

Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Economic Development Committee will be held on:

Date: Tuesday 14 November 2023
Time: 9.30am
Meeting Room: Council Chamber and Audio Visual Link
Venue: Municipal Building, Garden Place, Hamilton

Lance Vervoort
Chief Executive

Economic Development Committee

Komiti Oohanga Whakatupu

OPEN AGENDA

Membership

Chairperson Cr Ewan Wilson
Heamana

Deputy Chairperson Cr Mark Donovan
Heamana Tuarua

Members

Mayor Paula Southgate	Cr Louise Hutt
Deputy Mayor Angela O’Leary	Cr Kesh Naidoo-Rauf
Cr Anna Casey-Cox	Cr Andrew Bydder
Cr Maxine van Oosten	Cr Geoff Taylor
Cr Moko Tauariki	Cr Sarah Thomson
Cr Melaina Huaki	Cr Emma Pike
Vacancy	

Quorum: A majority of members (including vacancies)

Meeting Frequency: As required – no less than four times a year.

Amy Viggers
Mana Whakahaere
Governance Lead

3 November 2023

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Purpose

The Economic Development Committee is responsible for:

1. Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians.

In addition to the common delegations on page 10, the Economic Development Committee is delegated the following Terms of Reference and powers:

Terms of Reference:

2. To drive and enhance Hamilton's economic position by actively promoting Hamilton.
3. To promote investment and business attraction opportunities for Hamilton and the greater Waikato region.
4. To provide advice on strategic initiatives, plans, projects and potential property developments that have a material impact upon the Hamilton economy.
5. To develop, review and monitor the implementation of the Economic Development Agenda.
6. To recommend funding levels for service contracts with Business Improvement District(s), Hamilton and Waikato Tourism and Te Waka, and any others subject to funding approval by Council through the Council's long-term plan process, and approve said contracts with relevant third parties.
7. To monitor the performance and provide guidance on Council's relationship with key stakeholders including, but not limited to Te Waka, Hamilton Waikato Tourism and the Hamilton Central Business Association.
8. To monitor the performance of Council's major event venues operation (H3).
9. To review and monitor the implementation of Council's Event Sponsorship Policy.
10. To approve annual Event Sponsorship funding applications and monitor any grants made to external organisations under the terms of the Event Sponsorship Policy.
11. To support and assist with efforts for external partnerships on Council projects that will provide economic development opportunities for Hamilton and the region.
12. To develop and monitor policy related to the appointment and remuneration of directors of CCOs, CCTOs, and COs.
13. To provide clear direction to Council's CCOs, CCTOs, and COs on Council's expectations, including feedback on draft statements of intent.
14. To receive six-monthly reports of Council's CCOs, CCTOs, and COs, including on board performance.
15. To undertake any reviews of CCOs and CCTOs and agree CCO/CCTO-proposed changes to their governance arrangements
16. To develop policy, approve and monitor implementation of plans and strategies in relation to the performance of Council's investments in the Municipal Endowment Fund and strategic property.

The Committee is delegated the following powers to act:

- Approval of event sponsorship applications annually in accordance with the Event Sponsorship Policy.
- Approval of letters of expectation for each CCO, CCTO, and CO.

- To provide feedback on draft statements of intent for each CCO, CCTO, and CO.
- Appointments to, and removals from, CCO, CCTO, and CO boards
- Approval of proposed major transactions or constitutional adjustments of CCOs, CCTOs, and COs.
- Approval of acquisition or sale or lease of properties owned by the Council or owned by the Municipal Endowment Fund consistent with the Municipal Endowment Fund Investment Policy, for any endowment properties. Note that if the Mayor and Chair consider that a final decision is more appropriately made by Council due to its significance, they may direct that and decision remains recommendatory, requiring ratification by Council.

The Committee is delegated the following recommendatory powers:

- Approval or otherwise of any proposal to establish, wind-up or dispose of any holding in, a CCO, CCTO, or CO.
- The Committee may make recommendations to Council.
- The Committee may make recommendations to other Committees.

Recommendatory Oversight of Strategies:

- Economic Development Agenda
- Tourism, Events and Visitation Strategy

Recommendatory Oversight of Policies and Bylaws:

- *Appointment and Remuneration of Board Members of COs, CCOs, and CCTOs Policy*
- *Event Sponsorship Policy*
- *Freeholding of Council Endowment Land Policy*
- *Municipal Endowment Fund Policy*
- *Business Improvement District (BID) Policy*
- *International Relations Policy*

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1 Apologies – *Tono aroha*

2 Confirmation of Agenda – *Whakatau raarangi take*

The Committee to confirm the agenda.

3 Declaration of Interest – *Tauaakii whaipanga*

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

4 Public Forum – *Aatea koorero*

As per Hamilton City Council's Standing Orders, a period of up to 30 minutes has been set aside for a public forum. Each speaker during the public forum section of this meeting may speak for five minutes or longer at the discretion of the Chair.

Please note that the public forum is to be confined to those items falling within the terms of the reference of this meeting.

Speakers will be put on a Public Forum speaking list on a first come first served basis in the Council Chamber prior to the start of the Meeting. A member of the Council Governance Team will be available to co-ordinate this. As many speakers as possible will be heard within the allocated time.

If you have any questions regarding Public Forum please contact Governance by telephoning 07 838 6727.

Council Report

Committee: Economic Development Committee

Date: 14 November 2023

Author: Nicholas Hawtin

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Confirmation of the Economic Development Committee Open Minutes of 14 September 2023

Report Status	<i>Open</i>
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Staff Recommendation - *Tuutohu-aa-kaimahi*

That the Economic Development Committee confirm the Open Minutes of the Economic Development Committee Meeting held on 14 September 2023 as a true and correct record.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Economic Development Committee Open Minutes 14 September 2023

Economic Development Committee

Komiti Oohanga Whakatupu

OPEN MINUTES

Minutes of a meeting of the Economic Development Committee held in Council Chamber and Audio Visual Link, Municipal Building, Garden Place, Hamilton on Thursday 14 September 2023 at 9.30am.

PRESENT

Chairperson	Cr Ewan Wilson
<i>Heamana</i>	
Deputy Chairperson	Cr Mark Donovan
<i>Heamana Tuarua</i>	
Members	Mayor Paula Southgate Deputy Mayor Angela O'Leary Cr Ryan Hamilton Cr Anna Casey-Cox Cr Maxine van Oosten Cr Moko Tauariki Cr Melaina Huaki (via Audio Visual Link) Cr Louise Hutt Cr Kesh Naidoo-Rauf Cr Andrew Bydder Cr Geoff Taylor Cr Sarah Thomson Cr Emma Pike

In Attendance:	Blair Bowcott – General Manager Strategy, Growth and Planning Sean Murray – General Manager Venues, Tourism and Events Tracey Musty – Financial Director Lehi Duncan - Programme Manager - Ruakura, Growth Programmes Andrew Judson - Rates Manager Mike Bennett – Economic Development Programme Manager Nicolas Wells – Strategic Property Manager Tiki Mossop – Programme Manager - Economics & Policy Vanessa Williams – General Manager Hamilton Central Business Association Nicola Greenwell – Chief Executive Hamilton and Waikato Tourism Mark Morgan - Chief Executive Waikato Regional Airport Scott Kendall - General Manager Finance and Commercial – Hamilton Airport NZ Scott Bicknell - Development Manager – Veros James MacGillivray – Partner – Tompkins Wake
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Governance Team:	Amy Viggers - Governance Lead Arnold Andrews - Governance Advisor Corey Bruntlett – Governance and Elected Member Support Coordinator
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1. **Apologies – Tono aroha**
Resolved: (Cr Wilson/Cr Donovan)
 That the apologies for lateness due to Council business from Mayor Southgate, Deputy Mayor O’Leary and Cr Huaki are accepted.
Cr Hamilton’s Extended Leave of Absence was approved 6 July 2023.
2. **Confirmation of Agenda – Whakatau raarangi take**
Resolved: (Cr Wilson/Cr Donovan)
 That the agenda is confirmed.
3. **Declarations of Interest – Tauaakii whaipaanga**
 Cr Taylor declared an interest in Item C2 (Strategic Property Update). He noted he would not take part in the vote or discussion on the matter.
4. **Public Forum – Aatea koorero**
Roger Stratford spoke to Item 10 (30 Victoria Street - Celebrating Age Centre) in opposition of the staff recommendation and outlined the history of the Celebrating Age Centre, relocation of the organisation 10 years ago and the benefits of having the celebrating age community centre.

Gary Peace spoke to Item 7 (External Agencies and CCO Reporting) to Waikato Regional Airport Limited year end reports and his company’s concerns with WRAL’s focus on development.

Jenny Magee spoke to Item 10 (30 Victoria Street - Celebrating Age Centre) in opposition of the staff recommendation and the history of the building. She responded questions from Elected Members concerning the commercial proposition of the Celebrating Age Centre.
5. **Confirmation of the Economic Development Committee Open Minutes of 28 June 2023**
Resolved: (Cr Wilson/Cr Donovan)
 That the Economic Development Committee confirm the Open Minutes of the Economic Development Meeting held on 28 June 2023 as a true and correct record.
6. **General Manager's Report**
 General Manager Strategy, Growth and Planning took the report as read.
Resolved: (Cr Wilson/Cr Donovan)
 That the Economic Development Committee receives the report.
7. **External Agencies and CCO Reporting (*Recommendation to the Council*)**
Hamilton Central Business Association (HCBA)
 Central City Transformation Manager and Growth Programmes Manager introduced the report noting that the report included HCBA’s yearend report, 6 Monthly Update and their proposal to extend the Business Improvement District (BID). Staff responded to questions from Elected Members concerning the effect of an extension of the BID Policy on Council, and the BID policy itself.

 The General Manager – Hamilton Central Business Association briefly outlined the report and recent successes. She responded to questions from Elected Members concerning car parking, reasons behind the request to extend the boundaries to include Hamilton East, concerns raised by businesses which were financial and safety based, opinion of businesses should the BID boundary

be increased, targeted rate impact and benefit to the business.

Resolved: (Cr Wilson/Cr Donovan)

That the Economic Development Committee:

- a) recommends, *in principle*, that the Council considers, as part of the Long-Term Plan 2024-2034, the Hamilton Central Business Association's proposals to seek an **increase in revenue** to support Business Improvement District (BID) operations; and
- b) notes that – subject to the decision in a) – the further work undertaken by Hamilton Central Business Association and the recommended changes to the BID will be reported to the 14 November 2023 Committee meeting.

Resolved: (Mayor Southgate/Cr Taylor)

That the Economic Development Committee:

- a) recommends, *in principle*, that the Council considers, as part of the Long-Term Plan 2024-2034, the Hamilton Central Business Association's proposals to seek an **increase in boundaries** to include a portion of Hamilton East outlined in **Attachment 6**; and
- b) notes that – subject to the decision in a) – the further work undertaken by Hamilton Central Business Association and the recommended changes to the BID will be reported to the 14 November 2023 Committee meeting.

Hamilton Waikato Tourism

The Chief Executive – Hamilton and Waikato Tourism spoke to the Hamilton Waikato Tourism Report in particular the increased events and hospitality activity post-covid. She responded to questions from Elected Members concerning commercial occupancy, accommodation, feedback on the entry fees for Hamilton Gardens, international visitors and an increased flow of tourists.

Waikato Regional Airport Limited

The Chief Executive – Waikato Regional Airport and General Manager Finance and Commercial – Hamilton Airport NZ spoke to the Waikato Regional Airport Limited report and provided Elected Members with a presentation which outlined key projects and successes from the last year. They responded to questions from Elected Members concerning financial implications of improvements, cash flow, dividends, Council's influence as 50% shareholder, debt levels, current and future aeronautical projects.

Resolved: (Cr Wilson/Cr Donovan)

That the Economic Development Committee receives the report.

Mayor Southgate joined the meeting (9.53am) during the discussion of the above Item. She was present when the matter was voted on.

Deputy Mayor O'Leary joined the meeting (10.00am) during the discussion of the above Item. She was present when the matter was voted on.

Cr Huaki joined the meeting (10.15am) during the discussion of the above Item. She was present when the matter was voted on.

The meeting was adjourned from 11.39am to 11.55am during the discussion of the above Item.

8. Strategic and General Update

The Economic Development Programme Manager spoke to the report and highlighted the engagement conducted by staff with businesses. He responded to questions from Elected Members concerning partnership with the education sector and the University of Waikato.

The Programme Manager Economics & Policy introduced the data analysis, economic and policy section of the report noting the success seen in June's Quarterly Economic Report. She responded to questions from Elected Members concerning the workforce market and the Quarterly Economic Report.

The General Manager Venues, Tourism and Event spoke to the H3 update. He responded questions from Elected Members concerning attraction of conferences, outdoor events, accommodation, support towards local suppliers, measurement of community events and Claudelands' design.

Resolved: (Cr Ewan/Cr Donovan)

That the Economic Development Committee receives the report.

9. 191-197 River Road - Sonning Carpark - Development Options

Strategic Property Manager introduced the report and Scott Bicknell (Development Manager – Veros). They responded to questions from Elected Members concerning history of the site, legal opinion, Council's obligations, and risks to Council and developers.

Motion: (Cr Wilson/Cr Donovan)

That the Economic Development Committee:

- a) receives the report;
- b) approves, *in principle*, developing the land described in the schedule in general accordance with Option 5 – Open Space/Mixed Use B of the Veros Options Report dated August 2023 (**Option 1** of this staff report) subject to:
 - i. engaging with mana whenua to ensure that the development of the land aligns with their aspirations for the site and its cultural significance;
 - ii. partnering with mana whenua to confirm the development outcomes and parameters being sought;
 - iii. completing a high-level development masterplan, or bulk and location document set, for the land;
- c) requests that staff report back to the Economic Development Committee with recommendations on the outcomes of work outlined above;
- d) notes that staff will provide regular updates on the progress of this matter to the Municipal Endowment Fund Advisory Group.

SCHEDULE

First All that land described as an Estate in Fee Simple comprising Allotment 465 Parish of Kirikiriroa contained in Computer Freehold Register Identifier SA50D/392 of 7,264 square metres more or less and physically located at **191 River Road**, Hamilton.

Second All that land described as an Estate in Fee Simple comprising Lot 2 DPS 31617 contained in

Computer Freehold Register Identifier SA30A/477 of 2,496 square metres more or less and physically located at **197 River Road**, Hamilton.

Amendment: (Cr Casey-Cox/Deputy Mayor O’Leary)

That the Economic Development Committee:

- a) receives the report;
- b) approves *in principle* developing the land, described in the schedule including all of the options outlined in the Veros Options Report dated August 2023 subject to:
 - i. engaging with mana whenua concerning the Veros Options Report dated August 2023 and their aspirations for the site and its cultural significance;
 - ii. partnering with mana whenua to confirm the development outcomes and parameters being sought;
 - iii. completing a high-level development masterplan, or bulk and location document set, for the land;
- c) requests that staff report back to the Economic Development Committee with recommendations on the outcomes of work outlined above;
- d) notes that staff will provide regular updates on the progress of this matter to the Municipal Endowment Fund Advisory Group.

SCHEDULE

First All that land described as an Estate in Fee Simple comprising Allotment 465 Parish of Kirikiriroa contained in Computer Freehold Register Identifier SA50D/392 of 7,264 square metres more or less and physically located at **191 River Road**, Hamilton.

Second All that land described as an Estate in Fee Simple comprising Lot 2 DPS 31617 contained in Computer Freehold Register Identifier SA30A/477 of 2,496 square metres more or less and physically located at **197 River Road**, Hamilton.

The Amendment was put.

Those for the Amendment	Deputy Mayor O’Leary, Crs Pike, Tauariki, Thomson, Casey-Cox, Hutt, Huaki, and van Oosten.
Those against the Amendment	Mayor Southgate, Crs Donovan, Taylor, Bydder, Naidoo-Rauf, and Wilson.

The Amendment was declared CARRIED.

The Amendment as the substantive Motion was then put and declared CARRIED.

Resolved: (Cr Casey-Cox/Deputy Mayor O’Leary)

That the Economic Development Committee:

- a) receives the report;
- b) approves *in principle* developing the land, described in the schedule including all of the options outlined in the Veros Options Report dated August 2023 subject to:
 - i. engaging with mana whenua concerning the Veros Options Report dated August 2023 and their aspirations for the site and its cultural significance;
 - ii. partnering with mana whenua to confirm the development outcomes and parameters being sought;
 - iii. completing a high-level development masterplan, or bulk and location document set, for the land;
- c) requests that staff report back to the Economic Development Committee with

recommendations on the outcomes of work outlined above;

- d) notes that staff will provide regular updates on the progress of this matter to the Municipal Endowment Fund Advisory Group.

SCHEDULE

First All that land described as an Estate in Fee Simple comprising Allotment 465 Parish of Kirikiriroa contained in Computer Freehold Register Identifier SA50D/392 of 7,264 square metres more or less and physically located at **191 River Road**, Hamilton.

Second All that land described as an Estate in Fee Simple comprising Lot 2 DPS 31617 contained in Computer Freehold Register Identifier SA30A/477 of 2,496 square metres more or less and physically located at **197 River Road**, Hamilton.

Crs Bydder, Taylor, Naidoo-Rauf and Wilson Dissenting.

The meeting was adjourned from 1.26pm to 1.42pm during the discussion of the above Item.

The meeting was adjourned from 2.35pm to 3.21pm

10. 30 Victoria Street - Celebrating Age Centre

The Strategic Property Manager introduced the report and outlined the reason for the staff recommendation. Staff responded to questions from Elected Members concerning options for the building, potential costs and outcomes.

Resolved: (Cr Donovan/Mayor Southgate)

That the Economic Development Committee:

- a) receives the report;
- b) requests staff:
 - i. cease investigation of the mixed-use commercial and community development options at the Celebrating Age Centre building physically located at 30 Victoria Street, Hamilton, and described in the schedule below, as none of the mixed-use options investigated was financially feasible;
 - ii. commence investigation of the relative benefits of retaining, upgrading or demolishing the Celebrating Age Centre building and report back with findings and recommendations to the Community and Natural Environment Committee.
- c) requests that the Community and Natural Environment Committee notes that the land is Municipal Endowment Fund land, and that any decision affecting the existing building or use of the land should not preclude the Municipal Endowment Fund undertaking future commercial development on the site.

SCHEDULE

All that land described as an Estate in Fee Simple comprising Allotment 443, 443A Town of Hamilton West contained in Computer Freehold Register Identifier SA20/293 of 9,105 square metres more or less and physically located at **30 Victoria Street**, Hamilton (**Attachment 1** of the staff report).

11. Strategic Property Update - September 2023

The Strategic Property Manager took the report as read.

Resolved: (Cr Wilson/Cr Donovan)

That the Economic Development Committee receives the report.

12. Policy Review – Municipal Endowment Fund Policy 2023 *(Recommendation to the Council)*

The Strategic Property Manager introduced the report and the history of the development of the Municipal Endowment Fund Policy. He responded to questions concerning the policy principles regarding risk and the Domain Endowment Fund.

Resolved: (Cr Donovan/Cr Wilson)

That the Economic Development Committee:

- a) receives the report;
- b) recommends that the Council approves the Municipal Endowment Fund Policy with no changes (**Attachment 1**).

13. Resolution to Exclude the Public

Resolved: (Cr Wilson/Cr Donovan)

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Economic Development Committee Public Excluded Minutes of 28 June 2023) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Strategic Property Update)	
C3. Strategic and General Update		
C4. Waikato Regional Airport Strategic Review - Update Report		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6

or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C3.	to enable Council to carry out negotiations to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
Item C4.	to enable Council to carry out negotiations to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h) Section 7 (2) (i)
	to enable Council to carry out negotiations	

The Meeting moved into Public Excluded at 3.55pm.

The Meeting was declared closed at 5.45pm.

Council Report

Item 6

Committee: Economic Development Committee

Date: 14 November 2023

Author: Nicholas Hawtin

Authoriser: Michelle Hawthorne

Position: Governance Advisor

Position: Governance and Assurance Manager

Report Name: Chair's Report

Report Status	Open
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Recommendation - *Tuutohu*

That the Economic Development Committee receives the report.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Chair's report



Chair's Report

As we come to the end of our first year of this triennium, I think it's appropriate to reflect on what we've achieved.

2023 began with Council's economic development team focusing their efforts on proactive engagement with existing businesses, implementing a sector-based plan to build relationships with employers across our key sectors. This work involved over 75 in-person meetings, facility tours, and honest discussions with business leaders to identify ways to partner and work collaboratively to support their growth. Strengthening our connections to existing industry has positioned us well for investment promotion efforts in the coming year. Collaborating with businesses to tell our story and champion Hamilton as a location of choice for new investment and employment growth. We must continue to try to attract businesses that pay their staff well and help maintain and grow the city into a strong economic powerhouse. The reality is the city performs well because we are lucky to have a very diversified business base.

The work of the Municipal Endowment Fund continues. The team have several irons in the fire, and although I would have liked quicker progress, choosing the right opportunities is essential, timing, and appropriate analysis, must not be rushed. I welcome Cr Maxine to the Municipal Endowment Fund committee and remind all Elected Members they are welcome to attend any Municipal Endowment Fund meeting.

When I reflect on the last 12 months activities of Te Waka and Tourism Waikato, I feel there has been some positives results, but more importantly, we now more than ever are mindful of how we must achieve efficiencies and leverage.

The facts are clear the airport is performing well, but I remain disappointed about the lack of dividends. I do, however, look forward to receiving the airport companies draft position on its dividend. Policy for elected members to discuss and provide feedback. I re-confirm my personal view that there will be a time when exiting or reducing our shareholding will be the right thing to do. However, I accept this is not the time. I feel it would be important that there are regular meetings between the shareholding councillors rather than just the mayors of each of the councils. I understand this is likely to happen and I welcome it.

Finally, in my opinion, the next 12 months of trading is going to be challenging. Inflation is still not under control. Interest rates are still high and development activity has slowed and several companies are signalling a very cautious approach to the next 12 months.

I'd like to thank Cr Mark for all his support and Mike Bennett and his team for the wonderful work they do.

From Deputy Chair Cr Mark Donovan

Hot off the press (Waikato Business News – November 2023) is a statement that sporting, travel and cultural events are back at places we know and love. The Hamilton Gardens, FMG Stadium and Globex Arena stand out as being significant contributors to both sporting and business events across our region. We have the opportunity in front of us to continue to place Hamilton City at the top of mind for conference planners and event promoters. Success factors include a business-friendly environment that encourages entrepreneurship and investment. From this approach comes revenue generation, the very outcome we should be aiming for. So just like a quick pass from centre court catch, let's take it with both hands.

Recommendation

That the Economic Development Committee receives the report.

Cr Ewan Wilson & Cr Mark Donovan

Council Report

Committee: Economic Development Committee
Date: 14 November 2023
Author: Blair Bowcott
Authoriser: Blair Bowcott
Position: General Manager Strategy, Growth and Planning
Position: General Manager Strategy, Growth and Planning
Report Name: General Manager's Report

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Economic Development Committee on progress on the targeted outcomes detailed in the economic development agenda for the current Triennium.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. At the 16 March 2023 Economic Development Committee, I outlined the outcomes and plan for our economic agenda for this Triennium (see [here](#), Item 6). The document outlined that the purpose of the Committee is:

'Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians'.
4. **Attachment 1** provides an update showing our progress towards those targeted outcomes.
5. Staff are on track to complete or come close to completion of many Year 1 outcomes identified at the start of 2023. Similarly, the Year 2-3 tasks are at or ahead of pace for completion.
6. As this tool was developed and trialled mid-year, staff will work with leadership and consult with the Chair and Deputy Chair to ensure it is meeting the needs of the Committee and remains a tool that helps drive outcomes.
7. Given that this is the last Economic Development meeting for 2023 and the next meeting isn't until 12 March 2024, any matters needing to be progressed during that time that are not covered by an existing resolution or delegated authority may be taken direct to a Council meeting.
8. Staff consider the decisions in this report have low significance and that the recommendations comply with Council's legal requirements.

Discussion – *Matapaki*

Progress on targeted outcomes

9. Based on the Committee's updated targeted outcomes document, staff created a summarised visual representation of the progress toward completion of the tasks associated with each outcome and presented it as part of the 28 June 2023 Committee meeting.
10. Feedback was largely positive, recognising the distinction between outcomes that are targeted for completion with 1 year and those that are designed to be progressed over the triennium.
11. It was also noted that there are nuances involved with assigning a percentage completion to work that is being done successfully and is on-track to be 100% completed at year-end.
12. Updates to the progress snapshot include Tourism, Events and Visitation outcomes advancing on pace with their 2-3 year delivery schedule for work related to generation of visitor nights and increasing the utilisation and commercial opportunities at H3 venues. Those activities are reported in greater detail on a 6-monthly basis by Sean Murray, GM of Venues, Tourism and Events.
13. Growth Funding and Analytics have similarly remained on target to meet their outcome of ensuring Council utilises their work to make data-driven decisions.
14. Our economic development programme continues to drive proactive engagement with employers and investment promotion work includes enhancements to the [Tech in the Tron](#) webpage.

Financial Considerations - *Whaiwhakaaro Puutea*

15. There are no financial implications in relation to the information provided in this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

16. Staff confirm that recommendation complies with the Council's legal and policy requirements.

Climate Change Impact Statement

17. Staff have considered the key considerations under the Climate Change Policy and have determined that an adaptation assessment and emissions assessment is not required for the matter(s) in this report.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

18. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
19. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
20. The recommendations set out in this report are consistent with that purpose.
21. There are no specific social, environmental, or cultural wellbeings associated with this report.

Economic

22. The work of Council's Economic Development team directly supports the Economic Development Committee, which is responsible for Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians.

23. Promoting Hamilton's value proposition forms the basis of efforts to promote new investment and job creation in the city.

Risks - *Tuuraru*

24. There are no known risks associated with this matter.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

25. Having considered the Significance and Engagement Policy, staff have assessed that the recommendation of this report has a low level of significance.

