

Waikato Chamber of Commerce and Industry

Submission to Hamilton City Council on their Long-Term Plan

April 2024

The Waikato Chamber of Commerce's Purpose

The Chamber has a place in the community through our advocacy and focus on learning and development.

The Waikato Chamber promotes economic growth, advocates for business, and fosters networking opportunities for its members within the Waikato, nationally, and globally. We represent the interests of local businesses to government authorities and policymakers on issues affecting the business community, such as taxation, regulation, infrastructure development, and economic policies.

We also provide a platform for businesses to connect with one another, exchange ideas, and build professional relationships through events, seminars, and workshops.

The Waikato Chamber of Commerce plays a crucial role in fostering a thriving environment for business success and economic prosperity in the Waikato region.

History of the Chamber

The early seeds for the establishment of a Chamber of Commerce in the Waikato were sown in 1865, when there were concerns about the influence of Auckland on the region. June 24, 1906, was when the first meeting was called by the then Mayor of Hamilton, one James Shiner Bond, to discuss and conclude the establishment of a Chamber of Commerce in Hamilton. In 2026 the Chamber will celebrate 120 years of promoting prosperity in the Waikato

Introduction

2024-34 Long-Term Plan Consultation Document

Hamilton City Council's Long Term Plan 2024-2034 should be known as **The Turnaround Long-Term Plan.**

Much of what is proposed in this LTP may well be unpalatable to ratepayers, but it's long overdue that Hamilton city had a proper reset. This LTP goes some way towards that.

The Chamber applauds the savings that have already been made and the \$104m in savings that you're proposing to achieve over the next 10 years.

We also applaud your acknowledgement that borrowing to pay for the city's everyday costs is not an appropriate, or fair, use of debt.

The honesty in the first few pages of your consultation document that looks at how we've got to where we are financially is refreshing. This is something that the business community has asked of Council for many years so to see it there in black and white is greatly appreciated.

Financials

You propose a trebling of rates over the next 10 years, with a doubling in under 5 years.

Your year one increase of 20% is a long way from last year's 5%, and calls into question your financial acumen. Ratepayers have every right to be sceptical about your budgets.

We expect you have done a line by line razor review of your expenditure but the detail available to us does not allow us to see with confidence the figures that make up the need for such a large increase over last year.

Accordingly, we propose the Council employ an eminent group of Hamilton senior accountants and business people to peer review the budgets.

This transparency will give ratepayers confidence in the numbers you are proposing.

The Chamber would like to be part of a working committee of the rates review and that experts be appointed from the Chamber's significant pool of members to assist.

The Chamber encourages Hamilton City Council to review its asset allocation regarding Council's investments.

On page 25 you state that Council has agreed to conduct a comprehensive rates review over the next year to consider whether there are further changes that could be introduced to the rating system in the 25/26 Annual Plan. Again we would ask that our members are considered to be part of the panel that conducts the review.

Amalgamation

The city has descended into a financial crisis and is tapping the wallet of its ratepayer to bail it out. Imprudent spending has caught up with its elected Council and simply off-loading staff is insufficient. If the council was a listed company like Fletchers there would have been resignations required of its leaders.

The Waikato needs leadership and all territorial authorities need to work together to implement prudent rationalisation of the back office functions of the 12 councils. Co-Lab is an excellent start, but its remit needs to expand. The artificial boundaries that see duplication of staff and differing rules for the same activity just over the pencilled border is hampering our region's growth and frustrating commerce.

We understand that the number of elected councillors and council staff will reduce significantly if amalgamation proceeds in some form. With modern communications technology, far better arterial routes and a need for joined up work on three waters, the time has come for pragmatic progress on the amalgamation of all 12 Waikato councils.

The Waikato Chamber is no fan of blanket centralisation. We have seen the mess that is Te Pukenga. A hub and spoke system within a sensible and practical organisation chart is achievable. That would reduce costs and unclog bureaucratic entropy that currently characterises many of our region's councils.

The Hamilton City Council needs to lead, along with others, the rationalisation of duplicated services and rationalise the number of elected councils and councillors.

Getting the Basics Right

We need to ensure Council has the **best data available** around forecasting growth and to enable informed decision making for investment and planning for coming years.

For example, page 15 says that this LTP is looking at \$6.3b of expenditure over the next 10 years while the 2012-15 forecast it to be \$2.4b. Council needs to ensure that in future LTPs growth forecasts are appropriate and as accurate as possible.

We congratulate Hamilton City Council on using NIDEA high projections (page 42) to produce LTP. The Chamber was pushing that figure 10 years ago when Council was using conservative data – not aggressive high growth data.

Democracy

The time to submit is too short. The Council has months of preparation prior to sending the document out for consultation. To send it out to your voters in March/April with its Easter and school holiday hiatus, reduces the time for proper analysis and feedback. That can be seen as reducing citizens' involvement in local government democracy and contributing to the apathy around voting at elections.

Borrowing to Fund Operational Expenses

For many years, the council has borrowed to fund its operational costs and not rated higher nor sought other revenue streams. The resulting excess of expenditure over income has contributed to its current financial crisis. Largesse from previous central governments to cover the increased demands put on local councils has created a culture in the elected council of imprudence in expenditure and the deferring of capital projects.

