as chairman of the audit and risk committee of \$3,000 per annum, from \$60,000 per annum to \$63,000 per annum - (**For/Against**);

With effect from 1 July 2019, approve an increase in fees payable for each of the other directors of \$2,000 per annum, from \$55,000 per annum to \$57,000 per annum - (**For/Against**);

approve, the amendments to the Foundation Policy of the LGFA - (**For/Against**); and

authorises officers to continue to engage with the LGFA, the Shareholders' Council and other shareholders on the matter of refreshing the composition of the Shareholders' Council.

### CARRIED

**8.6 ACTIVITY REPORT: 1 JULY TO 30 SEPTEMBER 2019**

Terry Creighton spoke to the report and gave a PowerPoint presentation which summarised key performance indicators and projects across Council work programmes: Place and Space, Infrastructure, Regulatory and Planning, and Governance and Tāngata Whenua. Discussion included reference to:

- Key developments in the provincial growth fund, the housing work programme, coastal adaptation work, corporate IT projects, the carbon and energy management work programme, including the establishment of a new sustainability and resilience team. The Chief Executive that in this sphere Council had to carefully assess the best place for local investments and priorities within the context of central government initiatives and priorities.
- The refresh of the Economic Development Strategy.
- Developments in the Community facilities and support activity including discussion on the Waikanae Library, Mahara Gallery upgrade and the Waterfront Bar building roof replacement. The recommendations from the Morrison Low report completed last triennium regarding the Waikanae Library were being implemented.

*The meeting adjourned at 12.33pm and reconvened at 1pm.*

*Cr Elliott and Cr Prvanov were absent.*

Updates continued on recent roadwork projects and progress with resolving the Old Coach Road issue, as well as waste reduction, additional stormwater projects, districtwide planning and LGOIMA requests.

**MOVED (BUSWELL/HANDFORD)**

That the Strategy and Operations Committee notes the content of this Activity Report for the first quarter of 2019/20, the status of the projects in the Summary List of Projects (Appendix A), and the further work programme and project performance, other key developments and KPI results contained in the activity chapters attached as Appendix B to this report.

**CARRIED**

**8.7 FINANCE REPORT AS AT 30 SEPTEMBER 2019**

Jacinta Straker spoke to the report. Overall Council's financial performance was tracking below budget for this time of the year but there was still a lot of work to do. Adjustments would be made as or when priorities shifted. With regard to the capital expenditure programme, due to more strategic procurement processes in the water activity, \$7m less would be expended. Movement on borrowings was on track. The origin of the closed water account was recapped and the deficit on this account was tracking well..

*Cr Elliott rejoined the meeting at 1.28pm.*

There was some discussion on the rates rebate scheme and data would be provided in the next report comparing results across periods.

**MOVED (ELLIOTT/BUSWELL)**

That the Strategy and Operations Committee notes the actual financial performance and position of the Council for the quarter ended 30 September 2019.

**CARRIED**

**8.8 RECENT SUBMISSIONS TO MINISTRY FOR THE ENVIRONMENT, DEPARTMENT OF INTERNAL AFFAIRS, AND PARLIAMENT'S SOCIAL SERVICES AND COMMUNITY COMMITTEE**

Brandy Griffin spoke to the report, explaining the role of the team in coordinating submissions, and the timeframes and process across triennia. Normally submissions would come before Council before signoff but in this case the election period had interrupted the process.

**MOVED (HOLBOROW/COMPTON)**

The Strategy and Operations Committee notes that three submissions were made to the Ministry for the Environment, Department of Internal Affairs, and the Social Services and Community Select Committee during the recent local government election period.

**CARRIED****8.9 CONTRACTS UNDER DELEGATED AUTHORITY**

Jacinta Straker spoke to this report and Sean Mallon explained some aspects of the contracts.

*Cr Prvanov rejoined the meeting at 1.40pm.*

**MOVED (ELLIOTT/BUSWELL)**

That the Strategy and Operations Committee notes there were five contracts accepted under delegated authority over \$250,000 for the period 1 July to 30 September 2019.

**CARRIED****9 PUBLIC SPEAKING TIME**

- For items not on the agenda – there was none.
- Issue raised about community board chairs attending PE meetings, dealt with by Chair on staff advice and any legal sensitivities of PE issues.

**The Strategy and Operations Committee meeting closed at 1.46pm.**

.....  
**CHAIRPERSON**

**10 PUBLIC SPEAKING TIME**

- For items not on the agenda

**11 CONFIRMATION OF PUBLIC EXCLUDED MINUTES**

Nil