Engagement

26. Given the low level of significance no engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - 14 November 2023 Economic Development Committee Outcomes Dashboard

Attachment 2 - Waikato Regional Airport Limited Annual Report 2022/23

Attachment 3 - Hamilton Visitor Insights Report October 2023

Economic Development Committee - Targeted Outcomes



Progress Toward Completion

As at 1 November 2023



Programme	Outcomes	Tasks	Progress	Delivery Year	Comments
Strategic Property	Commercial Accommodation	Confirm development plans for a new 4+ star hotel in Year 1	50%	1	In negotiations.
		New hotel under construction in Year 3	30%	2-3	In negotiations.
	Strategic Property	Implement a process for proactively assessing land development opportunities	75%	1	
		Identify and propose investment options for the Municipal Endowment Fund	75%	1	
Venues, Tourism, and Major Events	Hamilton Airport	Monitor performance and strategic goals with local government shareholders	100%	1	2023 YE results presented last meeting of Committee. See attached final report.
		Focus on a long-term role as part of the aviation industry and regional economy	100%	1	Refer to statement of intent. Ongoing action across aviation dev't initiatives, hotel activity, broader industrial property development via Titanium Park (refer annual report).
	Tourism, Events and Visitation	Generation of visitor nights in order to: strengthen the business case for commercial accommodation development	100%	1	Refer attached visitor generation report. Ahead of 2022, approaching pre-COVID. Demand factors accepted by hotel developers, build costs are an impediment.
		Generation of visitor nights in order to: capture new business opportunities	100%	1	
		Increase utilisation and commercial opportunities at H3 venues, visitor attractions	100%	1	Ahead of plan. H3 Venues: 76% increase on prev yr att. Visitor Destinations: 14% increase on prev yr visitation.
Growth Programmes	Success of Growth Centres	Central City: increases in residential, employment, hospitality, commercial activity	75%	1	IAF housing agmts, Union Square/Waikato Reg. Theatre, alignment, ACC and NZ Blood Svc, hotel investigation.
		Central City: partnerships to attract and promote events	75%	1	Partnership with HCBA, central city activation fund, FIFA events, hotel investigation.
		Ruakura: enable Waikato-Tainui aspirations at Ruakura Superhub	75%	1	50% in June 2023. Relationship management, Eastern Transport Corridor Business Case.
		Ruakura: operational alignment with Tainui Group Holdings	60%	1	Plan Change 15 RMA process and other consents, plan change hearings delayed until 2024.
		Rotokauri-Northwest: increased investment and employment from industrial users	50%	2-3	Enabling industrial growth at Te Rapa Gateway, commercial activity at Te Awa Lakes.
		Rotokauri-Northwest: realisation of transit-orientated development opportunities	50%	2-3	Investigation of Plan Change 10 and industrial land supply.
Analytics	Data-driven Decisions	Use economic data to support additional industrial/business land designations	100%	1	Sept update: non-residential sector demand analysis for City Planning.
		Generate reporting that captures the economic impact of key projects	100%	1	Sept update: modelling impact of infrastructure constraints on growth projections for DC policy review.
Economic Development Programme	Proactive Engagement	Visit at least 25 businesses from each of three key sectors: manufacturing; agritech, technology and innovation; logistics	100%	1	71 employers from Feb-Oct. with additional booked in Nov-Dec to total at least 79 for the year.
		Quarterly meetings with leaders from the education and healthcare sectors	100%	1	Began regular engagement with both sectors, will continue and enhance in 2024.
		Partnerships with commercial developers to understand market activity	100%	1	Included commercial real estate advisors in Q3-Q4 to compliment ongoing developer meetings.
	Investment Promotion	Guide and manage successful retention or expansion projects in our key sectors	75%	1	Direct support for multiple ongoing projects (agritech, logistics, and general office).
		Continue to lead tech sector growth efforts alongside The Cultivate Trust	75%	1	Nearing completion Phase 2 of Tech in the Tron website.
		Participate in events that showcase Hamilton to business leaders and talent	75%	1	Postponed by all parties involved to reevaluate best approach for planned 2024 events
	Shaping Narratives	Increase an economic growth mindset across all Committee-related activities	50%	2-3	Continuing work programme in 2024.
		Publish key sector overviews and monthly economic development insights	75%	1	Delivered Q1/Q2 Q3/Q4, 2023 summary sector insights. Monthly insights impacted by workload.
		Upgrade digital content and increase public engagement with our website	75%	1	Proposed updates provided to Comms, due to be actioned in November.
	NZ Food	Shareholder review and plan underway in Year 1	75%	1	Executing delegations related to shareholdings.
		Shareholder review and plan completed in Year 2 or 3	75%	2-3	Anticipating completed actions by March 2024, but possibility of earlier completion.

Annual Report

20
23



Attachment 2

Item 7

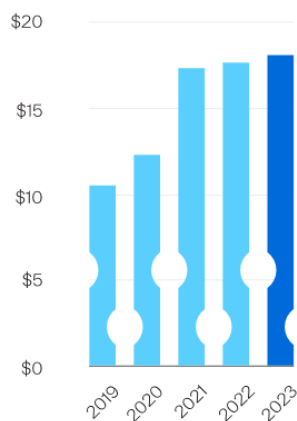
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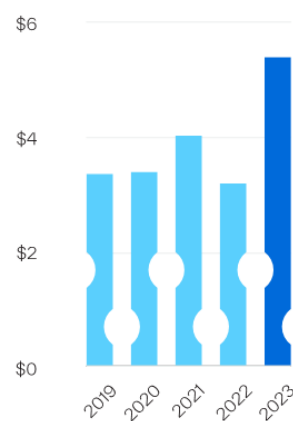
Consolidated Statement

2023 Results at a glance

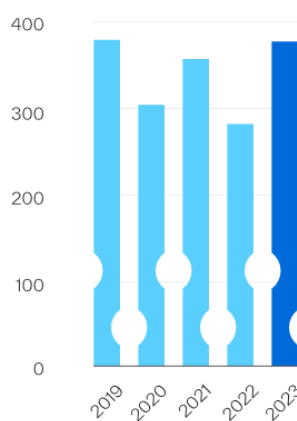
\$m Operating Revenue



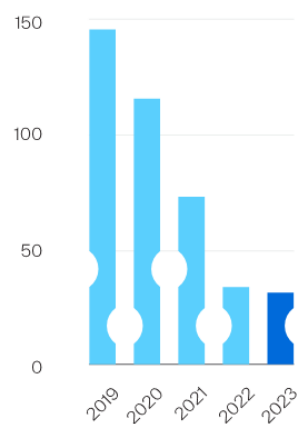
\$m Aeronautical Income



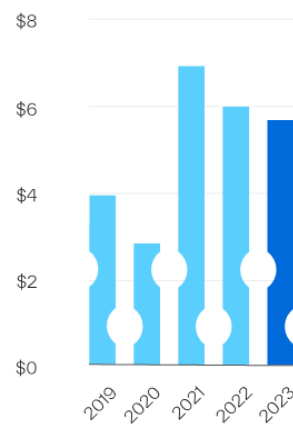
000 pax Passenger Activity



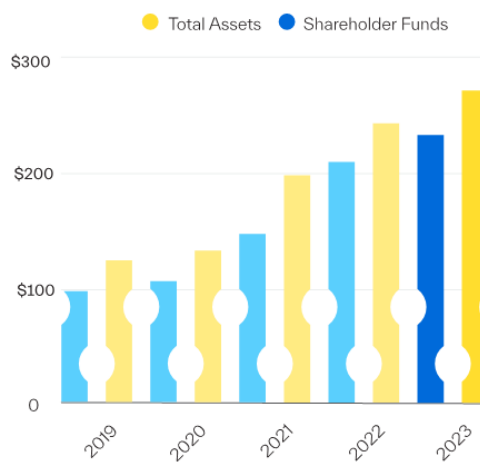
000 mvmts Aircraft Movements



\$m Profitability: EBITDA before Land Sales



\$m Balance Sheet: Equity & Assets



Five Year Summary

All amounts in '000	2019	2020	2021	2022	2023
Aeronautical income	\$3,350	\$3,379	\$4,015	\$3,200	\$5,398
Operating revenue	\$10,484	\$12,355	\$17,324	\$17,686	\$18,090
EBITDA excluding Land sales	\$3,964	\$2,838	\$6,931	\$5,996	\$5,674
Net profit before tax	\$3,021	\$5,780	\$37,141	\$25,129	\$18,581
Passenger Activity	381	304	358	283	378
Aircraft movements	146	116	73	34	31
Total Assets	\$124,220	\$132,576	\$197,801	\$243,990	\$272,767
Shareholder Funds	\$97,285	\$105,734	\$173,192	\$210,725	\$233,932
Shareholder Funds Ratio	78%	81%	88%	86%	86%
Net Asset Backing per Share	\$19.56	\$21.55	\$34.82	\$42.37	\$47.04

Chair's introduction

In contrast to the past three annual reports, which were dominated by the impact of COVID-19 disruptions, the year 2023 marks a return to the Group to a more normalised operating environment.

In contrast to the past three annual reports, which were dominated by the impact of COVID-19 disruptions, the year 2023 marks a return to the Group to a more normalised operating environment leading to the removal of final restrictive and public health measures and the complete reopening of New Zealand's borders.

During the first half of the financial year, the aeronautical business experienced robust performance, the Group further benefiting from the successful reintegration of our hotel business into public trading. After serving as a Managed Isolation & Quarantine Facility (MIQ) for two years, the hotel underwent substantial upgrade works, which had been postponed during its MIQ operation. Initially, there was a cautious outlook for the year with modest expectations for the hotel's performance. However, the hotel made a remarkably positive return to the market, surpassing trading expectations.

The Group's diversification strategy has proven highly effective, as evident from its consistent profitability and surpassing of annual earnings targets. Notably, the Group has invested over \$40 million in long-term assets and property development, resulting in a remarkable doubling of its asset holdings' value. These achievements were accomplished with a modest net increase in debt, totalling just over \$3 million in the last three years.

The year will be remembered by many for the completion of the terminal resilience project; the result of which was the unveiling of a seismically strengthened, resilient, and contemporary

domestic terminal in late 2022. Notably, the project was accomplished within budget, despite the challenges faced over the previous 24 months.

The new terminal boasts modern architecture, deeply influenced by the region's rich and unique cultural heritage as the home of Kiingitanga. Five significant taonga artworks now grace the terminal, commanding a strong presence and celebrating the area's cultural legacy. Moreover, the Group took this opportunity to revitalise its overall brand identity and corporate values. Bilingual signage, incorporating Te Ao Maaori values, was introduced, further reinforcing the Group's commitment to embracing and honouring

Maaori culture.

Concurrent with the brand and values transformation, every entity within the Group has been actively embarking on a sustainability journey. For the first time, carbon reduction targets were outlined in our Statement of Intent, and we are proud to report that both electricity and water reduction targets were successfully met, with impressive 5% reductions achieved. Furthermore, the Group's commitment to sustainability led to the completion of a 5000m2 solar farm by the end of the year. The commissioning of this solar farm is scheduled for early in the upcoming financial year, pending the finalisation of electricity network connections. Anticipated outcomes are incredibly promising, as this initiative is projected to yield upwards of 25% in annual electricity savings for the Airport.

It is pleasing to note that since the unrestricted opening of our international borders a little over



The Group's
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twelve months ago, there has been credible inquiries for the revival of an international pilot academy. WRAL remains confident of a bright future for the facility. The current global shortage of pilots and the future growth ambitions of the airlines are expected to contribute significantly to the restoration of the 70% loss in air traffic movements at our airport. Bolstered by this positive outlook, the Group moved forward with the acquisition of the flight training centre buildings from the former operator during the year, one of three strategic acquisitions of specialist aeronautical assets.

One of the other aeronautical acquisitions involved the purchase of the former Air New Zealand regional engineering base. This facility has now been leased to a globally recognised aircraft maintenance and engineering firm, with airline jets now frequenting our airport for their maintenance needs.

As projected, the financial year turned out to be a record year for Titanium Park, with the successful completion of the highly anticipated fifth and final stage of the Central Precinct. First settlements from this stage resulted in an impressive gross margin of \$10 million generated from land sales during the current year, and an additional \$2 million achieved after year-end. These substantial returns played a crucial role in enabling the Group to continue investment across all facets of the Airport precinct, through very challenging times.

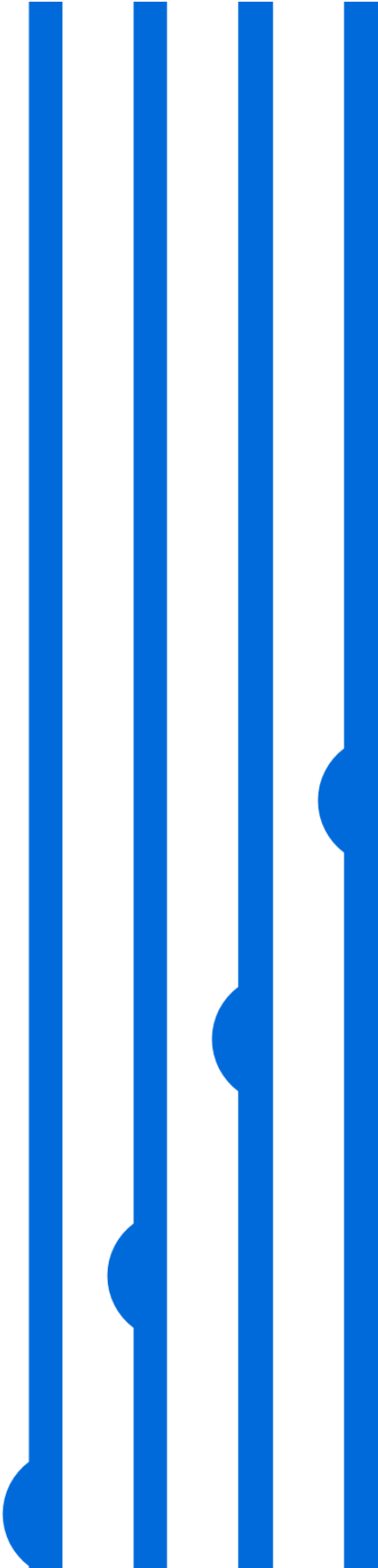
As we conclude development in the Central, Southern, and Raynes Precincts on the Eastern side of the airport, this signifies the end of an era for Titanium Park. During the year, final obligations related to existing precinct developments have been accounted for and reflected in the balance sheet, leading to a one-off expense of \$2.9 million in the current year. Titanium Park to date has delivered strong returns, proving invaluable to the WRAL Group, especially during recent times. However, the 40 hectares developed so far is only a fraction of the opportunities that await in the 100-hectare Northern Precinct to be developed over the next decade.

During the last week of the financial year, Titanium Park received notice that the Private Plan Change application, aimed at rezoning nearly 100 hectares of land adjacent to the Airport, was officially accepted by Waipa District Council's Independent Commissioners. This development holds a value exceeding \$100 million and offers tremendous potential for the Group, creating a robust legacy income stream through leasing and land sale opportunities. The acceptance of this application marks a pivotal step forward and ensures the continuity of our successful 10-year diversification strategy. As detailed further in the annual report, an appeal was subsequently lodged against this decision shortly after year end, so a focus of the new financial year will be working with appellants to agree a way forward that balances meeting our aspirations with any new obligations or conditions that may arise.

Barry Harris
Chair



HAMILTON AIRPORT ANNUAL REPORT 2023 / 6



Consolidated Financial Statements

20
23



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Attachment 2

Consolidated Statement of COMPREHENSIVE REVENUE AND EXPENSE

Year
ended
30 June
2023

		2023 \$ '000	2022 \$ '000
Revenue			
Operating revenue	2A	18,090	17,686
Land sales		14,723	2,020
Other gains	2B	10,861	22,762
		43,674	42,468
Expenses			
Operating expenses		(7,337)	(7,002)
Cost of land sales		(4,633)	(1,633)
Employee benefits expense		(5,079)	(4,688)
Depreciation & amortisation	3A, 3B	(4,419)	(3,420)
Other losses	2B	(3,043)	(143)
Finance costs		(582)	(453)
		(25,093)	(17,339)
Net surplus/(deficit) before tax		18,581	25,129
Tax (expense)/credit	4A	(122)	(681)
Net surplus/(deficit) after tax		18,459	24,448
Other comprehensive revenue & expense			
Revaluation of property, plant & equipment	3A	6,919	14,734
Tax (expense)/credit	4A	(1,671)	(1,649)
Total other comprehensive revenue & expense		5,248	13,085
Total comprehensive revenue & expense		23,707	37,533

The accompanying notes form part of these financial statements

Consolidated Statement of CHANGES IN EQUITY

Year
ended
30 June
2023

	SHARE CAPITAL \$'000	RETAINED EARNINGS \$'000	REVALUATION RESERVES \$'000	TOTAL \$'000
Opening Balance - 1 July 2021	14,860	72,189	86,143	173,192
Net surplus/(deficit) after tax	-	24,448	-	24,448
Other comprehensive income	-	-	13,085	13,085
Total comprehensive income	-	24,448	13,085	37,533
Dividends paid to shareholders	-	-	-	-
Closing Balance - 30 June 2022	14,860	96,637	99,228	210,725
Opening Balance - 1 July 2022	14,860	96,637	99,228	210,725
Net surplus/(deficit) after tax	-	18,459	-	18,459
Other comprehensive income	-	-	5,248	5,248
Total comprehensive income	-	18,459	5,248	23,707
Dividends paid to shareholders	-	(500)	-	(500)
Closing Balance - 30 June 2023	14,860	114,596	104,476	233,932

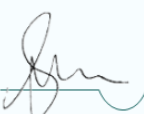
The accompanying notes form part of these financial statements

Consolidated Statement of FINANCIAL POSITION

As at
30 June
2023

		2023 \$ '000	2022 \$ '000
Current Assets			
Cash and cash equivalents	5B	672	412
Trade and other receivables		2,679	3,665
Inventories		39	99
Development property	3C	13,833	11,831
		17,223	16,007
Non Current Assets			
Property, plant and equipment	3A	161,942	142,767
Investment property	3D	92,620	84,450
Intangible & other non-current assets	3B	982	766
		255,544	227,983
Total Assets		272,767	243,990
Current Liabilities			
Trade and other payables	4B	6,864	6,973
Employee entitlements		595	609
Provisions	4C	556	807
Borrowings	5B	20,220	-
		28,235	8,389
Non Current Liabilities			
Provisions	4C	5,078	844
Borrowings	5B	-	16,995
Deferred tax liability	4A	5,522	7,037
		10,600	24,876
Total Liabilities		38,835	33,265
Net Assets		233,932	210,725
Equity			
Share capital		14,860	14,860
Retained earnings		114,596	96,637
Revaluation reserves	5A	104,476	99,228
Total Equity		233,932	210,725

Authorised for issue by the Board of Directors on 13 September 2023

Director 

Director 

The accompanying notes form part of these financial statements

Consolidated Statement of CASH FLOWS

Year
ended
30 June
2023

	2023 \$ '000	2022 \$ '000
Operating activities		
Receipts from operations	17,374	17,561
Receipts from land sales	14,574	2,020
Payments to suppliers and employees	(12,584)	(10,711)
Payments for construction of development property	(5,994)	(4,794)
Payment of interest	(864)	(384)
Payment of income taxes	(1,270)	(1,995)
Net cash from/(used in) operations	11,236	1,697
Investing activities		
Receipts from sale of property, plant and equipment	13	500
Purchases of property, plant & equipment	(13,669)	(6,747)
Purchases of investment properties	(49)	(107)
Purchases of intangible & other assets	(406)	(87)
Net cash from/(used in) investment activities	(14,111)	(6,441)
Financing activities		
Receipts from/(repayments of) borrowings	3,225	5,000
Payments of dividends	(500)	-
Net cash from/(used in) financing activities	2,725	5,000
Net change in cash for the period	(150)	256
Add opening cash and cash equivalents balance	221	(35)
Closing cash and cash equivalents attributable to the Group	71	221
Closing cash and cash equivalents attributable to the Group	71	221
Cash and bank balances held in capacity as agent	601	191
Total cash and cash equivalents	672	412

The accompanying notes form part of these financial statements

Notes to the CONSOLIDATED FINANCIAL STATEMENTS

Year
ended
30 June
2023

Section One: About our annual report

This section of notes explains how we have prepared the financial statements and the general accounting policies we have applied. More specific policies and judgements we have made are explained in sections 2-4.

1A Reporting entity

Waikato Regional Airport Limited owns and operates Hamilton Airport. Its consolidated financial statements include the results of the Company and its wholly owned subsidiaries:

- Titanium Park Limited (TPL) conducts commercial and industrial property development around the airport precinct.
- Hamilton & Waikato Tourism Limited (HWT) is the Waikato region's official Regional Tourism Organisation and promotes the region as a business and leisure tourism destination both nationally and internationally.
- Waikato Regional Airport Hotel Limited (WRAHL) trading as the Jet Park Hamilton Airport Hotel & Conference Centre.

1B Basis of preparation

These consolidated financial statements have been prepared to comply with:

- Companies Act 1993
- Local Government Act 2002
- Airport Authorities Act 1966

The financial statements are prepared in accordance with Generally Accepted Accounting Practice, which in the case of the Group, is the Public Benefit Entity standards for Public Sector organisations that have less than \$30 million annual expenditure ("Tier 2 PBE Standards"). The Group is eligible to apply Tier 2 PBE Standards, including the Reduced Disclosure Regime as it is not publicly accountable or large.

The financial statements are presented in New Zealand Dollars and rounded to the nearest thousand dollars unless otherwise stated. The Group does not routinely enter into material

transactions denominated in foreign currencies. Except as disclosed in the Notes to the Financial statements, all amounts have been recorded using the historical cost measurement basis, on the assumption the Group is a going concern. All amounts presented are shown exclusive of GST, except for amounts owing or receivable where the balance is inclusive of GST.

In preparing the consolidated financial statements, transactions including revenues, expenses and loans occurring between entities and balances owing/receivable between entities at year end in the Group have been eliminated. Individual entity financial statements are adjusted, if necessary, to comply with the Group's accounting policies upon consolidation.

During the year ended 30 June 2021, Hamilton & Waikato Tourism was appointed the lead entity for the Thermal Explorer Regional Events Fund, a central government-funded tourism initiative to boost domestic tourism. HWT acts only as an agent for the fund which represents 8 Central North Island RTOs and Local Authorities, therefore revenues and expenses of the fund's trading activity are excluded from the consolidated results of the Group. Any assets and liabilities held by HWT on behalf of the fund in its capacity as an agent are separately identified in the Notes accompanying these financial statements.

Critical estimates and judgements

In preparing financial statements that comply with Tier 2 PBE Standards, the Group has made certain estimates and judgements which have a material impact on the amounts reported, in particular the valuation of Property, Plant & Equipment (Note 3A), carrying value of Intangible Assets (Note 3B); cost of Development Property (Note 3C); valuation of investment Property (Note 3D); and provisions and contingencies in respect of Infrastructure Development (Note 4C).

The carrying value of Buildings included within Property, Plant & Equipment (Note 3A) at 30 June 2023 is based on materially revised assumptions around the remaining useful lives of certain buildings than those applied in previous periods. There have been no other material change in estimate methodologies adopted in the current year.



1C Specific Accounting Policies

Accounting policies adopted by the Group and critical estimates and judgements made in preparing these financial statements are detailed further in the accompanying notes, in addition to those outlined below.

All accounting policies have been applied consistently to both the current reported period balances and the comparative amounts, and there have been no changes in accounting policies in the current or previous year. Certain amounts have been restated from previous periods to comply with current year presentation. These changes in presentation have not had any material impact on the amounts previously reported in prior periods. Additionally, there have been no material changes arising from the adoption of newly effective accounting standards.

(i) Land Sales

Revenue from sale of development property is recognised when the significant risks and rewards of ownership have passed to the purchaser. This ordinarily coincides with settlement by the purchaser. Upon recognising the sale of development property, the cost of that property and any transaction costs are expensed to net surplus/(deficit).

(ii) Employee benefit expense & Employee entitlements

Employee benefit expense includes all salaries, wages, any performance bonuses paid to staff and contributions to post-employment benefit schemes (e.g. Kiwi Saver). The Group's expense also includes PAYE income tax and other deductions made by the Group. Amounts owing to staff, and any deductions collected but not yet paid, are recognised within the Employee entitlements liability. All Employee entitlements including performance bonus schemes are expected to be settled in the next twelve months, so no discounting adjustment is made.

(iii) Finance Costs

Finance costs include interest incurred on

borrowings and other similar charges. Finance costs are expensed except to the extent they relate to borrowings specifically incurred to finance construction of qualifying assets, in which case the finance costs are capitalised as part of the asset's cost. Qualifying assets typically take more than 6 months to construct. Upon completion of the asset construction, capitalisation of further finance costs ceases. During the year ended 30 June 2023, \$204,000 of interest costs were capitalised to property, plant & equipment (2022: \$73,000).

(iv) Trade and other receivables

Trade and other receivables are recorded at their expected realisable value, net of an allowance for balances where collection appears doubtful. Balances receivable by the Group are subject to a provision where there is material uncertainty around collection. No provision was made at 30 June 2023 (2022: none).

(v) Inventory

Inventories include consumables for use in the Group's operations which are recorded at cost, and goods for re-sale in the Group's retail outlets which are recorded at lower of cost or net realisable value when it is identified the selling price will be less than their cost. There have been no material write downs of inventory in the current or previous period.

(vii) Impairment of non-financial assets

All assets not already recorded at fair value are reviewed for indicators of impairment when there are indicators that asset's value may not be recoverable. An impairment loss is recognised when an asset's recoverable value is less than its current carrying value. Impairment losses are recognised in net surplus/(deficit) except to the extent a loss relates to a reduction in the fair value of an asset previously revalued through the Asset Revaluation Reserve, in which case the revaluation reserve is reduced. The recoverable value of an asset is the greater of its disposal value or value in use, being its depreciated replacement cost.

Notes to the CONSOLIDATED FINANCIAL STATEMENTS

Year
ended
30 June
2023

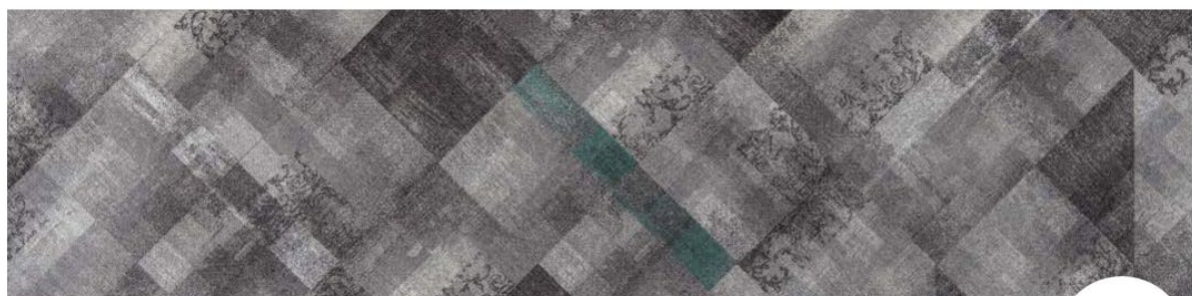
Section Two: About our performance for the year

2A Operating Revenue

Operating revenue from exchange transactions is recognised when the underlying goods or services have been provided to the customer. Rental income from property leased to customers by the Group is recognised on a straight line basis over the lease term. Amounts received from customers in advance of the underlying goods or services being delivered are deferred initially and recognised within the revenue in advance liability in Note 4B.

Revenue from non-exchange transactions arise when there is no obligation to deliver goods or services directly in return to the funding provider. Revenue is only deferred if there are other substantive performance obligations yet to be met or conditions to return unspent amounts to the funding provider. Included in non-exchange income is government grant revenues recognised for the COVID19 employer wage subsidy. Grant monies received for periods covering July and August 2020, then August to November 2021. These amounts were initially as liabilities when received, then as income as the underlying payroll costs were incurred.

