

STRATEGIC BOUNDARY AGREEMENT

between

HAMILTON CITY COUNCIL

and

WAIKATO DISTRICT COUNCIL

AGREEMENT dated 2020

PARTIES

- (1) **HAMILTON CITY COUNCIL**
 - (2) **WAIKATO DISTRICT COUNCIL**
- (Councils)**

BACKGROUND

- A. Hamilton City Council (**HCC**) and Waikato District Council (**WDC**) are parties to an agreement on Future Urban Boundaries dated 23 March 2005 (**2005 Strategic Boundary Agreement (SCHEDULE A)**).
- B. Pursuant to clause 8.0 of the 2005 Strategic Boundary Agreement, the terms of the 2005 Strategic Boundary Agreement are binding on both Councils and may only be varied or revoked by the mutual agreement of both Councils.
- C. Since entering into the 2005 Strategic Boundary Agreement, Areas HT2a and HT2b and Area R1 as defined in that agreement have been transferred from Waikato District to Hamilton City.
- D. The areas identified in the 2005 Strategic Boundary Agreement which are yet to be transferred are Area HT1, Area R2 and Area WA as depicted in the maps set out at Appendices 2.0, 3.0 and 4.0 of the 2005 Strategic Boundary Agreement. Updated maps of those areas which have improved clarity and legibility, but which retain the same land areas, are attached to this Variation Agreement as **SCHEDULE B**.
- E. The Councils agree that the triggers for the transfer of Area HT1, Area R2 and Area WA as set out in the 2005 Strategic Boundary Agreement are no longer fit for purpose and require updating to create greater flexibility for the Councils.
- F. The Councils also agree that due to the dynamic nature of strategic land use planning, there may be further areas of land which may become suitable for transfer from WDC to HCC, and wish to record the process by which these additional areas may be considered for transfer.

- G. The Councils agree to consider the principles of boundaryless planning, infrastructure provision and funding when considering strategic land use planning, and any potential transfer of land.
- H. To address these matters the Councils agree that the 2005 Strategic Boundary Agreement should be revoked and replaced with an updated Strategic Boundary Agreement.

AGREEMENT

Status of 2005 Strategic Boundary Agreement

- 1. Upon execution of this agreement, in accordance with clause 8.0 of the 2005 Strategic Boundary Agreement, the 2005 Strategic Boundary Agreement will be revoked and each Council's obligations under that agreement shall terminate.

Strategic Planning

- 2. The Councils will continue to work collaboratively on all matters concerning the potential transfer of land from within the WDC territorial boundary to within the HCC territorial boundary. All such engagement will be informed by other collaborative processes relating to strategic land use including but not limited to Future Proof, the Hamilton - Auckland Corridor Plan and the Hamilton - Waikato Metropolitan Spatial Plan.
- 3. Subject to and without limiting WDC's plan making and regulatory functions under the Resource Management Act 1991 (RMA), the land uses within the areas identified in this agreement will be strategically managed, to preserve the land resource for its ultimate urbanisation once transferred to HCC.
- 4. All strategic land use decision making undertaken by the Councils, including plan changes and district plan reviews, will take into consideration the terms of this agreement.

Areas R2, Area HT1 and Area WA

- 5. The process of transferring each of these areas will be commenced by the Chief Executive of HCC providing written notice to the Chief Executive of WDC of a transfer request (**transfer request**). While the timing of a transfer request will be at the sole discretion of the Chief Executive of HCC, it will be preceded by open and transparent dialogue between the Councils wherein the prospect of a transfer request will be clearly identified.
- 6. Any decision by HCC to issue a transfer request will be made taking into account the impacts of growth on HCC, strategic infrastructure decisions affecting HCC, the financial considerations set out in Schedule C, and the outcomes of the strategic land use planning processes set out at clause 2 above.

7. Upon receiving a transfer request WDC will use best endeavours to give prompt effect to the transfer request in accordance with the requirements of the Local Government Act 2002 (**LGA**).
8. WDC and HCC will jointly do all things necessary to give effect to the transfer request including if required, submitting to the Local Government Commission, a reorganisation plan pursuant to Subpart 1B of Schedule 3 to the LGA (**reorganisation plan**).
9. Prior to any transfer request being given effect to, by a reorganisation plan or similar mechanism, the Councils will agree on financial adjustments, to be made by HCC to WDC to account for local government funding issues arising as a result of the transfer of rateable land from WDC to HCC. The local government funding adjustment shall be addressed taking into account the principles and factors set out at **SCHEDULE C**.