Infrastructure Funding

Borrowing to fund infrastructure as the best way to deliver for the city's fast growth is not the only avenue to finance investment. (page 12). There are other sources for the council to consider. We are in a financial mess, and everyone needs to contribute, not just the ratepayer.

We must implement user pays charges, especially on high cost items like public transport. We need targeted rates, public private partnerships, value uplift and special purpose vehicles to deliver CAPEX programmes.

Water metering must be implemented. If you do not measure water, you cannot manage it. By metering water, you get public buy into managing water. Other council's experience has been a significant reduction in water use and thus a reduction in the pressure on council to fund large scale water infrastructure.

Debt Rating

The Council set target of keeping its AA rating should be challenged by elected councillors for long term core infrastructure investment. Going into debt for significant intergenerational infrastructure is the prudent path. It is our belief that the rating agencies will not significantly downgrade the rating of councils, which can easily increase rates to fund interest payments, especially if the borrowings are for long term capital projects. It would be a different story if the borrowing continued to be for operating costs.

The city and region is on a growth path and requires bold decision making to keep ahead of population and building increases.

The Endowment Fund

The governance of the Endowment Fund should be separated from the elected Councillors, who have limited investment experience and acumen. A separate board made up of local business people with investment experience is needed and given a mandate to invest in projects that lead to long term growth for the city and region.

The government is looking for co-funders of regional and city deals. Putting funds into a major government project like Southern Links if it has a toll or similar payback revenue model would give the city and region a return on capital as well as creating residential, commercial, and industrial building growth.

Remember, commerce follows arterial routes. See Cambridge, Hautapu, and the Waikato Expressway.

For a region that is highly successful in the event space Hamilton is grossly under resourced with quality hotel beds. There is opportunity there for seed investment that sparks developments.

Hamilton and Waikato Tourism

In any turnaround crisis there is a need to increase revenue and margin. To defund an entity that attracts revenue into the region and the city will decrease income and thus council revenue. The council has big investments in Hamilton Gardens, H3 facilities and the Airport. We are an events region, and we need to take advantage of our competitors' reducing their tourism investments and hold our spend. There may be a need to increase transparency and reorganise how the entity operates, but the Council has been smart vesting the management to the very successful Waikato Regional Airport Board and management team.

Waikato Regional Airport Ltd.

This is a success story. Its prudent board and management should be congratulated in operating in such a difficult industry. There have been many failures in the aviation sector, especially in our region. The Council should not seek to suck funds out of a successful entity to fund its own poor performance. The aviation sector is undergoing huge change at present and once Auckland Airport has concluded its strategy of change there will be opportunity for Hamilton Airport to grow. To sell shares is populist and a poor long term investment strategy for your ratepayers. Look at the growth of the Port of Tauranga's growth over the past several decades. The Airport is poised for a similar trajectory.

Priority One – Shaping a city that is easy to live in

Cars are a notable omission from your priorities. Over the past six years Hamilton City Council has spurned the private motor vehicle to the point where our members and others have had enough. The flow of car traffic has been deliberately slowed by traffic lights, raised intersections, single lanes, encroachment by cycle lanes, roundabouts, more traffic lights, stop signs, and a huge number of road cones even if no-one is working.

The FENZ and no doubt St John and Police find that the roading capital works the city has spent its funds on, restrict their ability to perform their duties in an efficient and life-saving manner.

Ratepayers are finding it harder and harder to move around the city and the planners' dream of a 20-minute city on a weekday at 8am or 5pm, is a mirage.

Public transport continues to be ignored as an option by the commuting public despite the best efforts of transport planners and council.

Intensive inner city developments are slow in coming and the regeneration of the inner city is hampered by a lack of parking. Hamilton has become a multi-centre city with new suburbs well past an easy cycling distance to the city centre. Concurrently there are fast emerging new suburbs called Cambridge, Morrinsville, Te Awamutu, Raglan and Ngaruawahia as ratepayers shift out of the city to surrounding towns to live but continue to work in the city.

The majority of voters wish to travel around the city and the region in cars. The council is out of step with the preferences of its citizens.

We note that the council aims to spend a miserly \$700k on parking over the next 10 years.

Priority Two - Shaping a city where our people thrive

Transport

The mode shift to alternatives other than cars has not worked. Despite the huge effort and dollars there has been no noticeable reduction in cars coming into and around our city.

The council is out of step with its voters preferences.

The major cycling path is the River Ride. It is a fantastic facility. Few use it to commute to and from Cambridge. Few people commute to work on cycles through the city centre, despite a large expenditure on cycleways, raised intersections, and speed bumps.

Transport will be an election issue next year. Many feel that the Hamilton City elected council and transport bureaucrats are anti-car. That may be a perception but the drive to restrict vehicular transport in and around our city makes that perception real.

The decision to turn the southern end of Tristram Street into a bottleneck is an embarrassing and frustrating example of poor transport planning.

The city needs flow not slow.

There is little spare parking for the current level of users during the day, especially in the city centre and most especially when it is inclement.