	2023 \$'000	2022 \$'000
Aeronautical, landing and passenger charges	5,398	3,200
Leases, rentals and concessions	3,621	3,270
Carparking & retail	3,175	2,108
Hotel trading	3,344	6,558
Other	231	330
Total exchange revenue	15,769	15,466
Regional Tourism Organisation funding	2,321	1,974
Government grants	-	246
Total non-exchange revenue	2,321	2,220
Total operating revenue	18,090	17,686



2A Operating Revenue (continued)

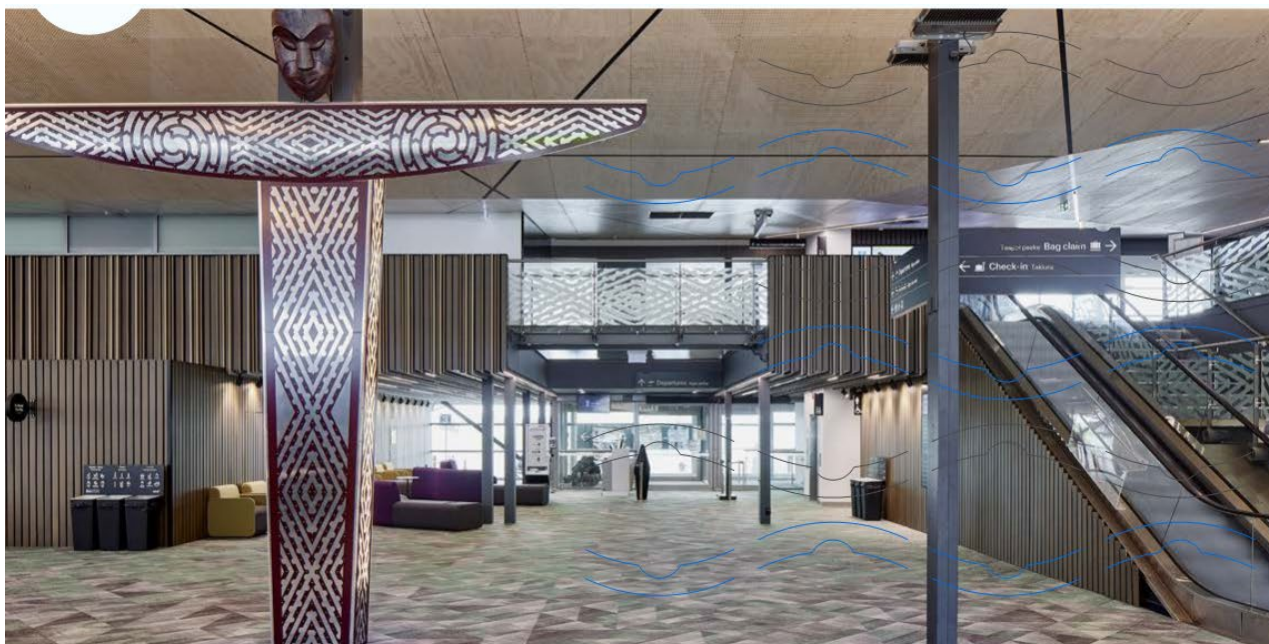
In addition to its own operating revenue, the Group also receives revenues and incurs expenses in an agency capacity on behalf of other parties. Amounts received in the capacity as an agent, and expenditures incurred in the same capacity, are excluded from the amounts reported in the Consolidated Statement of Comprehensive Revenue and Expense. The Group entered into the following major agency relationships:

- The Group, via its subsidiary Hamilton & Waikato Tourism Limited, was appointed as the lead entity for the Thermal Explorer Regional Event Fund, a fund administered by HWT on behalf of four Central North Island regional tourism organisations. HWT received funding from the Ministry of Business, Innovation & Employment on behalf of the Fund.
- The Group, in connection with its Hotel operation that traded as a Managed Isolation & Quarantine (MIQ) Facility incurred expenditure on behalf of, and received monies from, the Ministry of Health in connection with providing specialist health and security services to guests during the period of its MIQ contract, in addition to regular hotel accommodation and food and beverage services.

AGENCY REVENUE	2023 \$ '000	2022 \$ '000
Thermal Explorer Regional Event Fund	1,052	645
Hotel Managed Isolation & Quarantine Contract	95	385
Total agency revenue not recognised	1,147	1,030

2 B Other gains and (losses)

		2023 \$ '000	2022 \$ '000
Other gains			
Gain on revaluation of investment property	3D	8,121	22,332
Gain on acquisition of property, plant & equipment	3A	2,740	-
Gain on disposal of property, plant and equipment		-	430
		10,861	22,762
Other losses			
Change in provision estimate for infrastructure obligations	4C	(2,888)	-
Impairment expense		(109)	(143)
Loss on disposal of property, plant and equipment		(46)	-
		(3,043)	(143)



2C Our performance against our financial targets set in our Statement of Intent (Our Statement of Service Performance)

EARNINGS PERFORMANCE TARGETS	2023			2022		
	Actual \$'000	Target \$'000	Met	Actual \$'000	Target \$'000	Met
Net surplus/(deficit) before tax no less than	10,763	6,000	✓	2,123	1,200	✓
Earnings before tax, interest, depreciation & amortisation (EBITDA) excl Land Sales of at least	5,674	4,300	✓	5,996	5,200	✓
Earnings before tax, interest, depreciation & amortisation (EBITDA) incl Land Sales of at least	15,764	11,100	✓	6,383	5,700	✓
Percentage of non-landing charges to total revenue of at least	70%	60%	✓	82%	60%	✓
Land Sales of at least	14,723	14,000	✓	2,020	2,000	✓
Interest coverage ratio of at least	9.7	4.0	✓	13.2	4.0	✓
CASH FLOW AND FUNDING PERFORMANCE TARGETS						
Net operating cash flow excl Land sales of at least	2,656	3,500	✗	4,471	3,600	✓
Net debt a maximum of	20,149	30,000	✓	16,774	29,000	✓
SHAREHOLDER VALUE PERFORMANCE TARGETS						
Shareholder funds to total assets of at least	86%	75%	✓	85%	75%	✓

All earnings and profitability financial performance targets exclude the effect of other gains and losses recognised in net surplus/(deficit) unless otherwise stated. The 2022 net profit before tax metric was set excluding the effect of land sales activity.



2C Our performance against our non-financial targets set in our Statement of Intent (Our Statement of Service Performance)

PERFORMANCE TARGET	COMMENT	Met	
		2023	2022
Zero WorkSafe notifiable accidents/injuries.	There were no notifiable incidents in either 2022 or 2023.	✓	✓
Independently review and audit the health and safety system each year.	An independent audit of the Group's health and safety framework was undertaken and all recommendations were implemented.	✓	✓
To achieve airport certification standards required by the Civil Aviation Authority (CAA) as evidenced by CAA audit reports.	The airport continues to meet all relevant CAA certification standards	✓	✓
Ensure airport is operationally available for all scheduled passenger services (except for uncontrollable events).	There have been no incidences of scheduled flights being operationally impacted by controllable events	✓	✓
Facilitate noise management meetings every 4 months in accordance with the noise management plan.	Regular meetings were facilitated every 4 months however have reduced frequency to 6 months during the 2022 year due to reduced air movements. The target was not set for 2023.	n/a	✗
Facilitate health & safety meetings every 2 months with representatives from each company department.	Health & Safety committee meetings were undertaken on a monthly basis in 2022. The target was not set for 2023.	n/a	✓

2C Our performance against our non-financial targets set in our Statement of Intent (Our Statement of Service Performance)

PERFORMANCE TARGET	COMMENT	2023	Met 2022
TITANIUM PARK LIMITED			
Complete construction of airport infrastructure to support private aeronautical property development and land sales	Settlement of land sales were completed however purchasers did not require aeronautical infrastructure to be completed in the 2023 year.	×	n/a
Complete construction of the 5th Stage of Titanium Park's Central Precinct.	Plans were finalised and construction had commenced during the 2022 year however it was not completed by year end due to COVID19-related construction delays. The target was not set for 2023.	n/a	×
Develop a masterplan for Titanium Park's Northern Precinct and prepare a private plan change submission to Waipa District Council	The masterplan was completed in 2021, and the plan change submitted during 2022. The target was not set for 2023.	n/a	✓
JET PARK HOTEL HAMILTON AIRPORT (WAIKATO REGIONAL AIRPORT HOTEL LIMITED)			
Implement a recovery plan to enable a steady return to pre-COVID key metrics such as occupancy, room rates and customer satisfaction in line with the expectations underlying the achievement of a Qualmark 4 Star rating.	The hotel resumed trading to the public in the 2023 financial year after two years as a MIQ Hotel. The Hotel maintained its Qualmark 4 Star rating and exceeded trading budget.	✓	×
HAMILTON & WAIKATO TOURISM LIMITED			
Successfully Deliver the first year of the \$3.75m Regional Events Fund for Waikato, Rotorua, Ruapehu and Taupo	Due to COVID19 travel and event restrictions a number of events did not take place during the 2022 year (cancelled or postponed) meaning the investment plan was not fully delivered. The target was not set in 2023.	n/a	×
CLIMATE CHANGE RESPONSE			
Reduce Group electricity consumption by 3% on 2022 levels (measured in kWh used) and maintain water consumption level on 2022 levels (measured in Litres used).	Reductions in water and electricity of greater than 3% in each were achieved in 2023. There was no target set for 2022.	✓	n/a

Notes to the CONSOLIDATED FINANCIAL STATEMENTS

Year
ended
30 June
2023

Section Three: About our assets

This section provides information about the assets we own, how much they are worth and how we value and report them on an ongoing basis.

3A Property, Plant and Equipment

Classes of Asset

Property plant and equipment comprises the following classes of assets:

- Land owned by the Group for use in its own operations or retained for strategic purposes
- Buildings owned by the Group for use in its own operations or retained for strategic purposes
- Airport infrastructure, including runways, taxiways, apron areas, reticulated systems, solar generation assets, internal roading and carparking
- Other plant and equipment, including motor vehicles, general plant and equipment, computer & IT equipment and furnishings

Initial recognition

Items of property, plant and equipment are recognised initially at cost. Assets under construction (work in progress) are recognised at cost and are not depreciated until available for use.

Subsequent measurement

- Land is revalued to fair value determined from market based evidence of similar land.
- Buildings and Airport infrastructure are revalued to fair value. Fair value is determined with reference to market valuations where comparable market data exists for the type of asset being valued. If no market information exists, fair value is estimated using an Optimised Depreciated Replacement Cost basis.

Valuations are undertaken when the Group estimates there has been a material change in fair value, or at least every 5 years. All valuations are undertaken by independent, professional valuers with experience in the types of assets

the Group owns. CBRE Telfer Young undertake land valuations (last full valuation: 2023), Beca Valuations Limited undertake building and airport infrastructure (last full valuations: buildings 2023, infrastructure 2023), except for the Airport Hotel Buildings which are valued by Jones Lange LaSalle (last valuation: 2023) and other Buildings than can be valued with reference to an active market, which are valued by CBRE Telfer Young (last full valuation 2023).

In applying the optimised depreciated replacement cost basis for determining fair value of buildings, assets in relation to Hamilton Airport's former handling of international air services have been optimised to nil fair value as the Group has no plans or ability to realise the economic benefits and service potential of these assets in the foreseeable future.

Changes in fair value including impairment losses are recognised within Other comprehensive revenue & expense except where a revaluation results in a carrying value below the asset's cost, in which case decreases below cost are recognised in net surplus/(deficit) for the period.

Depreciation

Except for land, the cost or valuation of all items of property, plant and equipment are depreciated over their estimated useful lives on a straight line basis

- Buildings - 4-60 years
- Airport infrastructure - 5-100 years
- Other plant and equipment - 3-50 years

Disposals

Upon disposal of an asset, any gain or loss arising between the disposal proceeds and carrying value is recognised in net surplus/(deficit). Any revaluation reserve attributable to the asset is transferred directly to retained earnings.

3A Property, Plant and Equipment (continued)

	Land \$ '000	Buildings \$ '000	Airport Infrastructure \$ '000	Other Plant & equipment \$ '000	Total
Cost/Valuation					
Cost/Valuation at 1 July 2021	72,421	26,041	24,040	7,240	129,742
Additions	-	6,997	151	514	7,662
Disposals	(14)	(223)	-	(1,610)	(1,847)
Revaluation	8,846	2,605	243	-	11,694
Cost/Valuation at 30 June 2022	81,253	35,420	24,434	6,144	147,251
Cost/Valuation at 1 July 2022	81,253	35,420	24,434	6,144	147,251
Additions	323	13,200	1,622	1,473	16,618
Disposals	-	-	-	(712)	(712)
Revaluation	617	5,846	1,380	-	7,843
Cost/Valuation at 30 June 2023	82,193	54,466	27,436	6,905	171,000
Accumulated Depreciation & Impairment					
Accumulated Depreciation 1 July 2021	-	(1,661)	-	(4,448)	(6,109)
Depreciation Expense	-	(830)	(1,745)	(572)	(3,147)
Disposals	-	223	-	1,547	1,770
Revaluation	-	1,295	1,745	-	3,040
Impairment	-	(38)	-	-	(38)
Accumulated Depreciation 30 June 2022	-	(1,011)	-	(3,473)	(4,484)
Accumulated Depreciation 1 July 2022	-	(1,011)	-	(3,473)	(4,484)
Depreciation Expense	-	(1,494)	(2,101)	(634)	(4,229)
Disposals	-	-	-	579	579
Revaluation	-	(3,025)	2,101	-	(924)
Impairment	-	-	-	-	-
Accumulated Depreciation 30 June 2023	-	(5,530)	-	(3,528)	(9,058)
Carrying Value					
30 June 2022	81,253	34,409	24,434	2,671	142,767
30 June 2023	82,193	48,936	27,436	3,377	161,942

At 30 June 2023, airport infrastructure of \$1,769,000 and other plant & equipment of \$66,000 remained under construction and were not in use or depreciated. (2022: buildings, \$8,132,000; aeronautical infrastructure \$149,000 and other plant and equipment \$284,000).

Included in additions to buildings year ended 30 June 2023 were assets acquired in a non-exchange transaction for consideration of \$360,000. These were recognised initially at their fair value upon acquisition of \$3,100,000, with the corresponding revenue included within Other Gains (2022: none).

3B Intangible and other non-current assets

Intangible and other non-current assets comprise:

- Aeronautical designations are consents issued by local authorities that provide regulatory protection for the Group to undertake activities such as extend the airport runway and install approach lighting on neighbouring properties. Assets are recognised initially at the cost obtaining consent from the local authorities, and amortised on a straight line basis over the period of the consents which are between 10 and 15 years (up to 3 years remaining). These assets have been designated as being held in non-cash generating units as the principal purpose is to protect and enhance the future service potential of the airport, over and above generating an economic return.
- Other intangibles have arisen primarily from the acquisition of other business around the airport. They reflect the benefit to the Group of acquiring these businesses with standing contracts and customers and are amortised on a straight line basis over the length of the remaining lives of the contracts which are normally up to 3-6 years. These assets are designated as being held in cash generating units as these businesses were acquired for the primary purpose of generating a profit, rather than to enhance the service potential of the aeronautical business.
- Other assets are recognised initially at the cost of acquisition and amortised on a straight line basis over the expected life of the underlying asset if they have a finite life. Other assets also include investments in other entities where the Group has neither control nor significant influence. Investments are revalued to fair value through other comprehensive revenue and expense where material changes in valuation exist, and the valuation can be reliably estimated. Included in other assets is a 1.40% shareholding acquired during 2023 by the Group in Pyper Vision Limited, a company researching and developing unmanned aerial vehicle (UAV/Drone) and fog dispersal technologies.



3B Intangible and other non-current assets

	AERONAUTICAL DESIGNATIONS \$ '000	OTHER INTANGIBLES \$ '000	OTHER ASSETS \$ '000	TOTAL \$ '000
Cost				
Cost at 1 July 2021	1,059	1,118	184	2,361
Additions	107	-	-	107
Disposals	-	-	-	-
Cost at 30 June 2022	1,166	1,118	184	2,468
Cost at 1 July 2022	1,166	1,118	184	2,468
Additions	180	-	250	430
Disposals	-	-	(184)	(184)
Cost at 30 June 2023	1,346	1,118	250	2,714
Amortisation				
Accumulated Amortisation 1 July 2021	(583)	(699)	(147)	(1,429)
Amortisation Expense	(95)	(168)	(10)	(273)
Disposals	-	-	-	-
Accumulated Amortisation 30 June 2022	(678)	(867)	(157)	(1,702)
Accumulated Amortisation 1 July 2022	(678)	(867)	(157)	(1,702)
Amortisation Expense	(95)	(92)	(3)	(190)
Disposals	-	-	160	160
Accumulated Amortisation 30 June 2023	(773)	(959)	-	(1,732)
Carrying Value				
30 June 2022	488	251	27	766
30 June 2023	573	159	250	982

Included in Aeronautical Designations are costs capitalised toward future and in-progress consent applications of \$287,000 (2022: \$107,000). These costs are not amortised until such time as consents take effect. The Group considers there is low risk of these consents not being granted and therefore no impairment loss is recognised at 30 June 2023 (2022: none).

3C Development Property

The Group, through its subsidiary Titanium Park Limited, undertakes the development of commercial and industrial property for sale. Land held by the Group for development is recognised initially at cost, or carrying value on the date it is designated for development if previously held as Investment property, or Property, plant and equipment. The balance of Development Property includes the costs of land plus costs such as roading and utilities infrastructure as well as consents from regulatory authorities needed to develop subdivisions and interest capitalised on borrowings used to finance development.

Development property is carried at the lower of its cost or its fair value less cost to sell. Fair value less cost to sell is determined by the Group based on contracted future sales prices, and estimates of market value of land not committed to future sale, taking into account sales activity of comparable properties and typical costs incurred in completing sales.

		2023 \$'000	2022 \$'000
Opening balance		11,831	7,256
Development costs capitalised		6,322	4,452
Reclassification (to)/from investment property	3D	-	1,464
Less cost of development property sold		(4,320)	(1,341)
		13,833	11,831

At 30 June 2023, the Group has 8.1 hectares (2022: 13.8 hectares) available for development and sale.

3D Investment Property

Investment properties are land and buildings owned by the Group and held for capital appreciation, or primarily for earning rental income under operating leases. Investment properties are recognised initially at cost then subsequently measured to fair value annually, with changes recognised in net surplus/(deficit).

Fair value is determined by independent, professional valuers CBRE Telfer Young who have experience in the type of Investment properties owned by the Group. Valuations are derived from comparable market data for similar properties.

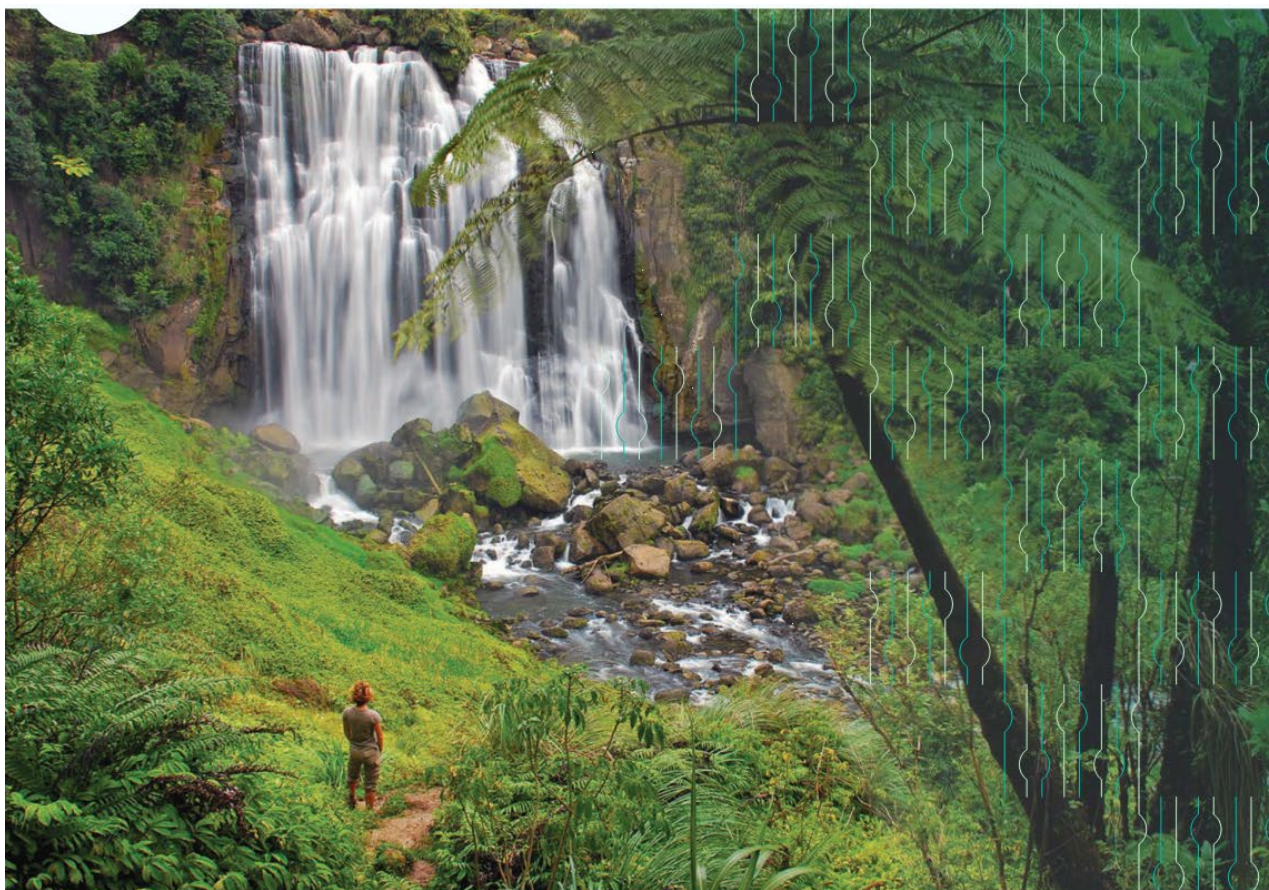
Included within the Group's portfolio are properties that have been valued based on proposed future subdivision developments. These valuations require a significant degree of judgement and estimate to be made about future events in the process of determining a fair value. Such factors requiring estimate and judgment include assumptions in relation to the following key inputs:

- future private plan change (re-zoning) applications and similar resource consent applications being successful
- future costs of subdivision and development and future market sales prices
- timelines to develop and sell and market rates of return on property development

The outcome of these valuations can be materially sensitive to changes in one or more the key inputs and assumptions, which are reviewed annually by the Group's independent valuer.

		2023 \$'000	2022 \$'000
Opening balance		84,450	63,580
Acquisitions & additions		49	107
Reclassification from/(to) development property		-	(1,464)
Impairment of investment property		-	(105)
Changes in fair value	2B	8,121	22,332
		92,620	84,450

During the year ended 30 June 2022, investment property with a fair value of \$1,464,000 was reclassified as development property as the Group committed it for future development and sale by Titanium Park Limited. (2023: none).



Notes to the **CONSOLIDATED FINANCIAL STATEMENTS**

Year
ended
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Section Four: About our obligations and commitments

This section details the future liabilities and commitments we have, and how we have measured and calculated them.

4A Income Tax

Income tax is recognised in net profit/(deficit) except to the extent it relates to items recognised in equity. Income tax expense for the period comprises current tax and deferred tax. Current tax is the estimated income tax payable based on the current period taxable income, plus any adjustments to income tax payable in respect to prior periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax losses used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.



**RECONCILIATION OF
EFFECTIVE TAX RATE**

		2023 \$ '000		2022 \$ '000
Net surplus/(deficit) before tax		18,581		25,129
Income tax at Group's tax rate	28.0%	(5,203)	28.0%	(7,036)
Effect of tax exempt income	(20.5%)	3,812	(26.7%)	6,718
Effect of expenditure non-deductible for tax	1.9%	(354)	1.8%	(455)
Change in recoverable depreciation of building assets	(9.1%)	1,695	0.0%	-
Adjustments in respect of prior periods	0.4%	(72)	(0.4%)	92
Total tax expense/(credit)	0.7%	(122)	2.7%	(681)

Tax Expense Composition

	2023 \$ '000	2022 \$ '000
Current tax	(3,308)	(1,057)
Deferred taxes	3,186	376
Total tax expense/(credit)	(122)	(681)

**Movement in Deferred Tax Assets/
(Liabilities)**

	1 July 2021	Recognised in Surplus	Recognised in OCRE	30 June 2022
Property, plant and equipment	(5,898)	398	(1,649)	(7,149)
Provisions	(100)	42	-	(58)
Employee entitlements	82	29	-	111
Other	152	(93)	-	59
	(5,764)	376	(1,649)	(7,037)

	1 July 2022	Recognised in Surplus	Recognised in OCRE	30 June 2023
Property, plant and equipment	(7,149)	2,206	(1,671)	(6,614)
Provisions	(58)	1,148	-	1,090
Employee entitlements	111	(8)	-	103
Other	59	(160)	-	(101)
	(7,037)	3,186	(1,671)	(5,522)

4B Trade and other payables

Trade and other payables are recorded initially at their fair value. All amounts are interest free, and expected to be settled in the next accounting period.

	2023 \$ '000	2022 \$ '000
Trade payables and accrued expenses	2,948	3,378
Revenue received in advance	1,601	3,026
Thermal Explorer Regional Events Fund Agency Liability	305	308
Income tax payable	2,010	261
	6,864	6,973

4C Provision for Infrastructure Development

Due to the nature of property development undertaken by the Group in connection with the Titanium Park commercial and industrial business park, the Group has a number of actual and potential future obligations to construct (or contribute to the construction of) water supply and reticulation, waste water facilities and roading infrastructure around the Hamilton Airport precinct.

Provisions are recognised at the Group's best estimate of future costs in relation to commitments where a present obligation has arisen, discounted for the expected timing of the construction or contribution being made. The initial cost of a provision is capitalised as part of the asset to which it relates with subsequent changes in the provision due to discounting reflected in net surplus/(deficit).

	2023 \$ '000	2022 \$ '000
Opening balance	1,651	1,482
Additional obligations and commitments capitalised	5,196	227
Provision utilised	(910)	(111)
Other changes recognised in net surplus/(deficit)	(303)	53
	5,634	1,651
Presentation in Financial Statements		
Current Liability	556	807
Non Current Liability	5,078	844
	5,634	1,651

The total movement in provisions recognised in net surplus/(deficit) for the year ended 30 June 2023 was an expense of \$2,888,000 (2022: \$261,000).

Contingent liabilities are recognised where there is less certainty about the timing, amount or likelihood of a future commitment, and when no present obligation exists. The Group's best estimate of the potential future commitment is disclosed where practicable, but not included within its balance sheet.

	2023 \$ '000	2022 \$ '000
Waipa District Council - water supply upgrade contribution	1,264	1,163
Waka Kotahi State Highway 21 - intersection upgrade contribution	unknown	unknown

The potential costs in relation to the Waka Kotahi State Highway 21 Intersection cannot be reliably estimated as the eventual intersection design is dependent on future traffic flow and generation which are outside the control of the Group.