Further transfer areas

10. The Councils acknowledge that strategic land development is informed by a collaborative/partnership approach between the Councils. The collaborative partnership approach is underpinned by the aspirations and principles of planning land development in a way which does not limit itself to local government boundaries, also known as 'boundaryless planning'.
11. In the event either Council identifies the prospect of the transfer of further areas of land not expressly identified in this agreement, the Councils will immediately commence open and transparent dialogue in good faith regarding the further transfer areas, taking into account the matters outlined in clause 10. These discussions will be undertaken in the forum of the HCC/WDC Governance Committee, or its equivalent replacement forum.
12. Following the commencement of dialogue either of the Councils may, by written notice to the Chief Executive of the other Council, commence negotiations regarding the transfer of further area(s) of land not expressly identified in this agreement (**further area notice**), provided the further area notice is consistent with the strategic land use planning processes identified in clause 2 above.
13. Upon receipt of a further area notice each Council will commit sufficient resources and personnel to directly engage in discussions regarding the location and area of land subject to a potential transfer, and will work collaboratively and in good faith to resolve whether the land identified in the further area is consistent with the outcomes contemplated by this agreement and should therefore be recorded as a Further Land Area under Schedule D.
14. If the location and area of land are agreed between the Councils (**further area**), the further area will be mapped and presented at **SCHEDULE D** to this agreement. Once a further area is recognised under this agreement via this mechanism, it may be subject, either immediately or at any later date, to the transfer mechanism as prescribed in clauses 5-9 of this agreement.
15. The Councils agree that Tamahere is excluded from the provisions of this Agreement, and as a future transfer area.

Regulatory Function

16. Nothing in this agreement shall fetter the regulatory function of either Council to assess and determine applications for resource consent (either land use or subdivision) in accordance with the rules, policies and objectives as contained in the applicable Operative or Proposed District Plan. The Council's may, at their discretion, consider this agreement under section 104(1)(c) of the RMA as 'any other matter the consent authority considers relevant and reasonably necessary to determine the application'.

Dispute Resolution

17. The Councils will work in a transparent and open basis in respect of boundary related issues and will each apply sufficient resources and personnel to ensure effective engagement between Councils.
18. If agreement cannot be reached on any issues the Councils will attempt to resolve matters by engaging in direct dialogue between the respective Chief Executives and Mayors.

Review

19. This agreement shall be binding on HCC and WDC and may only be varied or revoked by the mutual agreement of both Councils. The parties will review the agreement within five years of the date of signing of the agreement, and thereafter at the same intervals, to ensure it remains fit for purpose and determine whether any amendments are necessary.
20. Subject to clause 19, and unless an extension is agreed, this agreement will terminate on 1 September 2035

Dated this 5th day of November 2020


 A Sanson / Gavin Ion
 Mayor/CE of Waikato District Council


 P Southgate / R Briggs
 Mayor/CE of Hamilton City Council

SCHEDULE A

2005 STRATEGIC BOUNDARY AGREEMENT

**STRATEGIC AGREEMENT ON
FUTURE URBAN BOUNDARIES**

between

HAMILTON CITY COUNCIL AND WAIKATO DISTRICT COUNCIL

March 2005



Strategic Agreement on the Future Urban Boundaries

between

Hamilton City Council and Waikato District Council

March 2005

1.0 Preamble

Hamilton City is New Zealand's seventh largest city in New Zealand (estimated usually resident population of 125,000¹ at June 2003) and was the sixth fastest growing city between 30th June 2002 and 30th June 2003 (2.4% increase). During the period 1996-2001 Hamilton had an average annual growth rate of 1.4% pa. Hamilton City is also New Zealand's second smallest territorial authority with a land area of 9,427 ha.

The Waikato District Council is primarily a rural area with significant growth in lifestyle development. The growth of the district is approximately 1.2% per annum.

These twin pulls place considerable pressure on the future development of the city, and have consequential effects in the adjoining Districts. In many instances Hamilton City is already fully developed to the limit of its territorial boundary, and while there are a number of growth cells within the city, these too are limited in their ultimate capacity.