Regional Hub

There are no initiatives from council that demonstrate its desire to be a regional hub. The council is inward looking and what relationships it has with the wider region may be cordial, but the region remains parochial. There is no true leadership in creating a regional hub and spoke integrated and co-operative Waikato Valley council.

Given that all councils are financially stretched the common sense of deeper cooperation and the merging of many back office services across the Waikato is a project that's time has come.

Three Waters requires a Waikato Valley approach to manage the region's water from Port Jackson to Ruapehu, from the Kaimais to the Tasman Sea. Petty parochial politics scuppered the well intentioned Waipa/HCC/Waikato District water initiative last time. It cannot be allowed to throw away cost savings and regional resilience. All Waikato councils need to come together to make a waters model that works for our region, not for their small territorial authority.

The same co-operative thinking, planning and action needs to occur across pencil boundaries for the greater good of the region. Commonality in building regulations, consents, development contributions, parks and reserves, urban and rural planning, transport, will all benefit from a wider remit.

Give CoLAB the freedom of that wider remit. Reduce your costs and become a true regional hub rather than a lonely outpost, losing people from the city to the regions.

Moving the four council offices of Hamilton, Waikato District, Waipa and the Waikato Regional Council, into one building and merging the functions may find cost savings and give the Waikato the beginnings of a regional voice.

Business Voice

Give Waikato business a louder voice at your table. Commerce underpins a healthy and wealthy community. Your economic development group does not connect with the Chamber and has no track record of outstanding success to back up its funding.

Can the chamber and its members help turn that around. You support economic development groups that rely totally on your funding streams and thus only tell you what you wish to hear.

Infrastructure investment for business to succeed

Southern Links should be your highest priority lobbying initiative with central government at present. This government is keen, it is on their list but for construction commencement next term not this three year cycle. It needs to be fast tracked and the diggers working in 2025, not a possible 2027. Business will support you and as always commerce follows arterial routes. Housing, commercial, and industrial building will occur. Importantly, it will reduce the number of trucks and other vehicles crisscrossing the city to get to State Highway Three and south. It will open up to growth the Waikato Regional Airport in which the city holds 50% of the shares and it will connect Hamilton with Waipa and Waikato into one larger polycentric conurbation.

Priority Three - Shaping a central city where people love to be

Currently people do not love to be in the central city as evidenced by the lack of inner city development, unkempt look of the streets, increasing homeless and beggars, and little residential sales.

Hamilton is now a poly centric city, created by initiatives the council has encouraged such as The Base, the soon to be Peacocke's development and the burgeoning northern suburbs developments. All at the cost of a vibrant city centre.

We applaud the connection to the river. Long overdue and more needs to be done.

How will you promote daytime and evening activity If there is no parking for people to commute to from their homes in the suburbs and surrounding towns, where there is competing activity close by?

Arts and culture is not a unique selling point for regular patronage. That can be accessed in the suburbs and surrounding towns.

Your efforts to date to encourage people to live in the central city have failed. What are the new initiatives?

All of your council's transport initiatives have made it harder, slower, and put up a barrier to people getting into and around your city.

Priority Four – Shaping a fun city with lots to do

Priority 4 is \$94.1m of the \$445.8 Budget. So, 21% of the budget is being spent in an area when there are pressing needs to just replace pipes and address major infrastructure issues. Prioritise your spend. Get the infrastructure funded and underway first then everyone can forget about it and enjoy having fun in the city.

There is no denying that we all want fun but are there better ways to fund it. Where can the private sector get involved and help reduce this budget yet deliver on fun?

Priority Five – Making the city green

Priority 5 is going to cost \$116m of the \$445.8 Budget or 26%. This is a big number.

We support the overall priority; however, it is prudent to ask where does business fit in here?

Further notes

The five priorities are full of bland statements of intent but with no detail that gives the reader a clue as to what the council will do, or even if the council has the ability to do anything.

Is the pedestrian bridge needed – page 30. The answer is yes but not now. In a cost of living crisis, it is a nice to have not a need to have. Defer it.

We support targeted rates as per page 31 however question the community resilience one re \$3.6m in costs for community resilience in extreme weather – isn't this a Regional Council responsibility – as in make the Regional Council work together with the Councils on this to gain some economies of scale.

An important note on Governance

There have been great strides in the skill and number of well-trained directors that live within the Waikato. Too often we look outside of our region to individuals that do not have a vested interest in creating what is best for our region and city.

Whilst outside perspectives are worthwhile, the lack of local accountability and network to get things done, has led to otherwise valuable initiatives achieving little. This unfortunately hampers the growth and depth of our pool of local directorial talent that should be an investment in our region's future.

We would welcome the chance to work with the council on this in conjunction with the Waikato branch of the Institute of Directors

Conclusion

While this LTP rates rise is a hard pill to swallow, we recognise that this Council has inherited this situation from previous Councils, Central Government, Covid, and inflation. You are navigating difficult territory, so we applaud your willingness to meet the challenge head on.

The Chamber has voiced previously and continues to be of the opinion that financial prudence is of the utmost importance, not just now but for the foreseeable future.

Not just for today's residents and ratepayers, but for those generations that will follow.