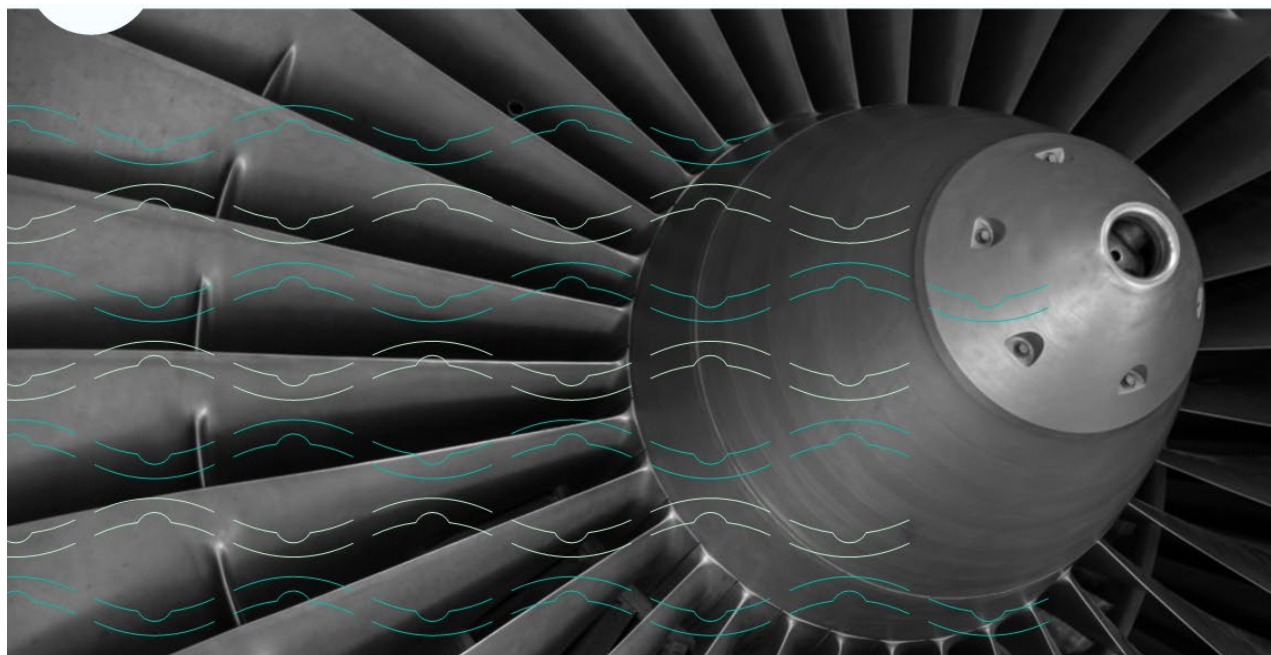
During the year ended 30 June 2022, the Group (via subsidiary Titanium Park Limited) has entered into joint development agreements with adjacent properties that may result in additional infrastructure obligations for water and roading totalling between \$6 and \$10 million being incurred in the future. The actual amount of the infrastructure obligations, if any, are dependent on the outcome and conditions of a final private plan change application expected to be notified after the 30 June 2023 balance date.

4D Commitments

At 30 June 2023, the Group had contractual commitments for capital expenditure of \$1,033,000 (2022: \$6,099,000).

Events subsequent to balance date

As noted in 4C, Titanium Park had lodged a private plan change application to re-zone further land adjacent to Hamilton Airport to permit future development. While this plan change had been granted by year end, an appeal was lodged to the Environment Court subsequent to year end. A hearing is expected in the second half of the 2024 financial year, with a final outcome expected to be known by 30 June 2024. At the time of issuing the financial statements it was not possible to quantify the potential impact of this appeal, including its impact on amounts reported or disclosed as at 30 June 2023.



Notes to the CONSOLIDATED FINANCIAL STATEMENTS

Year
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Section Five: About how we are funded and our shareholder value

This section gives information about our shareholders including their shareholdings and how their interest in the Group has grown in value.

5A Equity

Share Capital

The shareholding of Waikato Regional Airport Limited at 30 June 2023 was:

	2023 000	2022 000
Hamilton City Council	2,486,752	50.0%
Waipa District Council	777,110	15.6%
Waikato District Council	777,110	15.6%
Matamata Piako District Council	777,110	15.6%
Otorohanga District Council	155,422	3.2%
	4,973,504	100.0%

There were no changes in shareholding during the year (2022: none). All shares are fully paid and carry equal rights to vote and share the net assets of the Company. The shares have no par value, nor any fixed dividend rights.

Asset Revaluation Reserve

The accumulated, unrealised gains in asset revaluation are accumulated in the Asset revaluation reserve and are attributable the following asset classes:

	2023 \$'000	2022 \$'000
Land	70,273	69,656
Buildings	10,474	8,353
Airport Infrastructure	23,729	21,219
	104,476	99,228

5B Cash and Borrowings

Cash and cash equivalents comprise cash on hand and bank accounts held with reputable retail banks in New Zealand. This balance also includes overdraft facilities used for working capital purposes and set off facilities between account balances among Group entities.

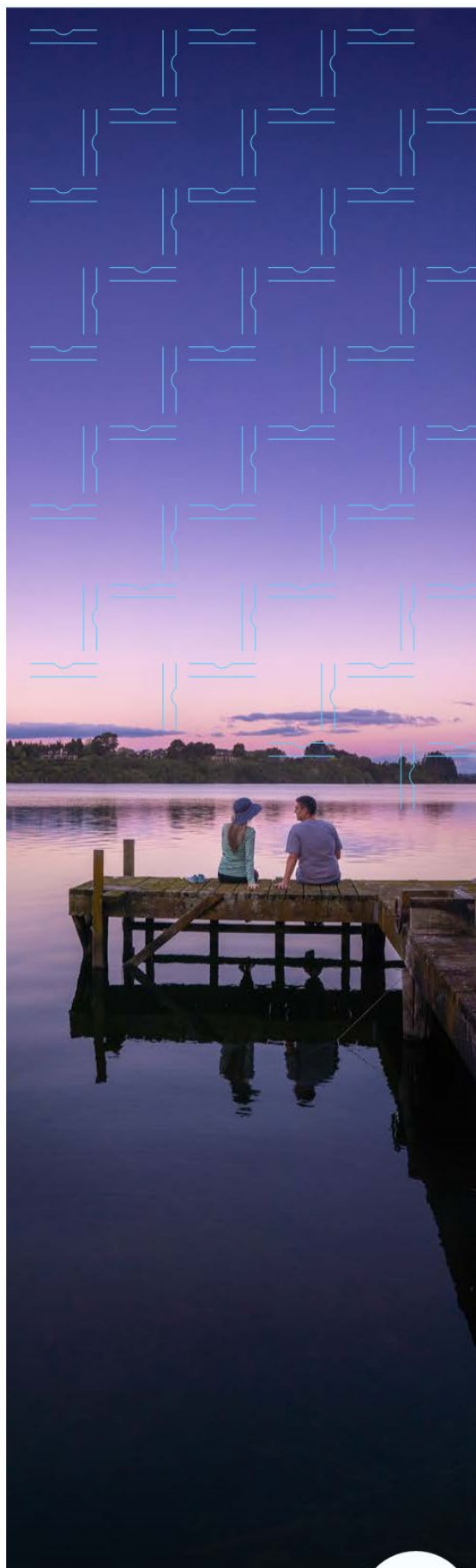
Borrowings are longer term debt facilities held with retail banks in New Zealand used to finance capital and investment requirements.

BORROWINGS	2023 \$'000	2022 \$'000
Current portion - due within 12 months	20,220	-
Non-current portion - due between 12 and 24 months	-	16,995
Non-current portion - due between 24 and 36 months	-	-
Total drawn borrowing facilities	20,220	16,995
Undrawn bank overdraft facilities	731	76
Undrawn term borrowing facilities	8,780	12,005
Total unutilised borrowing and overdraft facilities	9,511	12,081

The weighted average interest rate on borrowings at year end was 5.84% (2022: 3.37%). All borrowings and overdraft facilities are held with the Bank of New Zealand and are secured by way of a general security agreement and mortgages over certain land, buildings, and investment properties. The facilities have a maturity date of 30 November 2023.

CASH AND CASH EQUIVALENTS	2023 \$'000	2022 \$'000
Cash and bank/(bank overdraft) balances held by the Group	71	221
Cash and bank balances held in capacity as agent	601	191
Total cash and cash equivalents	672	412

The Group, via its subsidiary Hamilton & Waikato Tourism, held cash of \$601,000 at 30 June 2023 (2022: \$191,000) in an agency capacity on behalf of the Thermal Explorer Regional Events Fund. The corresponding liability is recognised as a component of trade and other payables in Note 4B.



Notes to the CONSOLIDATED FINANCIAL STATEMENTS

Year
ended
30 June
2023

Section Six: Corporate Governance and Management

Section Six provides details about remuneration provided to the Group's Directors and Key Management Personnel, as well as details of transactions that took place with related parties

6A Related parties

The following transactions took place with entities and individuals related to the Group

	2023 \$ '000	2022 \$ '000
Remuneration		
Directors	242	212
Number of directors	9	9
Key management personnel	967	1,193
Number of personnel (full time equivalent)	4	6
Other		
Transactions in which directors declared an interest	267	240

Transactions carried out between the Group and its related parties arise from interests declared by directors. These transactions were for purchases of IT-related goods and services (2023: \$262,000, 2022: \$212,000) and utility infrastructure (2023: \$5,000, 2022: \$28,000) in the normal course of the Group's business on normal commercial terms.

DIRECTORS HOLDING OFFICE	DIRECTOR FEES	
	2023 \$ '000	2022 \$ '000
Waikato Regional Airport Limited		
Barry Harris (Chair)	60	50
Margaret Devlin	33	30
Gerard Gilmore (appointed December 2021)	33	18
Kate Searancke (appointed November 2020)	33	30
Renae Smart (appointed December 2021)	33	18
Annabel Cotton (retired December 2021)	-	15
Hamilton & Waikato Tourism Limited		
Richard Leggat (appointed Chair December 2021)	22	16
Stephen Gow	14	12
Gus Gilmore (appointed October 2022)	10	-
Margaret Devlin (appointed December 2021, retired October 2022)	4	7
Annabel Cotton - Chair (retired December 2021)	-	8
Mark Morgan	-	-

The Directors of the Parent Company (WRAL) are also the Directors of subsidiaries Titanium Park Limited and Waikato Regional Airport Hotel Limited under a common Board of Directors. The Directors receive no separate remuneration from these subsidiaries.

In addition to Director Fees paid, Margaret Devlin received \$5,500 for Chairing the Group's Audit & Risk Committee in 2023 (2022: \$3,000 for part year). Annabel Cotton received an additional \$3,000 in the same capacity until her retirement during 2022.



6C Employee Remuneration

The numbers of employees outlined below received remuneration including salaries and performance bonuses exceeding \$100,000:

	2023	2022
\$390,000-\$399,999	1	-
\$370,000-\$379,999	-	1
\$360,000-\$369,999	-	-
\$240,000-\$249,999	-	1
\$220,000-\$229,000	1	-
\$200,000-\$209,999	1	-
\$190,000-\$199,999	-	1
\$180,000-\$189,999	-	-
\$170,000-\$179,999	-	-
\$140,000-\$149,999	2	1
\$130,000-\$139,999	-	-
\$120,000-\$130,000	1	-
\$110,000-\$119,999	2	2
\$100,000-\$109,999	2	3

6D Auditor

Pursuant to the Local Government Act 2002, KPMG is the auditor of the Group on behalf of the Auditor General. KPMG were paid \$211,000 for the audit of the Group and subsidiary financial statements (2022: Audit New Zealand, \$178,000).

Auditor's Report

Item 7

Attachment 2



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIKATO REGIONAL AIRPORT LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Waikato Regional Airport Group (the Group). The Auditor-General has appointed me, Glenn Keaney, using the staff and resources of KPMG, to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 8 to 15 and 19 to 30, that comprise the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 16 to 18.

In our opinion:

- the financial statements of the Group on pages 8 to 15 and 19 to 30:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2023; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards applying the Reduced Disclosure Regime; and
- the performance information of the Group on pages 16 to 18 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives, for the year ended 30 June 2023.

Our audit was completed on 13 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible, on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the decision of readers taken on the basis of these financial statements and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



- We evaluate the appropriateness of the reported performance information within the company's framework for reporting performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and the performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 6 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

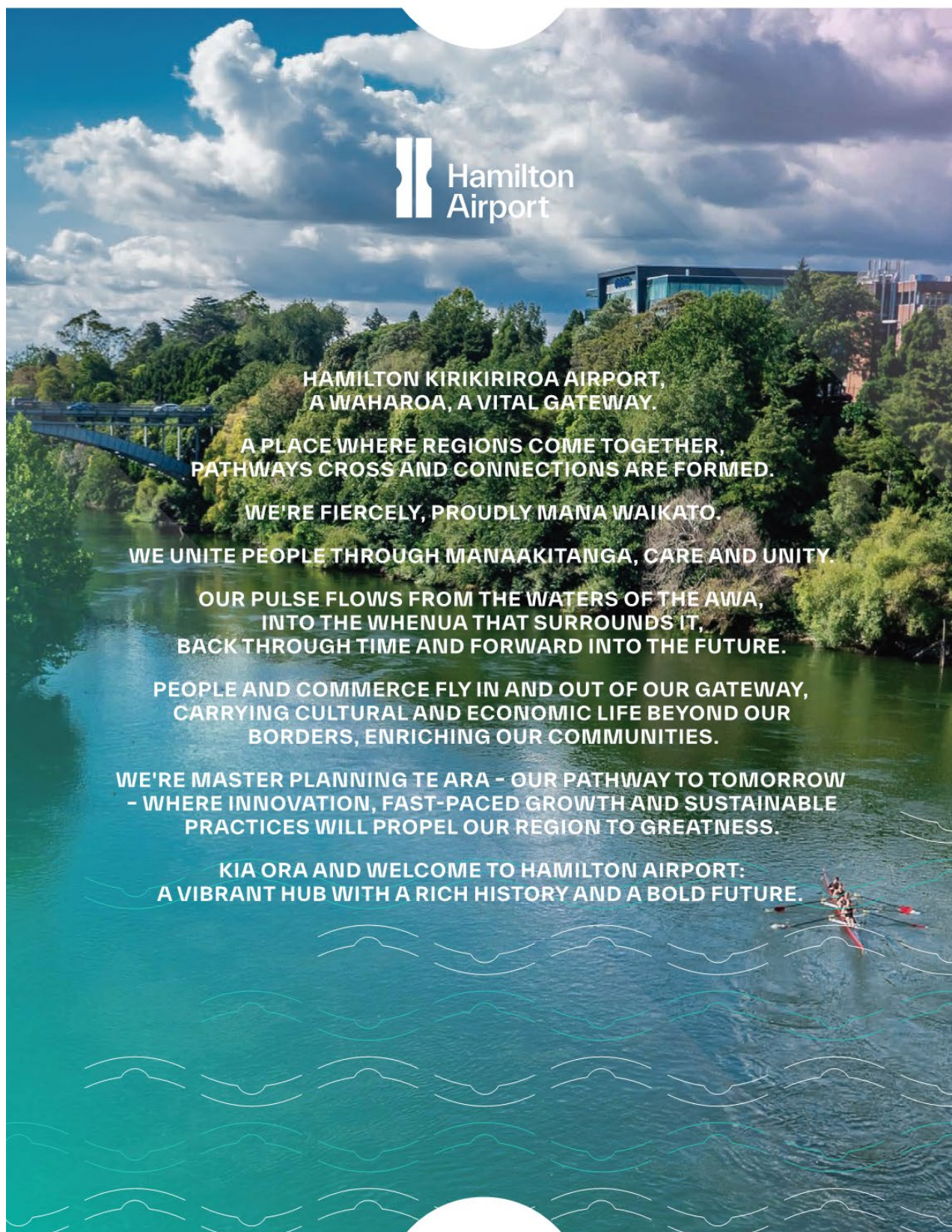
Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.

Glenn Keaney
KPMG

On behalf of the Auditor-General
Tauranga, New Zealand





The Mighty Waikato

Where magic runs deep

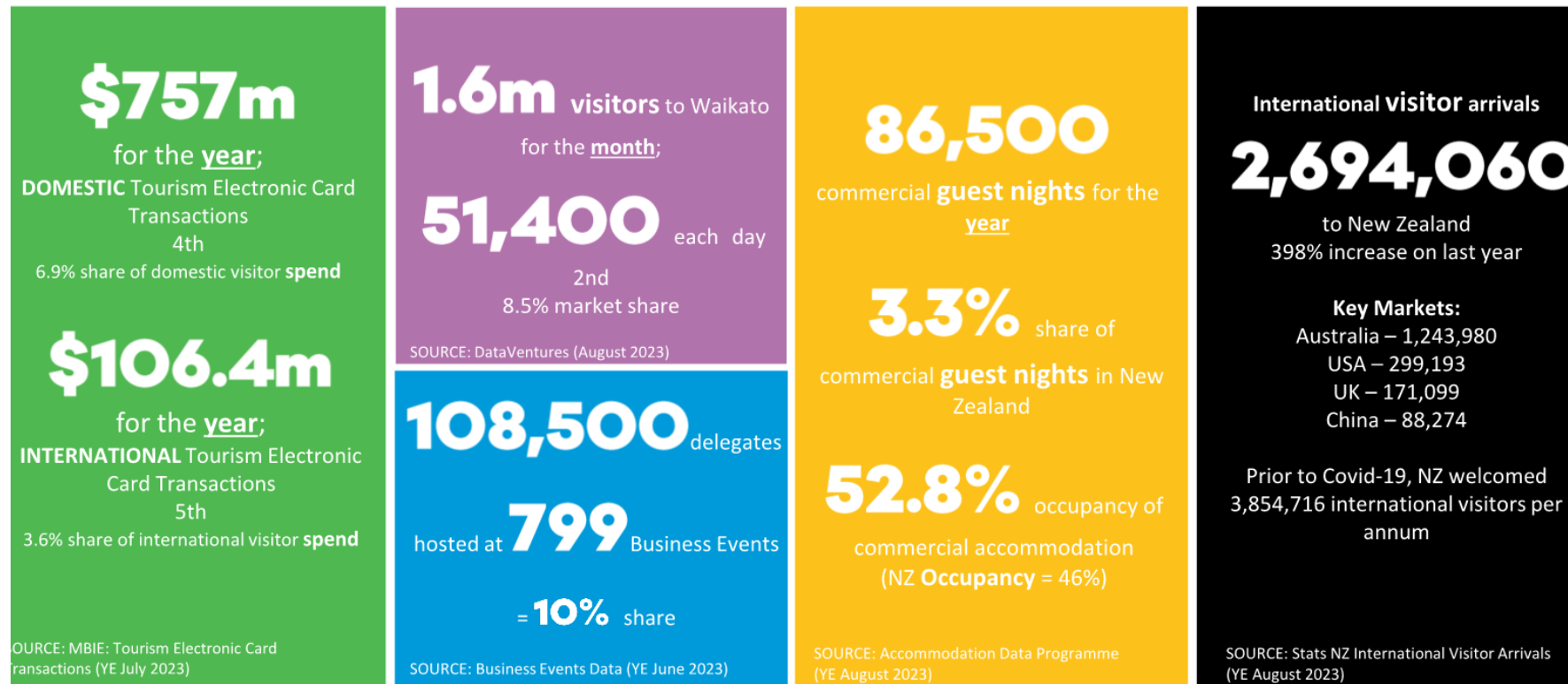
Visitor Insights

HAMILTON CITY

October 2023

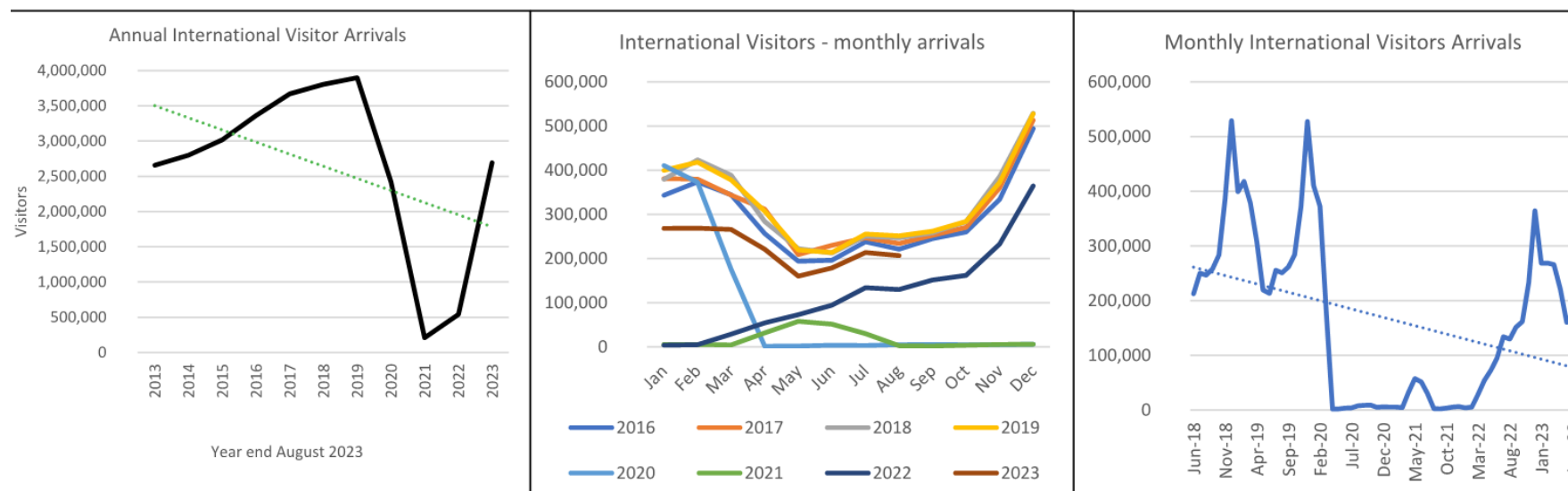


Insights at a glance



International Arrivals to New Zealand

- Visitors from Australia are by far the largest proportion of international visitors, with United States and United Kingdom tracking as second and third highest visitors by country of residency.



Waikato Region insights

August 2023 Highlights:

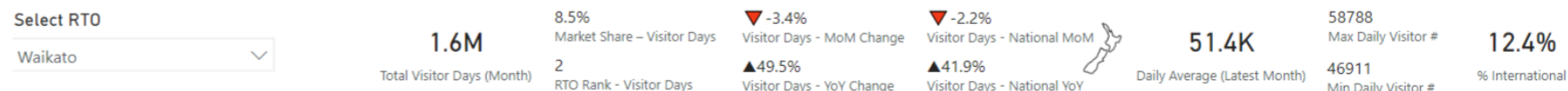
Visitor days recorded in August remained significantly up on last year (YoY), while monthly unique visitor counts were broadly constant, pointing to an increase in repeat visits and/or longer stays.

Commercial accommodation guest nights also increased despite a slight decline in guest arrivals pointing to longer stays - likely associated in part at least with the FIFA world cup.

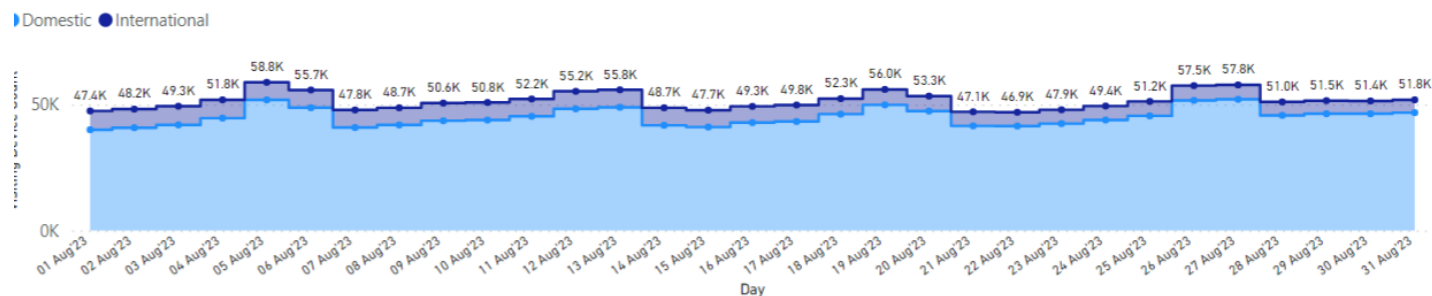


Visitors to the Waikato region

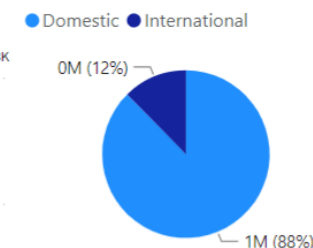
- Visitor days remained significantly up (+50%) from August 2022, totalling 1.6M, ranking Waikato RTO 2nd on this metric.
- The 688K monthly unique visitors counted were roughly on par with last year, indicating that visitors are either staying longer in the region and/or are making more repeat visits.
- With the end of the FIFA World Cup daily international visitor counts declined throughout the month, but still remained substantially up +81% YoY and accounted for 12% of all visitor days.
- Domestic visitor days increased throughout the month outweighing the decline in internationals.



Daily Visitor Count (12 midday snapshot) - Aug'23

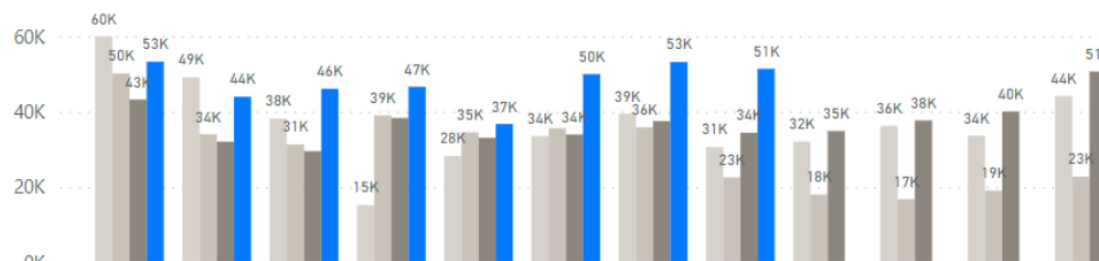


Total Visitor Days – Domestic vs. International



Average Daily Visitor Count by Month

Year ● 2020 ● 2021 ● 2022 ● 2023



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SOURCE: Data Ventures, (August 2023)

Waikato Visitor Expenditure – annual

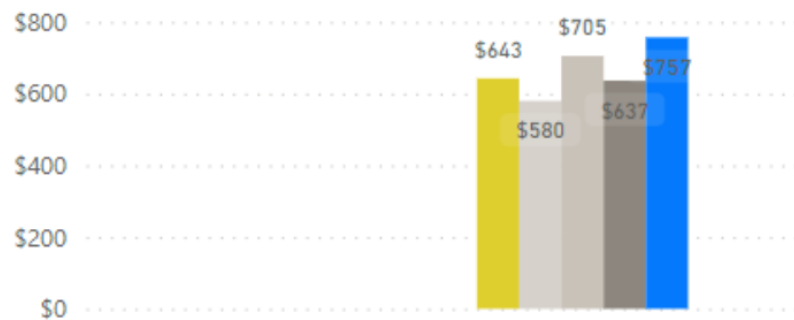
DOMESTIC

- Domestic visitor spending outperformed the national averages, reaching a total annual spend of 757M, a 19% increase from previous year.
- Top 3 domestic spenders were from Waikato, Auckland and Bay of Plenty
- Ranking 4th for domestic visitor spend and 6.5% in market share compared to other RTOs

Total Domestic Spend (\$M) -
YE Jul '23

\$757.0 ▲ 18.9%
YoY Change

12 Months Ending July ● 2019 ● 2020 ● 2021 ● 2022 ● 2023



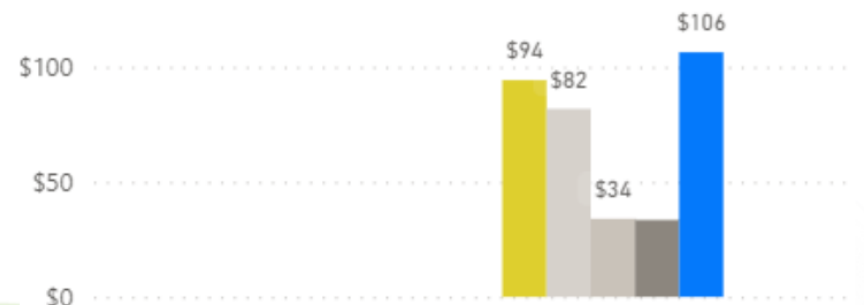
INTERNATIONAL

- Visitation contributed \$106.4M to the regional economy in year ending July 2023. This is an increase of 268% compared to year end July 2022; achieving 3.6% market share of all **international** spend in the country.
- Currently ranked 5th against other RTOs
- Top international markets included US spending c.\$2.3M, then Australians spending c.\$1.7M. This is due to a +120% increase in spend by US citizens and a -10.4% decrease in spend by Australians over July last year.

Total International Spend (\$M) -
YE Jul '23

\$106.4 ▲ 218.0%
YoY Change

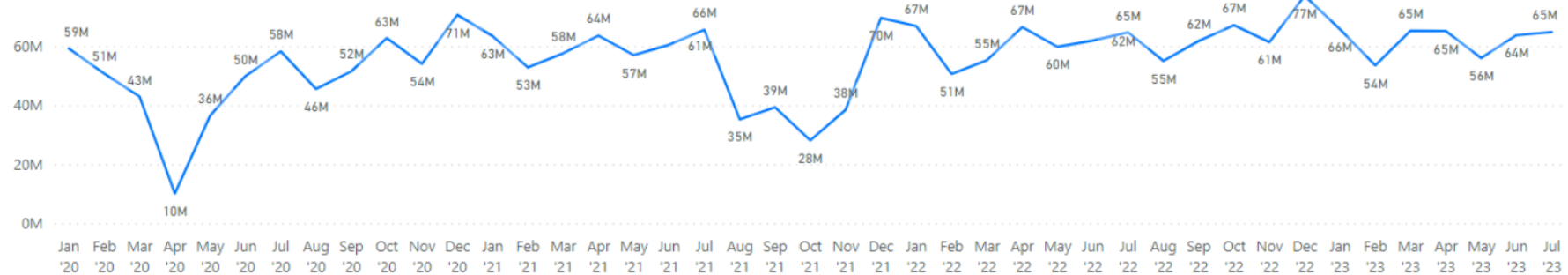
12 Months Ending July ● 2019 ● 2020 ● 2021 ● 2022 ● 2023



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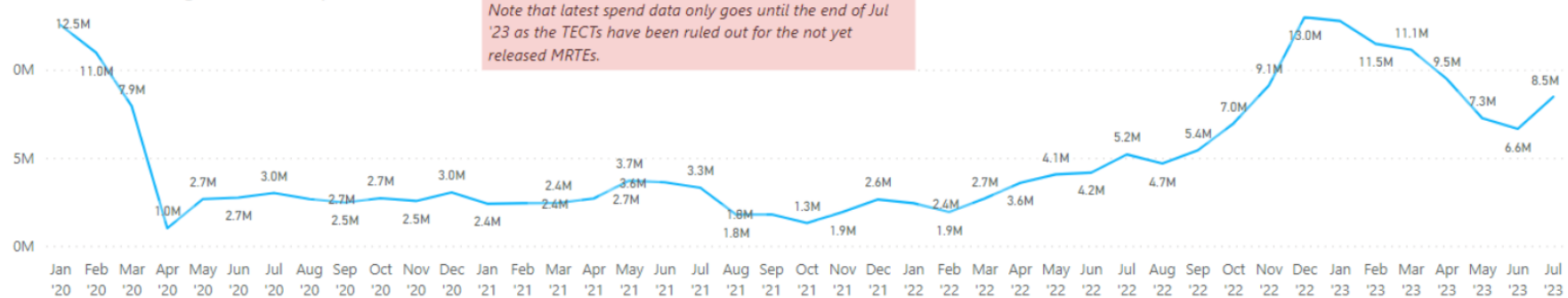
Waikato Visitor Expenditure – monthly

Domestic Visiting Cardholder Spend (NZ\$)



Domestic visitor spending increased slightly by 1.6% MoM and was up 3%, running consistent with domestic spend same time last year. Over the past 12 months, domestic visitor spending injected \$757M into the Waikato economy, a 19% increase from previous 12 months.

International Visiting Cardholder Spend (NZ\$)



International visitor spending bounced back in July with a 27.5% increase from the previous month, bringing \$8.5M to the Waikato economy for the month of July 23, and \$106M over the past 12 months. The US market was the biggest spender in the region for the month, followed by Australians and UK.



Accommodation

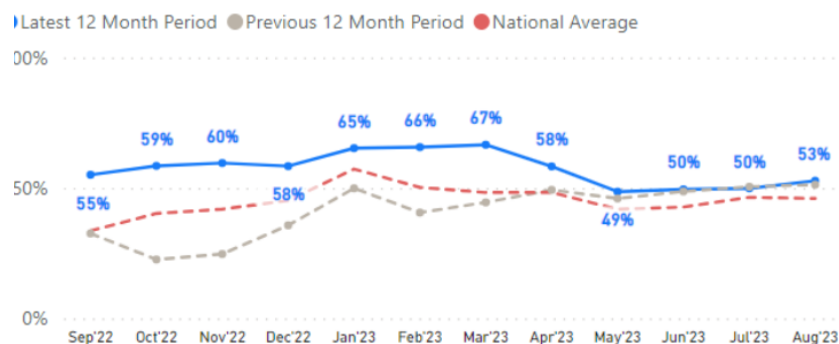
COMMERCIAL ACCOMMODATION

- Waikato achieved 52.8% monthly occupancy, up 5.8% from July 2022. We provided 86,500 guest nights in August 2023, 3.3% market share and ranked 7th against other RTOs.

total Guest Nights by Month



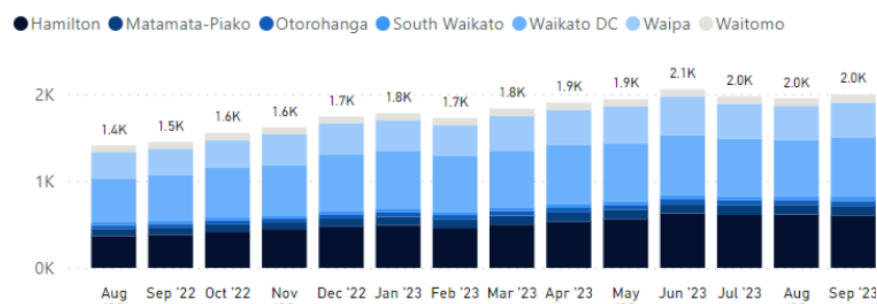
Occupancy Rate by Month



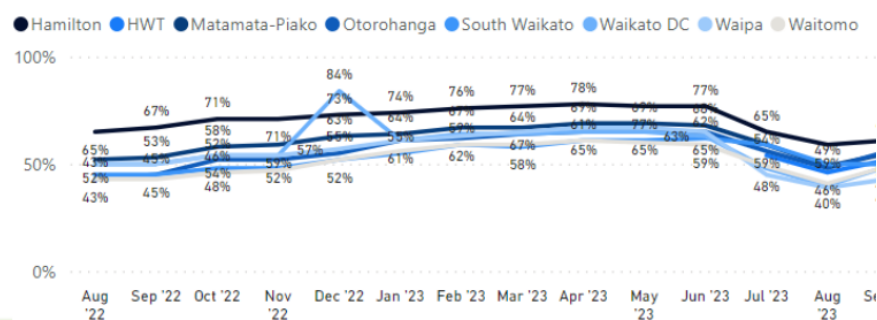
SHORT TERM RENTALS

- 2,000 AirBnB listings for the month – this is 37.5% more than the same time last year. These properties averaged 52% occupancy: with an average monthly revenue of \$2,700.

Monthly Active Rentals by District



Monthly Occupancy Rate by District

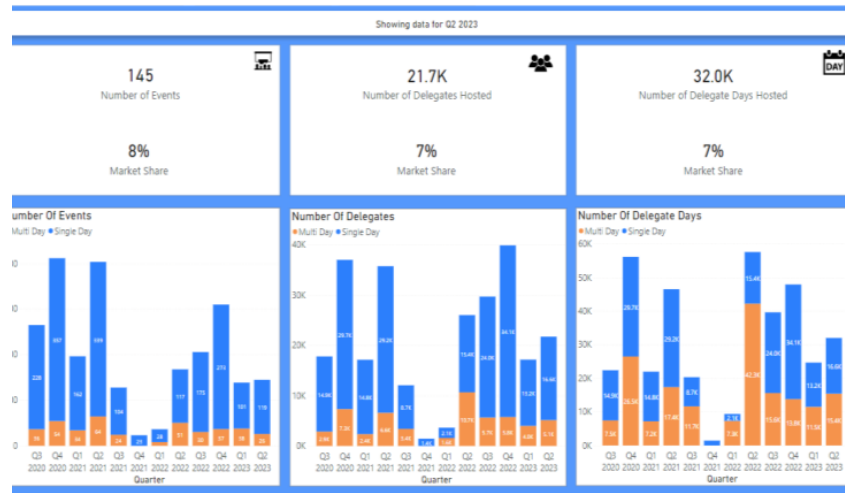


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Business Events

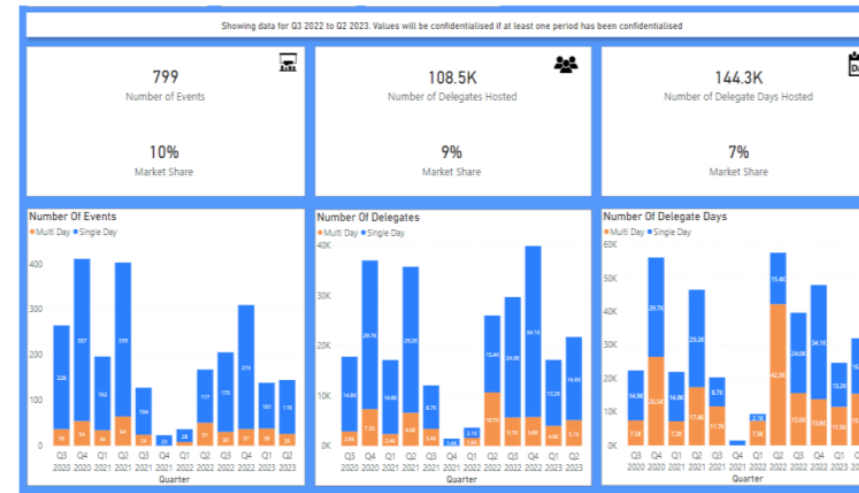
QUARTER

- For the 2nd quarter of 2023 (Apr-June), the region hosted 145 events and achieved 8% market share of events hosted, 7% market share of delegates hosted; and 7% market share of delegate days. This means Waikato was third for the quarter, behind Wellington and Auckland.



12 MONTHS

- Over the 12-month period, Waikato hosted 799 business events; 10% of NZ events. These events hosted 108,500 delegates; 9% market share. These events hosted 144,300 delegate days; 9% market share.



Hamilton City information

Highlights:

Domestic visitation contributed \$383m per annum to Hamilton City, an increase of 19.6% from July 2022.

Hamilton City achieved 72.6% monthly occupancy, provided 45,000 guest nights in August 2023, resulting in a 14.2% increase in occupancy compared to the same time last year.



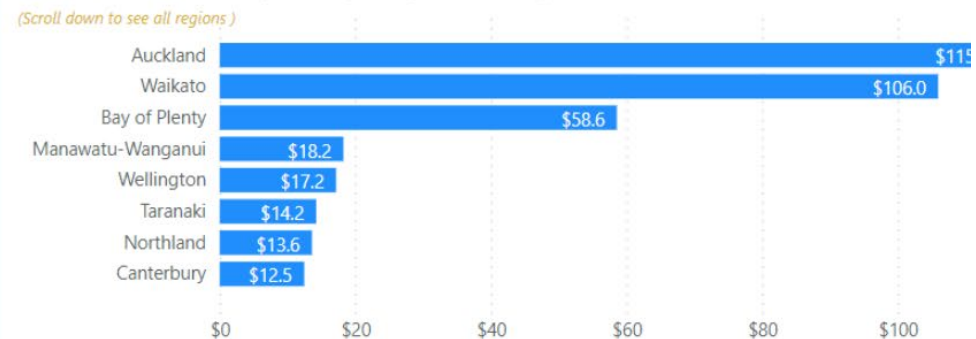
Hamilton City Visitor Expenditure - Annum

- **Domestic** visitation contributed \$383m per annum to Hamilton City, an increase of 19.6% from July 2022.
- **International** visitation contributed \$55.4M per annum, an increase of 142.4% from July 2022.

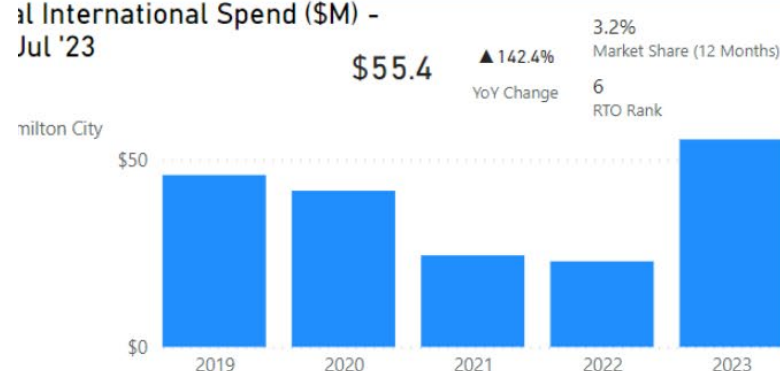
Domestic Spend (\$M) -
Jul '23



Domestic Visitor Spend by Region of Origin (\$M) - YE Jul '23



International Spend (\$M) -
Jul '23



International Visitor Spend by Region of Origin (\$M) - YE Jul '23



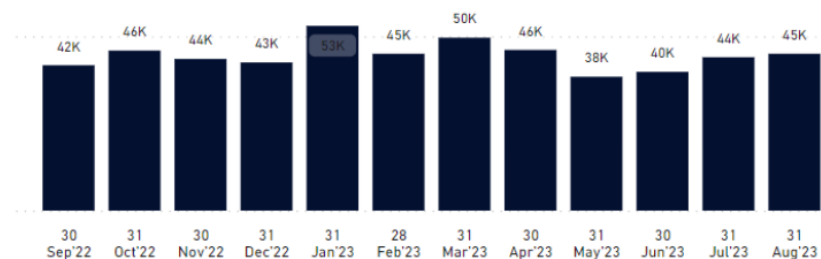
Accommodation in Hamilton City

COMMERCIAL ACCOMMODATION

- Hamilton City achieved 72.6% monthly occupancy, provided 45,000 guest nights in August 2023, resulting in a 14.2% increase from the previous year.

Monthly Guest Nights by TA

Hamilton City



Monthly Average Occupancy Rate by TA

Hamilton City

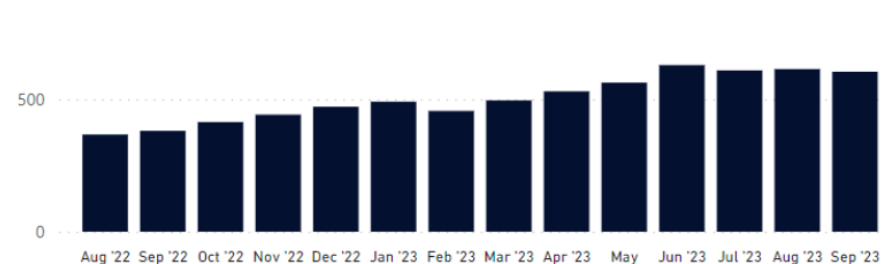


SHORT TERM RENTALS

- 629 AirBnB listings for the month – this is 255 more than the same time last year.
- These properties averaged 77% occupancy: with an average monthly revenue of \$3,200.

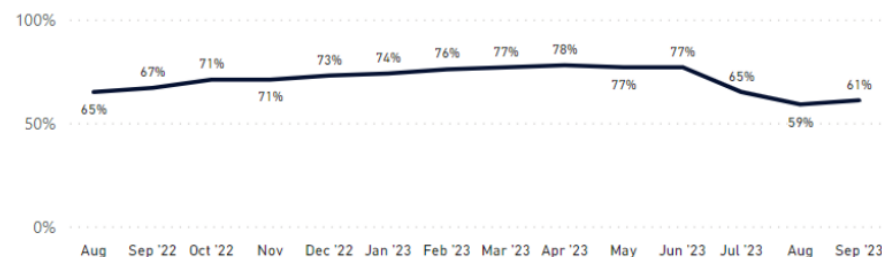
Monthly Active Rentals by District

Hamilton



Monthly Occupancy Rate by District

Hamilton



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Thank you!

For further information, please contact:

Tash Pearce
Development Manager
Hamilton & Waikato Tourism
Email: tash@waikatoz.com
Phone: 07 843 0056

THE POWER OF TOURISM



Council Report

Committee: Economic Development Committee

Date: 14 November 2023

Author: Mike Bennett

Authoriser: Blair Bowcott

Position: Economic Development Programme Manager

Position: General Manager Strategy, Growth and Planning

Report Name: Strategic and General Update

Report Status	<i>Open</i>
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Purpose - *Take*

1. To inform the Economic Development Committee of both strategic matters and general updates that staff want to bring to Members' attention, but that do not warrant a separate report or require decisions to be made.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. This report provides information to Economic Development Committee members on activities, actions, or projects for which the Committee and the relevant General Managers have responsibility.
4. Topics are grouped under the following themes:

Theme	Topic
Economic Development Programme	i. Proactive Employer Engagement ii. Investment Promotion iii. Shaping Narratives
Growth Programmes	i. Central City Transformation ii. Ruakura
Tourism, Events and Visitation	i. H3 Venues ii. Visitor Destinations
Data Analytics, Economics and Policy	Economic update

5. Staff consider the matters in this report have low significance and that the recommendations comply with the Council's legal requirements.

Discussion - *Matapaki*

Economic Development Programme

Proactive employer engagement

6. Starting in mid-February 2023, economic development staff set out to conduct at least 75 in-depth meetings with employers from across three key growth sectors:
 - i. manufacturing;
 - ii. logistics;
 - iii. agritech, technology and innovation.
7. The purpose of these discussions was to position Council as a trusted partner, help economic development staff understand their operations and identify action items where Council and employers can collaborate to enable growth and new investment.
8. An employer insights report is included as **Attachment 1** and summarises staff's in-person engagement and relationship building efforts with 63 employers so far this year.
9. In the time between the production of the insights report and the writing of this committee report, staff met with an additional seven employers, bringing year-to-date engagement total to 70 employers.
10. Staff will meet or exceed the targeted outcome of 75 in-depth meetings with employers as there are a further eight meetings booked in for the remainder of the year.
11. Several key insights emerged when examining feedback from our February – June meetings alongside meetings conducted from July – November:
 - i. Concern about prospects for planned growth has increased, particularly from businesses who service the dairy industry. Businesses from our agritech, technology and innovation sector had a more confident outlook.
 - ii. There has been a significant decline in confidence from businesses about their short-term hiring plans. Manufacturing employers reported a focus on retaining talent, while tech sector businesses are targeting modest growth of sales and business development roles.
 - iii. For those employers who are looking to add headcount, an inability to find certain skill sets remains a consistent theme. This was particularly true in the technology and innovation sector and their need for talent with at least five years' experience.
 - iv. Employers are increasingly confident about their ability to access the services and resources required to enable growth in Hamilton. This feedback captured positive views about the Waikato Expressway and the Ruakura superhub, with an emphasis placed on growing the supply of serviceable industrial land across the region.
12. Sector-based work that feeds into the summary report can be found in the manufacturing sector report as **Attachment 2** and the agritech, technology and innovation sector report as **Attachment 3**.
13. In addition to the employer engagement work from Council's economic development programme, Soda Inc. leads engagement across the Waikato through the Regional Business Partner Network. Their efforts aim to support businesses with fewer than 50 employees across all sectors with owners typically participating in online meetings of 30-45 minutes designed to identify the owners' goals and challenges.

14. Soda Inc's growth advisors provide appropriate business support, information, connections and other relevant business assistance as required, and lead to the creation of an action plan which provides a summary of the discovery session and a list of relevant services available to help build their capabilities.
15. Economic development staff will continue to align efforts with Soda, Inc. to ensure Council is informed and aware of their work. **Attachment 4** captures Soda, Inc.'s most recent reports on their work with the Regional Business Partner Network and Callaghan Innovation.

Investment promotion

16. The Cultivate Trust is a collective of leaders from the technology and innovation sector who recognise the economic potential that their industry can have on Hamilton and New Zealand's economy.
17. Formally established in 2022, the work of the Trust has included a pilot project called [Tech in the Tron](#) that shared authentic stories about industry whānau to showcase our region as a place that tech talent can realise their professional and personal aspirations.
18. A prioritised project currently underway will enhance the Tech in the Tron website with Phase 1 of that work recently completed and an upcoming Phase 2 that will see the addition of features to facilitate its use as a tool to grow and connect the tech sector.
19. Trustee, Erin Wansbrough, is a senior executive with experience in business innovation and entrepreneurship at Soda Inc., Callaghan Innovation and the Ministry of Business, Innovation and Employment. She will be present at the meeting to take any questions about The Cultivate Trust or their Tech in the Tron project.
20. Other trustees representing the technology and innovation sector include current Chair Kahl Betham, Chief Executive of Gallagher; David Hallett, Co-founder of Company-X; and Mike Jenkins, Founder and Director at Native Data. Phil Taylor, Partner at Tompkins & Wake, is also part of the Trust's leadership group.
21. Economic development staff remain integral to the operations of the Trust and are actively involved in the Tech in the Tron project.

Shaping narratives

22. An important targeted outcome for the economic development programme involves upgrading digital content available on Council's economic development web page.
23. The current page was part of a July 2022 redesign of Council's website. Staff are making additional content and page structure changes to provide resources that drive economic investment in Hamilton. Those changes are hoped to be implemented by the end of November 2023.

Growth Programmes

24. This update provides a summary of growth programmes work related to economic development activity in the Central City and Ruakura.

Central City Transformation

25. Council is committed to driving economic growth and building our central city to be a real hub for employment, tourism, and commercial opportunities.
26. Progress on Fosters' Union Square development has continued, with the third building (Building E), receiving Certificate of Public Use in October 2023. Building E will provide 4,000m² over five storeys. The development, once complete, will provide 23,000m² of office space over five buildings and will be home to more than 2500 employees.

27. Union Square has attracted quality tenants to date from the finance, banking and technology sectors. The development will also include retail premises with products or services that will improve wellbeing of workers in the precinct, for example a Pilates studio or hair salons. The vibrant mix of retail tenants will add to Union Square's status as a focal point for attracting people from across the central city and wider Hamilton.

Greenfield - Ruakura

28. The Kmart National Distribution Centre was officially opened on 6 September 2023. The purpose-built 40,000m² building includes warehousing, distribution, storage, and office facility. Kmart was closely followed by Big Chill in October 2023. This 13,000m² cool store will enable Big Chill to strengthen its network and take its nationwide roster of depots to 10.
29. Construction of the Ruakura Suberhub tenant Maersk's cool stores is well advanced and due for completion in November 2023.
30. These milestones assert the importance of Hamilton Kirikiriroa in Aotearoa New Zealand's economic landscape and reaffirm the importance of partnership between Waikato-Tainui, central government, and Hamilton City.
31. In July 2023, Pragma Ltd was granted consent for a 46-lot subdivision and vesting of road and stormwater infrastructure. The site is located within the Ruakura Park Industrial Zone where industrial activities are anticipated.
32. A key enabling project for Ruakura is the construction of the Eastern Transport Corridor (ETC) which, if funded, would unlock full development capacity of the inland port, logistics and industrial precinct, which are currently limited due to roading capacity.
33. Work on the detailed business case for the ETC is progressing and will be brought back to Council for approval. An update on the project was provided to the [9 November 2023 Infrastructure and Transport Committee](#).

Tourism, Events and Visitation

H3 Q1 Update

34. H3 Venues held 251 events in Q1. It was a busy quarter with a range of events taking place, stretching capacity and resourcing.
35. From the 1 July - 30 September 2023 period, 207,927 people attended events at H3 venues. Claudelands had 89,834 people attend events and our Stadia welcomed 118,093 patrons.
36. This is a 74% increase on the same period in the year prior.

Visitor Destinations Q1 Update

37. Visitor Destinations had a combined visitation of 186,525 for the 1 July -30 September 2023 period. Visitation for has been extremely strong; up 14% overall on the same quarter last year.
38. The first quarter of FY24, including the July and start of September school holidays, saw busy sites.
39. Visitation was further bolstered by the cross-site activity schedule, combined marketing campaigns and Matariki activities.

Data Analytics, Economics and Policy

Item 8

Economic update

40. New economic data for the September 2023 quarter will be available on 16 November 2023 and will be published in the Quarterly Economic Report in December 2023. A copy will be emailed to Elected Members upon release.
41. **2023 population estimates** for Hamilton show our population grew by 6100 people in 2023, an increase of 3.4%. This was the highest percentage increase in growth seen in any of the main metros (as well as the vast majority of territorial authorities). Hamilton also had the second highest total increase in population to Auckland.
42. Growth was driven by a significant level of international migration to Hamilton (4900 people) and other than Auckland, had the highest level of natural increase in New Zealand (1300 people). Migration from Hamilton to elsewhere in New Zealand declined slightly (-150 people). Research currently being undertaken by Growth Funding & Analytics shows that Hamilton loses the most people to our neighbouring districts of Waipa and Waikato.
43. **Net Migration** reached a record level of 110,000 in August 2023. On average, net migration sat around 53,000 people a year in the five years before the pandemic.
44. In the 12 months to August 2023, 225,000 new migrants arrived in New Zealand of which 199,500 were non-New Zealand citizens. Departures were also high at 115,000, including nearly 43,000 New Zealand citizens. The number of migrant departures and the number of New Zealanders leaving the country are both at levels not seen since the years following the Global Financial Crisis (GFC).
45. Generally, migrants to New Zealand head to major cities. Departing migrants and New Zealanders are more widely spread, so the impact of high levels of migration leads to positive growth in urban centres, like Hamilton, and potentially population decline in smaller and more rural settings.
46. Historically New Zealand's economic growth has been bolstered by migration. More people equals more demand for goods and services. Productivity improvements have been more limited. The high levels of migration being seen now has increased demand and has countered some of the decline caused by high interest rates. Tourism has been another driver of demand.
47. **Residential consenting** fell 11% to 1306 new dwellings in the year to September 2023 and sits 21% lower than Hamilton's peak level in September 2021 but is in line with the 10-year average of 1289 per year. Consenting has tracked roughly in line with expectations and is consistent with Council's long-term growth projections of 1200 new dwellings per year.
48. Kaainga Ora projects are playing an increasingly large role in Hamilton's residential construction sector in 2023, with nearly a quarter of all dwellings consented so far this year being Kaainga Ora builds. In 2023 alone, Kaainga Ora has consented a similar number of homes to the previous ten years combined. With a target of 850 new homes over the next few years, this pace is expected to continue. Kaainga Ora is also buying dwellings in other developments across the city.
49. Kaainga Ora consents its own projects through Consentium. Data does not come in until the consent is granted and the data is passed over to Council and manually loaded into our system. As such, we have seen significant retrospective jumps in consenting activity data.
50. With high levels of migration there comes higher demand for housing. The level of net migration seen in the year to August 2023 is equivalent to a 2.1% boost to the New Zealand population, but it comes at a time when consenting rates have slowed nationwide. There is always a lag between a migration boom and a house price boom.

51. When new immigrants come to New Zealand, they generally rent initially. This pushes rents higher particularly in markets where there is a shortage of rental properties, evidenced by an increase of 9.1% in median rent over the past 12 months for new tenancies in Hamilton compared to 7.4% nationwide. This increases yield and profitability for investors. Over time the ability and desire to buy a home leads to demand for homes to buy. As house prices rise, the incentives to develop increase as does demand.
52. The National Party has campaigned on reducing the Brightline test and reinstating interest deductibility for property investors. Banks had reportedly seen increased pre-approval applications in the lead up to the October 14 2023 General Election as some investors got their ducks in a row in anticipation of a new government. Conditions in the property market are therefore expected to be more favourable for investors; however, finance costs are still high and are likely to limit the ability of buyers to push prices to the levels seen in 2021.
53. **Inflation** is continuing to come down, with the consumer price index hitting 5.6% in the September 2023 quarter. Yes, this is the right direction, but it is moving slowly. We have now had inflation over the Reserve Bank's (RBNZ) target of one to three percent for two and a half years.
54. The other challenge is that inflation is being pulled down by things over which New Zealand has no control. Domestically driven inflation has remained stubbornly high and is changing relatively slowly. International events like the Israel-Hamas war can be inflationary. Oil prices increased as fears of a supply disruption increased, but as oil and gas flows from the Middle East have not been impacted to date, prices have levelled out again at the time of writing this report.

The outlook

55. If the past three years has taught us anything, it should be to expect the unexpected. From a pandemic to climate change to war, there are constantly new challenges for our local, regional and national economies to face.
56. All of these challenges are inflationary in nature. Costs to mitigate, or costs to deal with the fall out, or cost increases from the fear of disruption – they all drive prices up. It is hard to see a quick return to the low and stable levels of inflation experienced over the past decade. Capital cost inflation has been around 20% since the 2021-31 LTP was adopted.
57. Forecasts for inflation and wage growth remain high for the next 12 to 24 months. Capital prices are forecast by some commentators to come back down; however, there continues to be inflationary cost pressures from a variety of sources including (but not limited to) climate change and global events.
58. Despite all these ongoing challenges, Hamilton's economy has proven its resilience in recent years with GDP and job growth above the most other metros and New Zealand as a whole. Challenges will continue to persist but there is room for optimism based on the city's strong performance to date.
59. Residential consenting remains slow, but we expect to see it improve in about 12 months' time as today's increased confidence and enquiry turns into a consented dwelling, which in turn becomes a completed dwelling nine to twelve months later. However, the immediate outlook is not for a significant change of direction. High population growth will be putting pressure on Hamilton's housing market. Demand will continue to be high for rental properties. Rent will increase which will put pressure on households but as the investment equation improves, it will encourage investors to look at new properties.

60. Consenting in the past year was well below the level of need indicated by the growth in Hamilton's population. If we assume approximately 2.7 people per household, then an additional 6100 people would demand 2259 dwellings. A shortage of dwellings will put pressure on house and rental prices; however, increased demand and prices are the best incentive for new development.
61. Enquiry has reportedly increased, which is a positive sign, but finance remains challenging for buyers and developers. Demand will inevitably push prices up but there are currently significant restraints on how high prices can go. A plateau and slight increase in house prices, along with increased demand, should bring some confidence back to the market and to banks providing finance for projects.
62. For further commentary on Hamilton's economy is shown in **Attachment 5**.

Financial Considerations - *Whaiwhakaaro Puutea*

63. The topics covered in this report are funded by existing budgets. There are no financial implications in relation to the information provided in this report.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

64. Staff confirm that the matters covered in this report comply with the Council's legal and policy requirements.

Climate Change Impact Statement

65. There are no known climate risks or adaption opportunities associated with this option.
66. There is no change in greenhouse gas emissions associated with this option.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

67. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
68. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
69. The recommendations set out in this report are consistent with that purpose.

Social

70. Social wellbeing is defined as the capacity of individuals, their families, whaanau, iwi, hapuu and a range of communities to set goals and achieve them.
71. Thriving businesses in the hospitality, retail and community sectors promote better outcomes for the community at large and help to sustain a more vibrant Hamilton with greater social interaction.
72. H3 venues and events are safe for people to attend, H3 venues are a place where communities can meet, compete, and perform and H3 Venues are place Hamiltonians are proud of.

Economic

73. Economic wellbeing is defined as the capacity of the economy to generate employment and wealth necessary for present and future financial security. The Economic Development Committee is responsible for Governance of Hamilton's economic agenda and investment development opportunities consistent with Council's vision for the city and to enhance the wellbeing of Hamiltonians. Council is committed to driving economic growth and building our central city to be a real hub for employment, tourism, and commercial opportunities.
74. Our sector-based approach to economic development focuses resources on both established industries and those that can diversify an economy. In 2023, the economic development programme will focus on five key sectors – manufacturing; logistics; agritech, technology and innovation; education; and healthcare. This approach will represent our balanced economy, employment base, and growth potential. As part of its work programme, the Growth Programmes team reports on three of the 21 'Priority Development Areas' identified as part of the Future Proof Strategy and Metro Spatial Plan – Central City, Ruakura and Rotokauri-Northwest – in terms of economic development activity.
75. Elements of Ruakura feature prominently in the sector-based approach that has been identified by the economic development programme. The Ruakura Programme Manager will help in showcasing Hamilton as a location for investment and business attraction within the logistics sector.
76. H3 venues attract events that have a positive economic impact to the city; Events held at H3 venues attract people to the city; H3 venue infrastructure is well maintained, and improvements align with industry needs and requirements; H3 financial management and decision making is sound.

Environmental

77. Environmental wellbeing is defined as the capacity of the natural environment to support, in a sustainable way, the activities that constitute community life.
78. The Council's Central City Transformation Plan considers connections between the central city and the river to restore and protect the balance of the environment.
79. H3 venues respond to climate change challenges through several operating and built-in initiatives. However, continuous improvement and attention to this responsibility remains a critical element of the operations reputation and competitiveness. Refer Section 5 of the activity report; H3 venues are healthy environments; H3 cares about reducing, recycling and reusing water, electricity, and waste.

Cultural

80. Cultural wellbeing is defined as the capacity of communities to retain, interpret, and express their shared beliefs, values, customs, behaviours, and identities.
81. Our city values, respects, protects, and promotes the treasured status of tangata whenua, acknowledges our shared history and celebrates our cultural identity and heritage.
82. Businesses in the hospitality, retail and community sectors endorse and enhance the cultural identity of the city and event activity helps promote cultural events and awareness of our heritage and history for Hamiltonians and visitors to the city to enjoy and participate in.
83. H3 venues offer a range of events for people to attend; The heritage of H3 venues and locations is valued; Our community has trust in H3.

Risks - *Tuururu*

84. There are no known risks associated with the matters covered in this report.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*

Significance

85. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

Engagement

86. Given the low level of significance determined, the engagement level is low. No engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - Employer Insights Report - 2023 Summary

Attachment 2 - Manufacturing Sector Insights - November 2023

Attachment 3 - Agritech Tech Innovation Sector Insights - November 2023

Attachment 4 - Soda Inc Quarterly Reporting - October 2023

Attachment 5 - Economic Update - November 2023 Economic Development Committee

EMPLOYER INSIGHTS REPORT

SUMMARY OF KEY SECTORS
2023 SUMMARY

Item 8

Sector-based employer engagement

Our employer engagement began in February and has involved 70 in-depth meetings with employers across three key sectors. Employers were selected based on potential for growth and alignment with our economic strengths and value proposition.

Manufacturing

- The sector contributed 9.3% to the Hamilton metro area's total GDP in 2022.
- Employs 13,673 people or 9.9% of the metro area's total workforce.
- Feedback came from 33 employer meetings representing 47% of total engagement this year.
- Manufacturing subsectors represented in this work include food, metal fabrication, machinery, polymer/plastics, and transport equipment.

Agritech, technology and innovation

- Technology companies in New Zealand grew nine times faster in 2022 than the general economy.
- The sector offers average annual wages exceeding \$100,000.
- Feedback came from 22 employer meetings representing 31% of total engagement this year.
- Employers interviewed are involved in software development, AI and machine learning, enterprise architecture, network engineering and security, software as a service (SaaS), data warehousing, and managed services.

Logistics

- Sixty five percent of the country's freight is transported within the Waikato, Auckland, and Bay of Plenty regions.
- Hamilton's location provides strategic access to ports in both Auckland and Tauranga.
- Feedback came from 15 employer meetings representing 22% of total engagement in 2023.
- Logistics employer engagement occurred in May and June 2023, with feedback reflected in a previous report.

Our regional economy

The Hamilton metro area includes Taupiri and Ngaaruawaahia in the north, Morrinsville to the east, Te Awamutu and Cambridge in the south, and west to Raglan.

Gross Domestic Product for the metro area totalled \$17 billion at the end of 2022, with nearly 80% (\$13.4 billion) generated in Hamilton.

The significance of Hamilton's economy to the Waikato is notable, with almost two-thirds of the region's healthcare jobs located in the city, as well as 56% of professional, scientific and technical jobs, 39% of manufacturing jobs and 39% of construction jobs.



Attachment 1

2023 SUMMARY

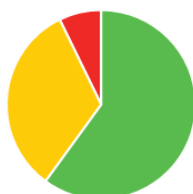
Key sector engagement

● Confident
 ● Cautious
 ● Concerned

Seventy meetings with 63 employers were conducted from February through to November 2023. Insights and feedback has been grouped into four themes and characterised as confident, cautious, or concerned.

Feb - Jun 2023

Jul - Nov 2023



Confident 60%
Cautious 33%
Concerned 7%



Confident 52%
Cautious 34%
Concerned 14%

Business outlook

General assessment about prospects for planned growth and business operations.

Rising operating costs and economic uncertainty were cited by manufacturers as contributing to higher levels of caution. This was particularly the case with those servicing the dairy industry. Tech and innovation employers had a confident outlook due to client demand for productivity and automation.

Feb - Jun 2023

Jul - Nov 2023



Confident 63%
Cautious 37%



Confident 31%
Cautious 66%
Concerned 3%

Employment outlook

Refers to the short-term hiring plans for the business.

Manufacturing employers are ending 2023 a lot more apprehensive about their short-term hiring plans. Many have undertaken targeted efforts to retain existing staff. In contrast, employers from the tech and innovation sector are planning to add staff, specifically to support their sales and business development activities.

Feb - Jun 2023

Jul - Nov 2023



Confident 43%
Cautious 27%
Concerned 30%



Confident 31%
Cautious 41%
Concerned 28%

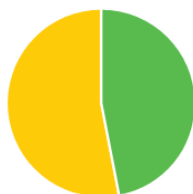
Access to talent

Refers to the sector's ability to attract, recruit and retain skilled and qualified employees.

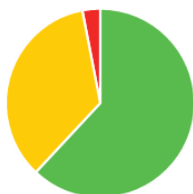
Shorter hiring cycles were mentioned as a welcome improvement across all sectors, but ongoing challenges to find certain skill sets has stoked caution about the labour market. Specifically, tech and innovation employers in Hamilton continue to struggle to find experienced talent, stressing the need for the sector to collaborate and attract new talent to the region.

Feb - Jun 2023

Jul - Nov 2023



Confident 47%
Cautious 53%



Confident 62%
Cautious 35%
Concerned 3%

Growth enablers

Refers to the ability to utilise the services and resources necessary for growing business operations.

Manufacturers have consistently discussed the need for more industrial land to mitigate or avoid operational challenges such as increasing traffic congestion. For tech employers, attracting new talent and supporting startups were seen as important enablers of growth.

More information available at: hamilton.govt.nz/economicdevelopment

EMPLOYER INSIGHTS REPORT

MANUFACTURING SECTOR
JULY TO NOVEMBER 2023

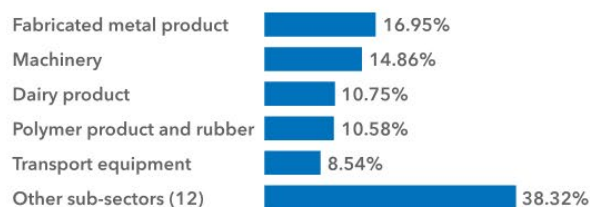
Sector overview

Economic impact

Manufacturing is one of Hamilton and the Waikato's traditional economic cornerstones, covering a wide range of activities including food, machinery, transport equipment and plastics. The sector employs 13,673 or 9.9% of the Hamilton metro area's total workforce.

Contribution to manufacturing employment

(By sub-sector, Hamilton metro area 2022)



Source: Infometrics

Engagement overview

Direct engagement with employers is a critical part of our economic development programme. Our goal is to identify ways Council can partner with each employer and the wider sector to support business growth and investment.

Staff have been conducting in-depth discussions with a range of our manufacturing employers to gather insights and better understand their operations.

Employer Insights meetings: July to November 2023

Eighteen employers were part of the engagement work captured in this report, ranging from large operations with international reach to those more local or regional. The majority have fewer than a 100 employees and primarily represent the food, machinery, and polymer/plastics manufacturing subsectors, as well as transport equipment and metal fabrication.

None of the businesses interviewed reported having significant sustainability initiatives in place. However, Council's climate change and sustainability team have been engaged to explore specific partnerships and lend support in this space.



**Hamilton
City Council**
Te kaunihera o Kirikiriroa

MANUFACTURING SECTOR JULY TO NOVEMBER 2023

Sector insights

 Confident
  Cautious
  Concerned

Key insights from our employer engagement meetings have been collected and grouped into four themes. The coloured icons accompanying each theme represent the nature of the feedback from each manufacturing employer.

Business outlook

General assessment about prospects for planned growth and business operations.



Continued increases in operational and material costs contributed to a rise in caution and concern expressed by the manufacturing businesses. Business outlook was also negatively affected by lingering impacts from climate disruptions and a challenging economic environment.

Most manufacturing employers report an emphasis on innovation, improvements to internal processes, expansion into new markets and cost management.

Employment outlook

Refers to the short-term hiring plans for the business.



As a result of growing uncertainty, manufacturers are not planning significant employment growth in the short term. Instead, employers are prioritizing staff retention and workforce stability. One business we spoke to had reduced staff by 15%.

Access to talent

Refers to the sector's ability to attract, recruit and retain skilled and qualified employees.



A slowdown in overall hiring across the sector has resulted in increased talent availability. However, increased levels of low-quality applicants applying for roles was noted.

Growth enablers

Refers to the ability to utilise the services and resources necessary for growing business operations.



Manufacturers continue to advocate for more industrial zoned land as an enabler of growth.

They also emphasise the importance of a cohesive and well-designed approach to mitigating the impact of traffic congestion on their operations.

More information available at: hamilton.govt.nz/economicdevelopment

EMPLOYER INSIGHTS REPORT

AGRITECH, TECHNOLOGY AND
INNOVATION SECTOR
JULY TO NOVEMBER 2023

Sector overview

Economic impact

Comprehensive data capturing the size and impact of New Zealand's technology sector can be elusive, given the varied definitions of "tech". Statistics NZ data shows the sector added 6880 jobs nationally in 2022, a 6.2% increase that brought total employment to just under 120,000.

Tech employment in the Waikato is estimated at 4100 and growing, anchored by Gallagher Group, LIC, TOMRA and NDA Group. Company-X, Houston Technology, HCLTech, Datacom, IT Partners and The Instillery are also firmly established in Hamilton.

Tech skills in demand (Waikato region)

1. Software development
2. Systems architecture
3. Business analysis
4. Support / Help desk
5. Testing / QA
6. Systems administration
7. Cyber-security

Source: Stats NZ, Technology Investment Network, Absolute IT Waikato

Engagement overview

Direct engagement with employers is a critical part of our economic development programme. Our goal is to identify ways Council can partner with each employer and the wider sector to support business growth and investment.

Staff have conducted in-depth discussions with a range of our agritech, technology, and innovation sector employers to gather insights and better understand their operations.

Employer Insights meetings: July to November 2023

Eleven employers from across the sector provided feedback during a series of in-depth meetings. The majority employ fewer than 100 staff and cover a wide range of software development and managed services as well as agritech.

While all employers spoke about the importance of environmental sustainability efforts as part of their corporate goals, some specifically highlighted the need for the sector to minimise packaging waste.



**Hamilton
City Council**
Te kaunihera o Kirikiriroa

AGRITECH, TECHNOLOGY AND INNOVATION SECTOR JULY TO NOVEMBER 2023

Sector insights

● Confident
 ● Cautious
 ● Concerned

Key insights from our employer engagement meetings have been collected and grouped into four themes. The coloured icons accompanying each theme represent the nature of the feedback from each agritech, technology, and innovation sector employer.

Business outlook

General assessment about prospects for planned growth and business operations.



The majority of businesses interviewed share a confident outlook for 2024 despite recent challenges and slowing sales. Tech export and offshore expansion was a recurring theme.

Businesses that expressed confidence are providing cybersecurity solutions, process optimisation, productivity improvements and automation across a range of sectors.

Employment outlook

Refers to the short-term hiring plans for the business.



Employers who shared plans to increase staff numbers in the near-term are focusing on sales and business development roles as a response to increasing competition for new business.

Plans for redundancies were not raised, although one business had recently downsized. Others were taking a wait-and-see approach for the next one to two quarters.

Access to talent

Refers to the sector's ability to attract, recruit and retain skilled and qualified employees.



Finding local, experienced tech talent remains challenging for nearly all employers.

In contrast, filling graduate level roles was reported to be relatively easy, perhaps reflecting the sector's focus on developing young talent.

Growth enablers

Refers to the ability to utilise the services and resources necessary for growing business operations.



Talent attraction has been consistently identified as a primary growth enabler for Hamilton tech employers, with strong interest in working collaboratively to address this issue.

The call for additional support targeting startups and smaller tech firms was repeated often by employers.

More information available at: hamilton.govt.nz/economicdevelopment

HAMILTON CITY

QUARTERLY REGIONAL BUSINESS PARTNER NETWORK UPDATE

SODA

Item 8

Attachment 4

BETWEEN JULY AND SEPTEMBER 2023 SODA:



Met with 60 Hamilton City based businesses to assess their challenges, needs, and training/support options.



Allocated **\$71,781.60** in funding to support management capability training of Hamilton City based businesses.



The businesses were booked with the following service providers:

- Inspiring Performance
- Everest People
- Vazey Child
- Institute of Directors
- Dale Carnegie
- Maisey Harris & Co
- The Better Co.
- D/srupt
- Findex
- The Icehouse
- Catapult
- LIFT55
- Web Paste
- Marksman

KEY OBSERVATIONS

In Q1 we noticed that challenges for businesses in Hamilton City were:

- Developing HR strategies to improve performance management.
- Creating a business plan and strategy to provide direction and growth for the business.
- Building leadership and management skills of the management team to grow the business effectively and efficiently

The most requested training and support was in the following areas:

- HR Essentials
- Leadership Development
- Business Planning
- Governance Essentials
- Financial Awareness training
- Strategy Essentials
- Growth Strategy
- Digital Marketing training



FOR FURTHER INFORMATION &
INSIGHTS PLEASE CONTACT:

ANNA DEVCICH

Business Growth Advisor

anna@sodainc.com
021535515



WAIKATO REGION

QUARTERLY CALLAGHAN INNOVATION UPDATE

CallaghanInnovation
New Zealand's Innovation Agency

SODA

BETWEEN JULY AND SEPTEMBER 2023:



Met with 69 Waikato businesses to assess their challenges, needs, and connect to Callaghan Innovation funding and support



\$730,200 of funding allocated to support Callaghan Innovation businesses in the Waikato region



Recommended* support options to the following Callaghan Innovation products:

Agritech activator: 10 businesses
Ārohia Full Grant: 6 businesses
Ārohia Seed Grant: 21 businesses
Business Innovation Advisory: 9 businesses
Industry 4.0 Network: 1 business
New to R&D Grant: 9 businesses
R&D Career Grants: 11 businesses
R&D Tax Incentive: 6 businesses
R&D Services: 15 businesses
Aronui: 1 business
Beyond IP Program: 3 businesses
Lean Program: 3 businesses

*Recommended support options are not necessarily consumed by businesses

KEY OBSERVATIONS

Q1 saw an influx of businesses realising the potential of the Ārohia Grant - Callaghan Innovations' first non-R&D grant to support commercial activities. Many businesses saw the value, resulting in \$75,000 of co-funding granted businesses in Q1 to help prototype and commercialise their innovations.

The popular Experience Grants - 10-week funded summer internships, opened in Q1. This year the Waikato region saw an increased uptake of the grant by 30% in 2023 compared to 2022, showing the region's growth in bringing interns over summer.



FOR FURTHER INFORMATION &
INSIGHTS PLEASE CONTACT:

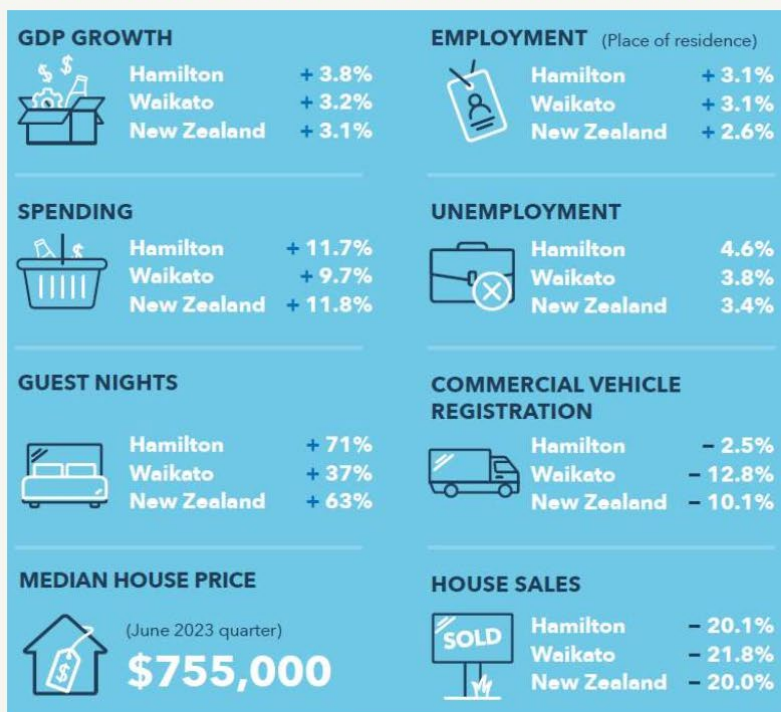
ELLA RESHEF

Innovation Specialist
Ella@sodainc.com





Hamilton Economic Indicators - year to June 2023



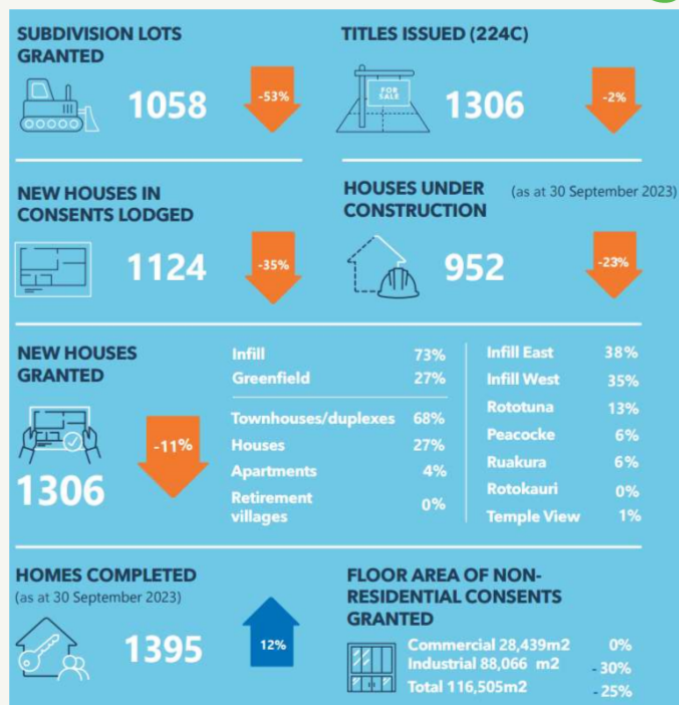
- Hamilton saw improvement in all indicators in the June 2023 quarter.
- Commercial vehicle registrations and house sales were still negative but saw significant improvement.
 - Vehicle registrations hit the highest levels in over a year.
- Accommodation and hospitality spending hit a record high of \$111M with the help of the Chiefs playoffs and Fieldays return to June.
- GDP and employment growth continued to exceed expectations and outperform national levels.

14 November 2023

Economic Development Committee

2

Hamilton Consenting - year to September 2023



- The number of new dwellings consented has fallen 11% in the past year and 25% from the peak in 2021
- Kaainga Ora have consented 20% of new dwellings in the past 12 months and 29% of all dwellings consented in the June quarter.
 - Data is delayed coming into HCC so there can be a lag before we see it in our numbers
- Completed dwellings have remained high as supply chain issues have eased and demand has slowed.
- The number of homes under construction has been consistently falling since mid-2022 as supply chain issues have resolved and consenting has slowed.
- There was no change in the floor area of commercial development granted, but the value of these consents (\$159M) was 67% higher than last year.

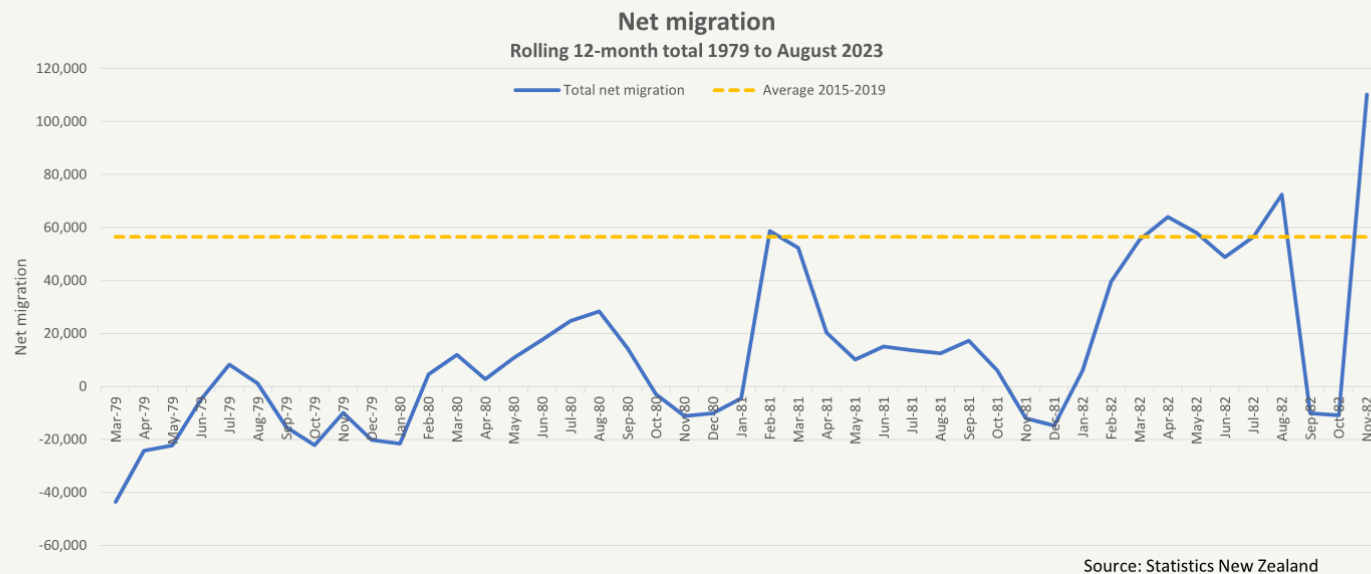
14 November 2023

Economic Development Committee

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Immigration

- Net migration in the year to August 2023 was nearly double the 5-year pre-Covid average (which was already historically high).



14 November 2023

Economic Development Committee

4

Hamilton's population growth in 2023

- Hamilton's population increased by 6100 people in 2023 to 185,300.
- International migration was a key driver of population growth in Hamilton with a net gain of 4900 people.
- Natural increase was 1300 people – the highest outside of Auckland
- Internal migration was -150 people
- Hamilton's median age is 33 years

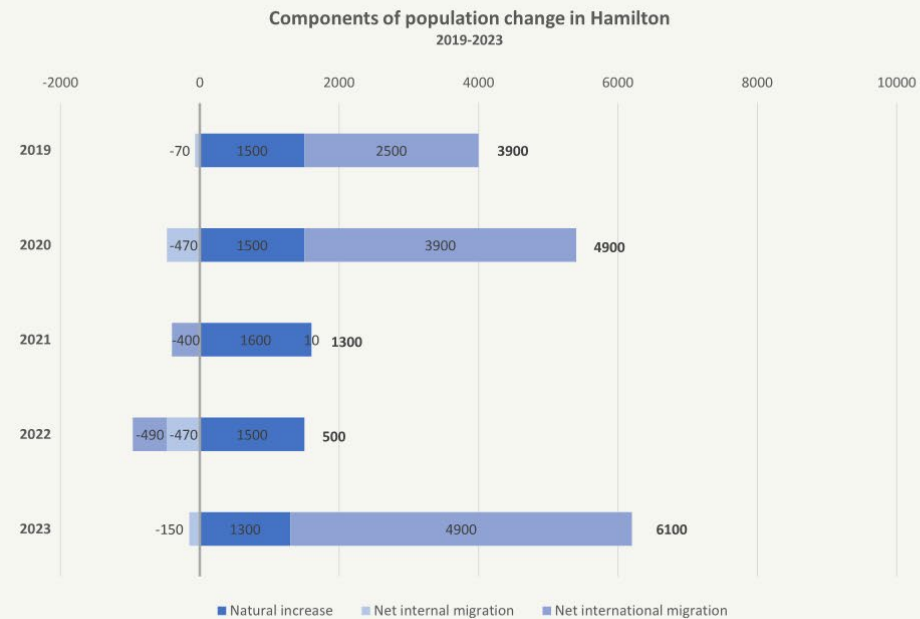
	Population increase	Population change	Median age
New Zealand	105,900	2.1%	38
Auckland	47,000	2.8%	36
Hamilton	6,100	3.4%	33
Tauranga	3,900	2.5%	40
Wellington city	2,800	1.3%	34
Christchurch	5,700	1.5%	37

14 November 2023

Economic Development Committee

5

What is driving population change in Hamilton



14 November 2023

Economic Development Committee

6

Inflation

- Continues to run at a high level
- 5.6% headline inflation in the year to September 2023, slightly lower than RBNZ expected in August.
 - Food prices were up 8%
- Oil markets are particularly volatile
 - The Israeli-Hamas war caused a spike in oil prices with fear of a supply disruption.
 - A September spike was caused by fear that American oil stockpiles were dwindling
- Median rent for new tenancies increased 9.1% in Hamilton compared to 7.4% nationwide.

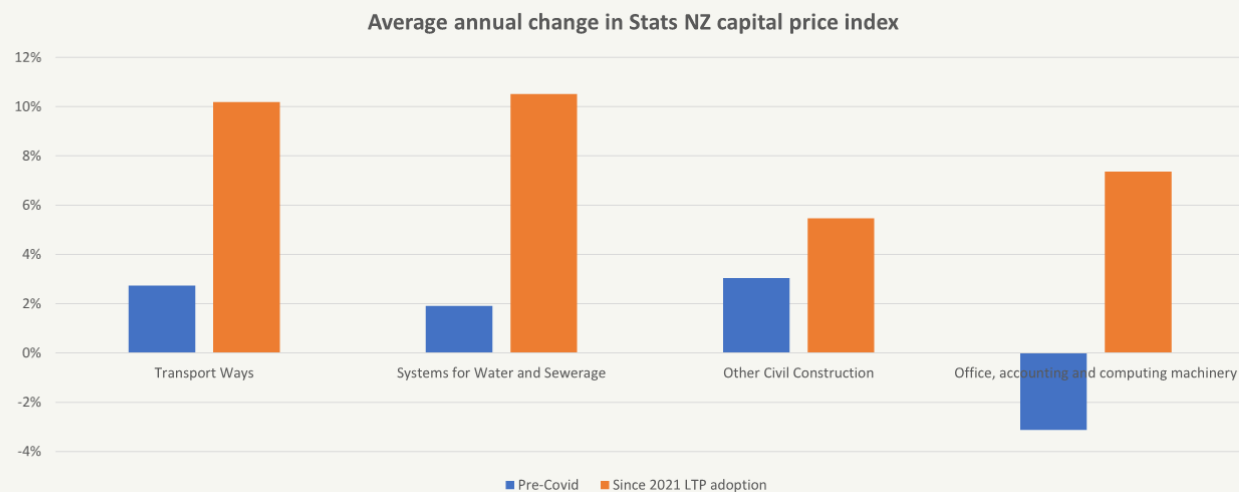
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Economic Development Committee

7

Capital prices

- Capital prices have increased 20% since 2021
- Transport ways and water and sewerage systems increased most



14 November 2023

Economic Development Committee

8

The outlook for the economy

The next two years will be challenging

- Restrained economic growth
- Inflation expected to remain high throughout 2023 and most of 2024 – upward pressures remain
- Hourly wages forecast to increase faster than inflation as wages catchup with inflation moving from 7% to 4% by 2026, well above pre-Covid average of (<2%)
- Net migration will ease from a peak of circa. 110,000 down to 40,000 by end of 2025 (average 2014-2019 was 52,600)
- Interest rates may go up again in the next 6 months, then should start to come down from late 2024 but likely to remain higher than before Covid

14 November 2023

Economic Development Committee

9

Consenting has dipped but will come back

- Migration and population growth is putting pressure on housing stocks – more homes are needed to accommodate population growth in Hamilton.
- There's always a lag between population spikes and an increase in consenting.
- House prices have stabilized with some price growth. Coupled with higher population growth, this will increase confidence in the sector and demand for new builds.
- Developers are seeing increased interest, but finance remains a challenge and it's taking much longer from enquiry to a consent being lodged.
- It won't be 2021 levels (arguably this outstripped the capacity of the sector) but it will be in line with NIDEA growth projections
- Our long-term value proposition is unchanged – Hamilton will continue to grow.
- Our long-term growth projections average 1200 new homes per year. This allows for some ups and downs
- Kaainga Ora's build programme is substantial and will continue in the short-term.

14 November 2023

Economic Development Committee

10

Council Report

Item 9

Committee: Economic Development Committee

Date: 14 November 2023

Author: Blair Bowcott

Authoriser: Blair Bowcott

Position: General Manager Strategy, Growth and Planning

Position: General Manager Strategy, Growth and Planning

Report Name: External Agencies and CCO Reporting

Report Status	<i>Open</i>
----------------------	-------------

Purpose - *Take*

1. To inform the Economic Development Committee on matters relating to external agencies and Council-controlled organisations (CCOs).
2. This report provides an update on HCBA's proposed extension of the Business Improvement District (BID) boundary and revenue increase.

Staff Recommendation - *Tuutohu-aa-kaimahi*

3. That the Economic Development Committee:
 - a) receives the report;
 - b) notes the updates regarding Hamilton Central Business Association's proposals to seek:
 - i. an increase in revenue to support Business Improvement District (BID) operations; and
 - ii. an increase in boundaries to include a portion of Hamilton East; and
 - c) notes that decisions regarding Hamilton Central Business Association's proposals will be made through the Long-Term Plan 2024-2034 process.

Executive Summary - *Whakaraapopototanga matua*

4. Under its terms of reference, the Economic Development Committee is responsible for receiving performance reports and providing clear direction to Council's CCOs, including providing feedback on draft statements of intent. It is also responsible for monitoring the performance and providing guidance on Council's relationship with external agencies.
5. This report provides the following information:

External Partner/CCO	Topic
Hamilton Central Business Association (HCBA)	<ul style="list-style-type: none">• Business Improvement District discussion –<ul style="list-style-type: none">○ Revenue increase○ Boundary extension

6. Staff consider the decisions in the report have low significance and that the recommendations comply with Council's legal requirements.

Discussion - *Matapaki*

HAMILTON CENTRAL BUSINESS ASSOCIATION

7. The purpose of this section is to provide an update to the Economic Development Committee on the further work undertaken on the Hamilton Central Business Association (HCBA) proposals since the [14 September 2023 Economic Development Committee meeting](#) (see Item 7).

Background

8. HCBA is a key partner to enable the central city to become 'a place where people love to be'.
9. To achieve this, HCBA represents the central city business voice on issues of strategic importance to the central city, promotes the central city as a bustling, active, innovative, vibrant place that offers exceptional business and experiences and contributes to and collaborates on projects that support the central city business economy.
10. A Service Level Agreement (SLA) between Hamilton City Council and HCBA to deliver the Central City Activation Plan and associated funding is in place for the period 2021-2024.
11. The Central City Activation Plan and Annual Budget for 2023–2024 was approved by the Economic Development Committee on 16 March 2023.
12. At its 14 September 2023 meeting, the Economic Development Committee passed the following resolutions:

That the Economic Development Committee:

- a) *recommends, in principle, that the Council considers, as part of the Long-Term Plan 2024-2034, the Hamilton Central Business Association's proposals to seek an **increase in revenue** to support Business Improvement District (BID) operations;*
- a) *recommends, in principle, that the Council considers, as part of the Long-Term Plan 2024-2034, the Hamilton Central Business Association's proposals to seek an **increase in boundaries** to include a portion of Hamilton East.*

Proposed Increase in BID Revenue Update

13. As reported to the 14 September 2024 meeting, HCBA is proposing an increase in funding to the BID organisation through increasing the BID targeted rate in line with the rates increase each year.
14. Staff have undertaken further modelling to understand the potential increase in BID revenue to HCBA, as well as the option to remove the 95% BID Commercial rate; this information will be provided to the 28-29 November 2023 Council meetings for consideration as part of the 2024-34 LTP. Staff will provide a verbal update ahead of that discussion.

Proposed BID Boundary Extension Update

15. HCBA continues to seek a boundary extension to include parts of Hamilton East (**Attachment 2**) for consideration by Council as part of the 2024-34 LTP.
16. If the BID boundary was extended, the BID Commercial rate, which is 95% of the General Commercial rate, would not be applied to this area.

17. HCBA's rationale for increasing the BID boundary, as well as the feedback it has received from its members and the Hamilton East business community, were outlined in the 14 September 2023 report.
18. Staff have calculated there are a total of 107 business that separately use or inhabit part of a commercial property across 66 commercial rating units within the proposed Hamilton East BID extension area. The total BID collection from this area, using the 2023/24 calculations, would have been \$29,215 including GST.
19. To extend the BID boundary, businesses and/or property owners in the proposed extension area must be polled. The BID poll must achieve a minimum return of 35% of eligible voters with the majority in favour of extending the boundaries. Voters are made up of a mixture of business and property owners.
20. Independent Election Services Ltd (IES) has been contracted by HCBA to conduct the BID Poll. IES is the approved provider of electoral services for the Hamilton City Council for the period of 2022 to 2025, as approved by the Council on 16 December 2021.
21. The BID Poll will be conducted across a three-week voting period from Monday 6 November 2023 until 12 noon, Friday 24 November 2023. As such, the BID Poll is now underway.
22. The BID Poll is conducted via postal ballot, and a ballot box is also available at Council's Municipal Building reception for eligible voters to cast their vote.
23. HCBA will be hosting a drop-in information evening for all interested parties on the evening of Tuesday 14 November 2023 at *The Cook*, in Hamilton East.

Next Steps

24. Once the poll has closed, IES will provide a written report with an overview of the BID Poll, summarising the polling process, timetable, voter turnout and the outcomes.
25. Staff will include the results of the BID Poll and other relevant information to Elected Members at the 12 December 2023 LTP Council meeting for a decision on whether to extend the BID boundary to include the Hamilton East Area.
26. Under Council's BID Policy (**Attachment 3**), the final decision about whether to extend the BID boundary is made by the Council, and *in making this decision, the Council will take into account, but will not be bound by, the BID Poll result* (paragraph 15).

Financial Considerations - *Whaiwhakaaro Puutea*

Current BID budget

27. The budget for BID Funding for HCBA has been approved in the 2021-31 Long Term Plan and includes \$388,079 (incl. GST) this financial year, fully funded by a targeted rate. As per the BID Policy, payment is made in quarterly instalments.
28. This funding is separate to the proposal to increase the BID revenue discussed in this report.
29. The Central City Activation Fund was approved in the 2021-31 Long Term Plan and includes \$100,000 per annum for Years 1–3 (ie to 30 June 2024).

Potential BID revenue increase

30. If the BID revenue increases, there will be no cost to Council, as the funds are collected from HCBA members and passed directly on to HCBA.

BID Commercial rate

31. HCC charges a lower General Rate to commercial properties within the BID Boundary in the central city. The BID Commercial rate is set at 95% of the 'General Commercial' rate of commercial properties outside of the current BID Boundary.
32. This rates differential was introduced at the same time as the BID rate in 2008.
33. As noted earlier in this report, staff will bring information and options on the 95% BID Commercial rate to the 28 November 2023 Council meetings.

Potential BID boundary extension

34. If the BID boundary was extended to the proposed Hamilton East BID area, the BID Commercial rate would not be applied. Therefore, there would be no financial cost to Council; however, HCBA members in Hamilton East would be required to pay the additional BID rate each year.

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

35. Staff confirm that the matters covered in this report comply with the Council's legal and policy requirements.

Climate Change Impact Statement

36. There are no known climate risks or adaption opportunities associated with this option.
37. There is no change in greenhouse gas emissions associated with this option.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

38. The purpose of Local Government changed on the 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
39. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
40. The recommendations set out in this report are consistent with that purpose.

Social

41. HCBA supports people to be healthy and happy through activations across central city, helping to make Hamilton a great place to play and be active.
42. Many elements of HCBA's work ensures that Hamilton is a place where people feel safe. This includes:
 - i. conducting an annual city safety survey of the central city business community;
 - ii. actively supporting City Safe and distributing information to new businesses;
 - iii. partnering in providing a Safe Zone to tertiary students during Orientation Week;
 - iv. providing submissions to Council on projects and policies impacting the central city;
 - v. initiating monthly drop-in sessions with the Police to support businesses.
43. HCBA attends regular meetings with the accessibility group to work through Council's Accessibility Action Plan and implement any necessary actions relating to the central city.
44. HCBA continues to meet monthly with NZ Police, including the new Senior Sergeant, regarding police action and initiatives across the central city, reporting feedback from the business community and facilitating police responses.

Economic

45. Activities undertaken by HCBA to help Hamilton have a thriving, sustainable business sector include networking events, central city promotion and social media marketing to support economic activity.
46. HCBA supports technology initiatives and helping Hamilton become a hub for innovation via their Cultivate IT partnership.
47. Enabling individuals and businesses to prosper is achieved by HCBA's promotion and support of commercial activity in the Central City.

Environmental

48. HCBA's efforts are part of wider initiatives to restore and protect the health and wellbeing of the Waikato River. They have actively pursued river activations through the CBD Activation Priorities and activities supporting environmental initiatives.
49. HCBA has purposefully selects awards venues for the CBD Celebration Awards facing the river to honour, enhance and protect our environmental treasures like the Waikato River and have included a sustainability award to recognise businesses successfully implementing sustainable initiatives.
50. HCBA recently attended the Hamilton Waikato Tourism Sustainability Symposium, and subsequently suggested a bus tour to explore examples of sustainability initiatives around the Waikato Region. A tour of Raglan Whaaingaroa was arranged to learn about sustainability initiatives that different businesses have in place and see how a whole town has rallied around the need to work together.
51. HCBA has met with Council's sustainability team to discuss central city initiatives to support composting and recycling and is currently having a living footpath sign created as a promotional tool, using sustainable materials. HCBA aims for this to provide a template for future sustainable footpath signage in the central city.

Cultural

52. Our city values, respects, protects, and promotes the treasured status of tangata whenua, acknowledges our shared history and celebrates our cultural identity and heritage. This is underscored by HCBA's support and promotion of culture initiatives in the central city including the Te Ahurei Maaori Tourism CBD heritage walk, and a number of activities for the duration of Matariki ki Waikato Festival (16 June–16 July 2023).
53. Vibrant and attractive public spaces are part of the CBD Activation Priorities, which are supported by HCBA. HCBA supports and promotes the central city through promotion, media, and initiatives.
54. Hamilton's rich history and heritage are valued, protected, and celebrated by HCBA's support of cultural initiatives and a diverse range of activations through the CBD Activation Priorities and their promotion of central city businesses supports local communities.
55. Efforts to have a thriving arts and events scene are supported by HCBA's collaboration and advocacy with organisations to enable the delivery of arts and events in the central city. HCBA is working with the Hamilton Arts Trust and Riff Raff Trust on the creation and promotion of the *Festival of Weird* to be held in the central city, and recently provided a letter of support for this kaupapa to the Creative Communities Fund.
56. To ensure Hamilton continues to be a place to be proud of, HCBA relaunched the Ambassador Programme in February 2023 at Novotel Tainui, with courses held monthly, funded by NZ Tourism.

Risks - *Tuuraru*

57. Risks regarding extending the BID boundary will be covered in the LTP meeting on 12 December 2023.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui* **Significance**

58. Staff have considered the key considerations under the Significance and Engagement Policy and have assessed that the matter(s) in this report has/have a low level of significance.

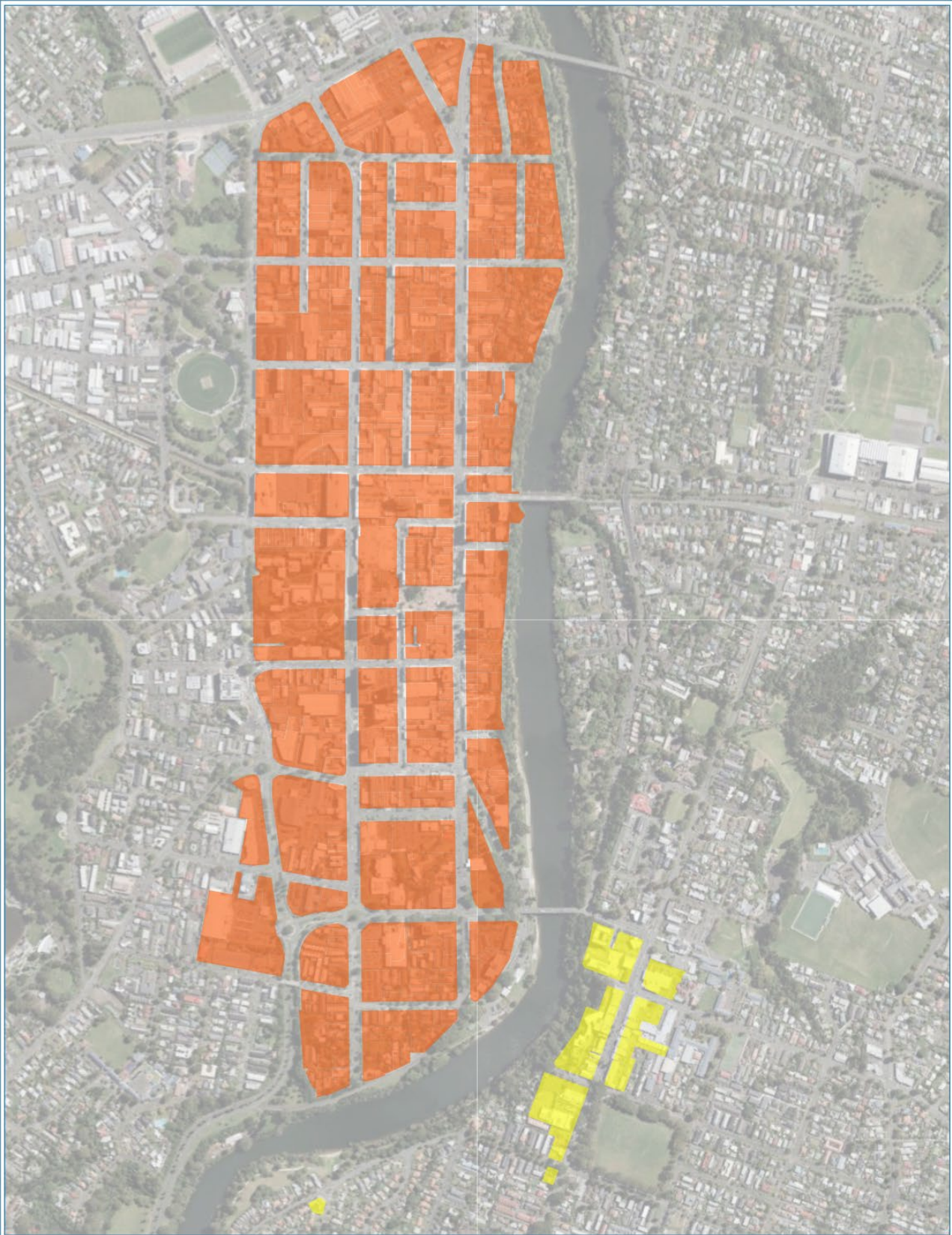
Engagement

59. Given the low level of significance determined, the engagement level is low. No engagement is required.
60. While Council does not need to undertake any engagement, HCBA is required, as per the BID Policy, to undertake a BID Poll of the businesses in the proposed area. This Poll is currently underway and will be reported to the 12 December 2023 LTP meeting.

Attachments - *Ngaa taapirihanga*

Attachment 1 - BID Boundary - Proposed Hamilton East Map

Attachment 2 - Hamilton City Council Business Improvement District (BID) Policy - Approved June 2023



KEY

- BID
- Proposed BID (Hamilton East)

 **Hamilton City Council**
Te kaunihera o Kirikiriroa

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Hamilton BID version 1

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Sponsor/Group:	General Manager Strategy, Growth and Planning

Business Improvement District (BID) Policy

Ko te Puutaketanga

Purpose

1. This Policy applies when setting up a Business Improvement District (BID) including its funding and Council's administration of BIDs.

Ko te Whaanuitanga

Scope

2. This Policy applies to any BID established within the Hamilton City Council's boundary.
3. This Policy applies to business and commercial property ratepayers and does not apply to private property occupied by residents.

Ko ngaa Whakamaaramatanga

Definitions

Term	Definition in this Policy
Annual Programme	A set of activities, approved by the BID Executive Committee, which are planned over a period of one year, and contribute to the purpose of the BID.
BID Executive Committee	A committee established as per clause 21 of this Policy, which has the authority to make decisions for the BID and ensure that these decisions are carried out.
BID Poll	The process where Eligible Voters cast their vote in the postal ballot to determine whether a BID should be established, extended, reduced or dis-established, and other key issues, as per clause 14 of this Policy.
BID Proponent	The interested party or the Council that is making a proposal to establish a Business Improvement District.
Business Improvement District (BID)	A defined area over which a Targeted Rate will be set to fund a BID Association.
Council	Hamilton City Council
BID Association	An incorporated society established to deliver the programme of work for the BID area.
Register of Eligible Voters	A list of commercial property owners and businesses within the BID area (that represent a 'Separately Used or Inhabited Part' (SUIP) of the rating unit), or their nominated representatives as per clause 13 of this Policy.
Returning Officer	A person from an independent election service body which has been approved by Council.
SUIP	Separately used or inhabited part of a rating unit.

Ko ngaa Tikanga Policy

Purpose of a Business Improvement District

4. Business development:
 - a. to support business creation, attraction, retention and expansion within a BID
 - b. to assist and guide development and advancement of commercial interests of businesses and business people within a BID
 - c. To provide a forum for networking and collaboration of members.
5. To advocate for business interests within the BID.
6. Promotion, events and marketing:
 - a. to market business interests within the BID locally, regionally and nationally
 - b. to establish and support an identity for the BID.
7. To support Council to ensure the physical environment of the BID is consistent with the BID identity:
 - a. to promote amenity, cleanliness, safety and connectivity within the BID
 - b. to advocate for the preservation of heritage appropriate to the BID
 - c. to advocate for quality urban design within the BID.
8. To align strategic goals for the BID with Hamilton City Council's strategic plans.
9. To work collaboratively and in a coordinated way with Hamilton City Council.
10. To work with other organisations that have a role within the BID, for example, the Waikato Chamber of Commerce and local branch of the Property Council of NZ, to ensure a coordinated strategic approach to developments within the BID are taken.

Process to establish a BID

11. The Council approves setting up a BID.
12. A proposal to establish a BID may be initiated at any time by the Council or any interested party (a BID proponent). A BID proponent should seek sufficient support for establishing a BID before making a request to the Council.
13. A Register of Eligible Voters will be established.
 - a. The Council will approve the potential BID boundary area and provide a map. This will occur in consultation with any BID proponent.
 - b. A list of property owners and businesses that 'Separately Use or Inhabit Part' (SUIP) of a property within the proposed BID boundary area will be prepared by the BID proponent with the assistance of the Council. The list must include property-owner name, valuation number, physical address, name of owner/occupier; email/electronic contact/website contact; mailing address; landline/mobile phone contact.
 - c. Each property owner and business that 'Separately Use or Inhabit Part' of a property (SUIP) on the list must be contacted to determine who will be the registered voter and whose name is to be listed on the Register of Eligible Voters. This Policy is based on the principle of 'one person, one vote' meaning each registered eligible voter will have one vote.
 - d. All registered voters automatically qualify to become members of the BID Association and the Register of Eligible Voters is the BID Association's membership register.
 - e. If the owner and/or SUIP are an individual, that person should be registered as the voter unless they nominate someone else to act on their behalf. All future communication must be

addressed to that nominated individual, unless the owner or occupier subsequently nominates a different representative.

- f. If the owner and/or SUIP is not an individual, communication must be with the senior management of that body (typically a company or trust) to nominate someone to act on their behalf.
 - g. Where an individual or organisation appears multiple times on the owner and/or occupier list (for example, they own a number of properties or businesses in the BID) that person or organisation may nominate only one name per property for the Register of Eligible Voters, noting each person must be different and not already on the voter register.
 - h. The following business owners are not eligible to register on the Register of Eligible Voters:
 - Business owners who operate their businesses from residentially rated property within the BID boundary area.
 - Business owners who give a business address which is a commercial property within the BID boundary area, but who do not physically run their businesses from that address (for example businesses who use their accountant's address, or businesses who have mail delivered to a relative or friend running a business within the BID).
 - i. Business owners who operate from a residentially-rated property may choose to join the BID Association provided that they satisfy the BID Association they operate a business within the BID.
 - j. The following information must be included on the Register of Eligible Voters:
 - Name of property owner or occupier
 - Name of representative (if applicable)
 - Contact details:
 - Email address.
 - Mailing address.
 - Physical address.
 - Telephone, including mobile number/fax numbers.
 - The voter's preferred method of communication (for example, email).
 - k. The Register of Eligible Voters must be agreed by Council staff and any disputes about eligibility for inclusion on the Register of Eligible Voters will be made by the Council.
 - l. Once established, it is the responsibility of the BID Association to maintain and update the membership register and immediately advise the Council of any changes.
 - m. The BID Association must not use nor pass on any personal information for any purpose other than administration of the BID Association.
14. A BID Poll will be conducted.
- a. No BID will be established without a BID Poll and that BID Poll must achieve a voting return of 35 percent of voters listed on the Register of Eligible Voters and the majority of those votes are in favour of the proposition.
 - b. The BID Poll is the responsibility of the BID proponent.
 - c. The Council will pay for the cost of the BID establishment poll.
 - d. A Returning Officer approved by the Council must be engaged to conduct the BID Poll and they must be engaged as soon as the Register of Eligible Voters has been

finalised to enable the election service to begin preparing for the Poll. Material prepared for the Poll must include:

- The Register of Eligible Voters
 - An easy-to-understand information sheet outlining the BID proposal
 - A ballot form approved by Returning Officer
 - A contact update form.
- e. All registered voters on the Register of Eligible Voters must be notified of the upcoming Poll and the key issues to be decided. These issues include, but are not limited to:
- the boundaries of the proposed BID
 - the total budget and approximate targeted rate to be assessed
 - the objectives of the BID strategic plan
 - the principal BID proponents for contact purposes.
- f. The BID proponent must engage with the property owners and occupiers within the proposed BID through:
- at least one information meeting, open to all interested parties, must be held no less than 10 days prior to the poll closing
 - at least two advertisements about the upcoming Poll in local newspapers and on the Council's website, with the last advertisement a minimum of three days prior to the Poll closing. Other methods to inform eligible voters of the upcoming vote, such as social media, face-to-face meetings, email, fax or newsletters may be used.
- g. All BID polls are run as postal ballots. The period between the mail out of the ballot papers and close off for return of ballots must not be less than 14 calendar days.
- h. The Returning Officer will send out a pack including the information sheet, the ballot form, the contact update form and a prepaid return envelope. Any requests for replacement ballots should be directed to the Returning Officer.
- i. Proxy voting is not permitted for BID Polls. Registered voters who will be absent from their registered addresses during the period of the Poll but who wish to vote, should provide a forwarding address to the BID proponents.
- j. The Returning Officer will receive, count and verify all returned ballot papers. It will then report the result of the Poll to the BID proponent and the Council.
15. The final decision about whether to establish, extend, reduce or dis-establish a BID is made by the Council because, under the Local Government (Rating) Act 2002, it is the Council alone that can set the Targeted Rate. In making that decision, the Council will take into account, but will not be bound by, the BID Poll result.

Set up of an approved BID

16. If the Council approves setting up a BID, a business association must be established and registered as an incorporated society and evidence of registration provided to the Council (refer to www.societies.govt.nz).
17. The Council will not approve a Targeted Rate without evidence that the BID Association is an incorporated society as at 30 June of the given year.
18. As part of the incorporation process, a constitution (which is called 'Rules') must be lodged with the Incorporated Society Register.

19. Any changes to these Rules must be approved by the Council.
20. No subsequent changes may be made to the Rules without Council approval.
21. The BID Association will establish an Executive Committee consisting of a minimum of five voting members and up to eleven voting members, three of whom are appointed by the Council.
 - a. Those members of the Executive Committee appointed by the Council are not required to be members of the BID Association and will be selected based on skills required to enable the Executive Committee to carry out its role.
 - b. Executive Committee members serve a term of two years and must not serve more than three consecutive terms.
 - c. The Chairperson of the Executive Committee serves a term of two years.
 - d. The Chairperson must be a member of the BID Association and is voted by the Executive Committee members at its first committee meeting.
 - e. The Chairperson may serve more than one term.
 - f. The Executive Committee must meet at least six times per year.
 - g. A quorum for any Executive Committee meeting requires a majority of BID Association members to be present.
 - h. Decisions are by majority vote.
 - i. No remuneration will be paid to members of the Executive Committee.
 - j. A BID Manager must be appointed by the Executive Committee and they do not have any voting rights.

Inaugural Annual General Meeting (AGM)

22. Following Council approval of the BID, an AGM must be held within four weeks of the Poll. Registered voters on the Register of Eligible Voters must be notified of:
 - a. the date and place of the first AGM of the BID Association
 - b. their opportunity to nominate individuals to the BID Executive Committee, and how to do this
 - c. their opportunity to view the proposed BID Association Rules
 - d. their opportunity to study the proposed BID Association Budget and Annual Programme
 - e. the proposal which was presented to Council regarding establishment of the BID.
23. Nominations for positions on the BID Executive Committee must be made in writing, signed by two registered BID members, and the nominee themselves. These should be delivered to the specified receiving office identified in the publicity about the AGM. Nominations will close three days before the scheduled date of the AGM.
24. The inaugural AGM will be chaired initially by a Council staff member assigned to the BID. The process for the inaugural AGM must include:
 - a. The election of an Executive Committee.
 - b. Approval of the proposed Rules.
 - c. Approval of the proposed Budget and Targeted Rate.
 - d. Approval of the proposed Annual Programme.
 - e. Approval of the Strategic Plan.

25. Subsequent AGMs will operate as set out in the BID Association Rules.
26. Decisions at the AGM are by majority vote of the assembled BID Association members present at the AGM.
27. The Council must be informed of the elected officers and their contact details.

Membership rights and responsibilities

28. Membership of the BID Association is automatic for any eligible voting business within the BID and the Register of Eligible Voters is the BID Association's membership register. Membership entitles the individual member to:
 - a. attend and vote at all annual and special general meetings
 - b. attend all meetings of the BID Executive Committee (but not vote)
 - c. stand for election to the BID Executive Committee
 - d. receive regular communications about BID activities
 - e. receive notification of upcoming meetings and agenda items.
29. Members must ensure that their contact details are kept current on the Register.
30. Businesses outside the BID are eligible to apply for associate membership and are required to pay an annual membership subscription as determined by the Executive Committee.
31. Associate members have no voting rights within the BID Association.

BID funding

32. Once confirmation of incorporation has been received from the Registrar of Incorporated Societies, the BID Association can apply to the Council for a Targeted Rate in its BID. This application cannot be made until the BID Association has held its AGM meeting.
33. The purpose of the Targeted Rate is to fund the revenue required by the BID Association to enable it to deliver the Annual Programme approved by the BID Association members.
34. The BID Association must present the following information to the Council to support its application for a Targeted Rate:
 - a. Evidence of a mandate (report from the Returning Officer).
 - b. Evidence of incorporation (Registrar of Incorporated Societies).
 - c. The agreed BID boundaries.
 - d. The approved budget that identifies the revenue required to carry out the Annual Programme (AGM Minutes).
 - e. The approved Annual Programme (AGM Minutes).
 - f. The Strategic Plan (AGM Minutes).
35. The Local Government Act 2002 and the Local Government (Rating) Act 2002 gives the Council authority to set a Targeted Rate for an activity such as a BID. The Council will make the final decisions on what Targeted Rate, if any, to set in any particular year (in terms of the amount and the geographic area to be rated).
36. Council will each year set the Targeted Rate as part of its Funding Impact Statement and rate resolution.
37. A BID Association will be funded by a targeted rate, rated by the Council each year and the full amount collected by the Council passed onto the BID Association in the form of a grant paid quarterly.

38. BID Targeted Rate will be calculated on a combination of a uniform basis flat charge and a Targeted Rate on a Capital Value basis for each rating unit or SUIP of a rating unit within the BID (the BID formula) and will be adjusted each year by the inflation rate adopted by the Council.
39. New properties, within the BID area, coming into that area will be rated in the next financial year.
40. The financial year of any BID will be 1 July to 30 June.
41. Payment of the Targeted Rate must be separately accounted for in the BID Association's financial records.
42. Any request by the BID Association for an increase in revenue must be submitted to the Council by December in preparation for the financial year commencing the following 1 July with the following information:
 - a. The Annual Programme identifying where the additional revenue is required and how this programme will achieve the BID Association's Strategic Plan.
 - b. The budget providing details of the additional revenue required.
 - c. Evidence of support from BID Association members (AGM Minutes).
43. In addition to the Targeted Rate, the BID Association may raise funds through other mechanisms, including sponsorship, advertising and grants.
44. The Council may contract the BID Association to carry out services on its behalf and/or enter into a service level agreement.

Adjustments to the BID boundary area

45. A decision to change the boundary area of an approved BID must be made by the Council.
46. A proposal to change a boundary area can be made at any time but no decision can be made on a proposal until all eligible voters within the boundary area affected are polled.
47. If the proposal is for a boundary extension, only the property owners and occupiers in the proposed extension area are polled.
48. The BID will pay for any further polls to adjust the boundary.
49. The process for polling is that set out in clauses under item 14 of this Policy.

Dis-establishment of a BID

50. The Council may dis-establish a BID at any time and is not required to conduct a poll.

Ko te Aroturukitanga me te Whakatinanatanga Implementation

Monitoring and

Management and performance accountability

51. The Executive Committee will act as the BID Association's interface with the Council and is responsible for running the BID in accordance with this Policy and the approved Strategic Plan and Budget.
52. The BID Association and Council will at all times communicate with each other in such a way as to most effectively further the strategic objectives of the BID Association members and to protect and enhance the partnership relationship between the BID Association and the Council.
53. An appropriate Council General Manager will be responsible for the BID Association relationship and will appoint a one-point-of-contact staff member for the relationship interface.

54. The Executive Committee is expected to produce a Strategic Plan every three years which:
- reflects a representative view of the BID members
 - describes how the Plan will contribute to achieving the purpose of the BID as set out in items 4 to 10 of this policy
 - describe how the Plan will contribute to any Council strategic aspirations, plans or projects relevant to the BID area
 - include effective measures of performance that enable objective evaluation of delivery against the outcomes of the Plan and the performance of the BID Association over the three-year period.
55. The Executive Committee must present an Annual Programme and Budget to the Council by 1 March of each year for the following financial year.
- The Annual Programme sets out in detail the projects and work the BID Association intends to undertake in the following financial year. It must align with the BID Association's Strategic Plan as in clause 54.
 - The budget will be used to determine the overall level of the targeted rate and any requests for additional funding must comply with clause 41. The partnership between Council and the BID Association includes ensuring prudent use of any BID funding.
 - Effective measures of performance that the success of the Annual Programme and which demonstrate a relationship to the association's Strategic Plan outcomes must be included.
 - The Annual Programme will also include measures of performance for the BID's Executive Committee and management.
56. Measures of performance for both the association's Strategic Plan (three yearly) and Annual Programmes (annually) will be established in consultation with the Council in the form of key performance indicators (KPIs).
57. Council and the BID Association will agree data sources for KPIs included in the Strategic Plan and Annual Programmes as well as their respective responsibilities for data collection and data reporting.
58. The agreed performance measures must cover the economic performance of the BID and public and business perceptions of the BID identity against baseline measures (trend data). They will also include KPIs related to specific BID projects and activities. KPIs may include but are not limited to:
- BID contribution to central city GDP.
 - Total retail spend.
 - Type and number of businesses.
 - Number of employees.
 - Perceptions of safety.
 - Shopper/visitor satisfaction surveys.
 - Commercial rents.
 - Vacancy rates.
 - Visitor numbers (local, regional and overseas).
 - Pedestrian activity.
 - Economic impact assessment of events held in the BID.

- l. Number of new businesses attracted to the BID.
 - m. Positive media (print, radio, social) coverage of the BID.
59. The BID Association must publish an Annual Report on its financial and strategic performance each year in August.
60. Council will review the performance of the BID against the stated Strategic Plan, KPIs, audited accounts and Annual Report. In August each year, the Executive Committee must provide the Council with a copy of the audited accounts and Annual Report for the previous financial year (including statements that the association has acted in compliance with its Rules and all other relevant laws and regulations).
61. Where the Council has concerns with the progress or success of a BID, the grant from the Targeted Rate may be withheld until specific improvements or alterations have been made to the Annual Programme, business and Strategic Plans, or implementation processes.
62. The Council may initiate a review of all or any particular BID programme at any time.

Dispute resolution

63. The Council has the final decision about whether or not to set a Targeted Rate, the amount of that Targeted Rate, whether to provide for an additional rate or alter the boundaries of the area subject to the rate, and whether or not to establish, dis-establish, reduce or extend the BID.
64. If there is a dispute about other matters the BID Association and the Council will attempt to resolve their dispute through mediation sharing the costs of mediation equally. If the dispute is not resolved, either party may refer the dispute to arbitration in accordance with the Arbitration Act 1996. The award in the arbitration will be final and binding on the parties.
65. Disputes between BID members (ONR) and the BID Associations will be settled in accordance with the following procedure:
- a. unless matters can be resolved quickly and informally, ONR are obliged to bring their concerns to the attention of the BID Association's Executive Committee in writing. An initial written response is required within seven working days, outlining the manner and the time frame in which the concerns will be addressed. Council as major fund provider should be made aware of any such issues.
 - b. Having exhausted reasonable means of resolving the dispute, the BID Association may appoint a mediator to enable the parties to settle the dispute. If the dispute is not resolved within a further 30 days after appointment of a mediator, any party may then refer the dispute to arbitration in accordance with the Arbitration Act 1996. The award in the arbitration will be final and binding on the parties.

Council Report

Item 10

Committee: Economic Development Committee

Date: 14 November 2023

Author: Nicolas Wells

Authoriser: Blair Bowcott

Position: Strategic Property Manager

Position: General Manager Strategy, Growth and Planning

Report Name: Strategic Property Update - November 2023

Report Status	Open
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Purpose - *Take*

1. To inform the Economic Development Committee of the financial performance and position of the Municipal Endowment Fund as at 30 September 2023 (Q1 2023/24 FY), and matters concerning the Opoia Paa (formerly Sonning) Carpark.

Staff Recommendation - *Tuutohu-aa-kaimahi*

2. That the Economic Development Committee receives the report.

Executive Summary - *Whakaraapopototanga matua*

3. This is the regular report on the financial performance and position of the assets of the Municipal Endowment Fund (MEF). It covers the first quarter (Q1) of the 2023/24 financial year from 1 July 2023 to 30 September 2023.
4. The MEF has a current value of \$58.59M comprised of property assets totalling \$26.52M and reserves of \$32.07M.
5. The overall value of the MEF has increased by \$314K from \$58.27M to \$58.59M over the past quarter. This is largely attributable to accrued interest income and interest received on maturing term deposits in the period.
6. A profit and loss statement is included (see **Attachment 1**).
7. On 7 September 2023, the Council resolved to change the name of the Sonning Carpark to Opoia Paa. Staff have engaged with mana whenua to implement this decision. New signage is being prepared and an appropriate ceremony will be held to acknowledge the name change. This work is ongoing.
8. On 14 September 2023, the Economic Development Committee considered six high-level development options for the Opoia Paa site. Prepared by Veros, the options ranged from status quo (least aspirational) to full development (most aspirational).

9. The Economic Development Committee approved developing the land *in principle*, including all the options outlined, subject to engaging with mana whenua concerning their aspirations for the site and its cultural significance, and confirming the development outcomes and parameters being sought. Staff have started engagement with mana whenua. This work is ongoing.
10. Staff consider the matters in this report have a low significance and that the recommendation complies with the Council's legal requirements.

Discussion – *Matapaki*

Municipal Endowment Fund 2023/24 FY Q1

11. Council's Municipal Endowment Fund (MEF) is divided into 3 parts:
 - i. The Municipal Endowment properties consist of ground leases where Council owns the land only but the improvements and leasehold interest in the land are owned by the lessee. Typically, this asset class returns a low yield. Council has previously encouraged lessees to freehold these properties to free up Council's capital for investment in higher yielding property assets.
 - ii. The Municipal Investment properties consist of property assets purchased to generate the maximum possible yield. They include two industrial properties, and a group of three suburban shops.
 - iii. The Municipal Endowment Reserve (\$32.07M) is invested in term deposits and mixed funds. The reserve is invested in accordance with an independently designed framework that is intended to diversify the investment portfolio, support liquidity, and preserve capital over the long term, as follows:

Term Deposits - \$20.5M

Provider	Amount	Term	Maturity	Expected Return
ANZ	\$10.5M	3 months	15 November 2023*	6.07%
ANZ	\$5M	6 months	14 February 2024*	6.35%
ANZ	\$5M	9 months	10 May 2024*	6.55%

* Term deposits will be rolled over for the same period upon maturity. Term deposit rates in general have been improving as interest rates climb, and the Finance Manager recommends continuing with this strategy at this stage.

Mixed Funds - \$11M

Provider	Amount	Return*	Expense ratio
Milford Balanced Fund	\$6m	8.44%	1.05%
Forsyth Barr Fund	\$5m	2.7%	0.69%

* 5-year net average return – noting that this figure is based on past historical return averages and does not indicate or guarantee future returns.

Milford Balanced Fund			
Description	Units	Price	Value
Initial investment	2,131,135.90	\$2.8154	\$6,000,000.00
Value at 30 Sept 2023	2,133,461.04	\$2.9498	\$6,293,283.37
Change in fair value movement – gain/(loss) – note: unrealised			\$293,283.37

Forsyth Barr Fund			
Description	Units	Price/Unit	Value
Initial investment	2,127,388.00	\$2.350	\$5,000,000.00
Value at 30 Sept 2023	2,123,140.00	\$2.288	\$4,858,168.54
Change in fair value movement – gain/(loss) – note: unrealised			(\$141,831.46)

12. Since the last quarterly update, the overall value of the MEF has increased \$314K due to accrued interest income and interest received on maturing term deposits generated during the period (2023/24 FY Q1), which is credited to the MEF.

Opoia Paa Carpark

13. On 7 September 2023, the Council resolved to change the name of the Council-owned Sonning Carpark at 191-197 River Road to Opoia Paa. Staff have engaged with mana whenua to implement this decision. “Opoia Paa Carpark” has been approved as the name on the entrance sign. An interpretive panel, to be located elsewhere on the site, is currently in preparation. Discussions with Ngaati Wairere about an appropriate ceremony to mark the name change and installation of the new signage are ongoing.
14. At the 14 September 2023 Economic Development Committee meeting, staff presented a report prepared by Veros, which identified and evaluated six high-level development options for developing the land, ranging from *status quo* (least aspirational) to full development of the land (most aspirational).
15. The Committee approved in principle to develop the land, including all the options in the Veros report, subject to:
- i. *engaging with mana whenua concerning ... their aspirations for the site and its cultural significance;*
 - ii. *partnering with mana whenua to confirm the development outcomes and parameters being sought;*
 - iii. *completing a high-level development masterplan, or bulk and location document set, for the land.*
16. Staff have started engagement with mana whenua. This work is ongoing.

Financial Considerations - *Whaiwhakaaro Puutea*

17. Strategic Property is a regular operating activity funded through the Long-Term Plan. Further MEF financial information for FY2023/24 Q1 is provided in **Attachment 1**.

Ethical Investment

18. The ethical status of the institutions providing the MEF investment vehicles were summarised in the [report](#) to the 24 May 2022 Economic Development Committee (Item 11, pp 377 – 381).

Legal and Policy Considerations - *Whaiwhakaaro-aa-ture*

19. Staff confirm that recommendation complies with the Council’s legal and policy requirements.

Climate Change Impact Statement

20. Staff have used the climate adaptation assessment guidance and determined there are no known climate risks or adaptation opportunities associated with this option.

21. Staff have used the climate emissions assessment guidance and determined there is no change in greenhouse gas emissions associated with this option.

Wellbeing Considerations - *Whaiwhakaaro-aa-oranga tonutanga*

22. The purpose of Local Government changed on 14 May 2019 to include promotion of the social, economic, environmental, and cultural wellbeing of communities in the present and for the future ('the 4 wellbeings').
23. The subject matter of this report has been evaluated in terms of the 4 wellbeings during the process of developing this report as outlined below.
24. The recommendations set out in this report are consistent with that purpose.

Social

25. The strategic property activity allows the Council to promote better outcomes for the community at large, helping to create a more vibrant Hamilton with greater social interaction.
26. The proposed development of the Opoia Paa land will give practical effect to the Council's aspirations by creating a more vibrant city centre, enhancing the interface with the river, and providing greater social interaction. Development of the land will contribute to the local urban community through the creation of connected communities, active street frontages, tactile pedestrian experiences for passers-by and commercial spaces for values-aligned businesses.

Economic

27. The MEF will fund key development opportunities to help attract business growth, grow the city's economy, aid potential public and private investment and help with prioritising future funding decisions and business cases.
28. Appropriate development of the Opoia Paa land will attract business growth, grow the city's economy, aid potential public and private investment.

Environmental

29. Strategic property developments align with the Council's Central City Transformation Plan, considering connections between the central city and the river to restore and protect the balance of the environment.
30. Appropriate development of the Opoia Paa land aligns with the Council's Central City Transformation Plan, considering connections between the central city and the river to restore and protect the balance of the environment.
31. Development of the land with buildings that are carbon-neutral, energy efficient, and accessible by public transport, cycling routes, car-share will enhance the central city's connection to the Waikato River.

Cultural

32. The strategic property activity endorses and embraces the cultural identity of the city.
33. Partnering with mana whenua is fundamental to the appropriate development of the land at Opoia Paa. Engagement with mana whenua will ensure their aspirations for the site and its cultural significance are considered.

Risks - *Tuuraru*

34. There are no known risks associated with these matters – noting that the estimated yields from mixed fund investments are based on historical return averages, which does not guarantee future performance or yield.

Significance & Engagement Policy - *Kaupapa here whakahira/anganui*
Significance

35. Having considered the Significance and Engagement Policy, staff have assessed that the recommendation of this report has a low level of significance.

Engagement

36. Given the low level of significance no engagement is required.

Attachments - *Ngaa taapirihanga*

Attachment 1 - MEF FY 2023/24 (Q1) - Profit and Loss Statement



STRATEGIC PROPERTIES

Select Financial Year:

FY21

FY22

FY23

FY24

Select Month:

Jul

Aug

Sep

Oct

Nov

Dec

Jan

Feb

Mar

Apr

May

Jun

ENDOWMENT FUND: PROFIT AND LOSS STATEMENT

	Resource	YTD Actuals	YTD Budgets	YTD Variance	Annual Budget
INCOME	Rental Income	(\$306,876)	(\$294,401)	\$12,475	(\$1,177,596)
	Operating Contributions	(\$33,503)		\$33,503	
	Water Charges - Internal Charges	\$732		(\$732)	
	Rates Expense - Internal Charges	\$35,681	\$38,864	\$3,183	\$155,460
	Total	(\$303,966)	(\$255,537)	\$48,429	(\$1,022,136)
EXPENSES	External Rates		\$4	\$4	\$10,442
	Electricity	\$195		(\$195)	
	Insurance	\$5,503	\$7,773	\$2,270	\$31,090
	Legal Services	\$8,374		(\$8,374)	
	Consultants	\$72,019		(\$72,019)	
	Interest Received Special Funds	(\$314,207)		\$314,207	
	Labour - Internal Charges	\$31,515		(\$31,515)	
	Total	(\$196,601)	\$7,777	\$204,378	\$41,532
GAIN/LOSS	Unrealised Loss on Change in FV other	\$235,644		(\$235,644)	
	Unrealised Gain on Change in FV Other	(\$81,630)		\$81,630	
	Gain on Fair Value of Investment Property		\$1	\$1	(\$1,050,192)
	Total	\$154,014	\$1	(\$154,013)	(\$1,050,192)
Total (Surplus)/Deficit		(\$346,553)	(\$247,759)	\$98,794	(\$2,030,796)

How much money is in the Endowment fund

\$32,070,775

How much interest have we earned this year on the MEF fund?

\$314,207

Return on MEF Fund this year

100.00%

What is the value of our MEF Properties?

\$26,516,000

What is the value of our MEF Investment Funds?

\$20,500,000

Term Deposits

\$11,135,811

Mixed Funds

Total value of MEF assets:

\$58,586,775

STRATEGIC INVESTMENT PROPERTIES: PROFIT AND LOSS STATEMENT

	Resource	YTD Actuals	YTD Budgets	YTD Variance	Annual Budget
INCOME	Rental Income	(\$105,825)	(\$96,824)	\$9,001	(\$387,293)
	Operating Contributions	(\$10,575)		\$10,575	
	Fees & User Charges		(\$79,983)	(\$79,983)	(\$262,906)
	Water Charges - Internal Charges	\$1,429		(\$1,429)	
	Rates Expense - Internal Charges	\$21,873	\$26,467	\$4,594	\$105,876
	Total	(\$93,098)	(\$150,340)	(\$57,242)	(\$544,323)
EXPENSES	External Rates		\$5	\$5	\$4,952
	Electricity	\$1,216	\$575	(\$641)	\$2,150
	Insurance	\$2,718	\$3,673	\$955	\$14,700
	Management Fee		\$3,689	\$3,689	\$8,437
	Service Providers		\$1,581	\$1,581	\$6,328
	Labour - Internal Charges	\$10,500		(\$10,500)	
	Total	\$14,435	\$9,523	(\$4,912)	\$36,567
Total (Surplus)/Deficit		(\$78,664)	(\$140,817)	(\$62,153)	(\$507,756)

What is the value of our SIP Properties?

\$23,000,000

Total Strategic Property asset value:

\$81,586,775

Resolution to Exclude the Public

Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Confirmation of the Economic Development Committee Public Excluded Minutes of 14 September 2023) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Strategic Property Update - November 2023)	

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to enable Council to carry out commercial activities without disadvantage	Section 7 (2) (h)
	to enable Council to carry out negotiations	Section 7 (2) (i)