There is also, as a result of these limitations, considerable pressure on Waikato District, to compromise its rural landbanks for lifestyle housing and industry. Land at the periphery of Hamilton is rapidly being converted to non-farming activities, often in a random and haphazard manner. This has the potential to compromise both the effective and efficient use of the peri-urban area, and will generate unsustainable demand on Hamilton's infrastructure in time.

Conscious of these pressures, and mindful of the need to address both the need and aspirations of the current and future citizens of Hamilton and Waikato the councils have agreed to formally recognise the cross boundary issue that lies between them, and to put in place an agreement to guide the decision making processes, in respect of future land use and urban growth.

2.0 Purpose

The purpose of this document is to reach an agreement between Hamilton City Council and Waikato District Council as to how and where and when the future expansion of Hamilton City will occur. The Agreement addresses:

- 3.0 The Goal : being the jointly agreed outcome for the Agreement.
- 4.0 The Issues : being the drivers for the Agreement.
- 5.0 The Principles : being the accepted basis of future expansion of the City.

¹ Statistics New Zealand Subnational Population Estimates.

- 6.0 The Direction : being the areas identified and agreed.
- 7.0 The Process : being the circumstances that might trigger the adjustment of the respective boundaries of the City and District.
- 8.0 Review : being the basis of any review of the Agreement.

3.0 The Goal

The Goal of this Agreement is

"To ensure that the future expansion of Hamilton City takes place rationally in a well ordered and co-ordinated manner into the most suitably located surrounding areas in the best interests of the present and future inhabitants of the City."

In establishing this goal the two councils jointly desire to address the sustainable development future of both communities, as recognised within the Local Government Act 2002, and existing cross boundary issues within the context of the Resource Management Act 1991.

4.0 The Issues

The following issues have been specifically identified as necessitating a common and joint approach to future boundary readjustments between Hamilton City and Waikato District.

Land Use Policies: In response to growing demand the Hamilton City Council has endeavoured to reduce its land consumption by providing for intensification of its existing urban infrastructure. In particular the Proposed Hamilton City District Plan (References Version 2001) provides for smaller subdivisional sizes for residential sections, enlarged high density areas in the city, and increased opportunity for apartment dwelling. While there has been some success with this, the quantum of growth has continued to absorb greenfield land at increasing rates, diminishing both supply and the ultimately constraining the city's capacity.

Similarly the District has a wealth of high quality, versatile soils in and around the City Boundary whose use is being compromised by peri-urban development. This can generate short term reverse sensitivity issues and in the longer term additional pressure points on city networks and services, while creating a form of development which is potentially unsustainable in the long term.

Infrastructural Frameworks: Critical to the agreement is the opportunity it provides Hamilton City to plan towards accommodating growth in specified localities, and to known standards, and densities. Hamilton City Council has established a programme to consider the strategic provision of essential infrastructure including water, roading, public transport, recreation, wastewater and community facilities. Agreement on the broad direction and timing of future urban growth will enable this long term infrastructure planning to continue.

Market Certainty: One significant issue faced by both councils is the uncertainty faced in the market, regarding the future development of Hamilton. This is evidenced in the random subdivision of land on the periphery of the city for lifestyle blocks, and the

increasingly speculative acquisition of land for future residential development. Such initiatives place significant pressure on the city in the future to service these nodes and incorporate these within the City; a process that is expensive, inefficient, and generally does not result in good urban outcomes. More significantly, and more immediately it creates an unwelcome lifestyle market on some of the Waikato's best land; inflating land values, increasing resource management issues, and compromising the efficient and effective use of land.

Economic Wellbeing: Hamilton's economy is inextricably linked to that of the Waikato Region, and vice versa. As the region's capital the city provides a hub of services and employment. The city and district's economic well being relies heavily on population, and critically on providing that population with employment. Hamilton has limited long term industrial land capacity and needs to provide opportunities for industrial growth in areas where there is good access, available services, and where the effects of activity can be controlled. In addition to providing for some additional long term capacity within the city the two Councils also recognise that there is potential capacity in the Waikato District, based on land at Horotiu and along the State Highway/NIMT Railway Corridor, between Horotiu and Te Rapa.

5.0 The Principles

This Agreement returns Hamilton City and Waikato District to a co-operative approach to the exchange of land, to facilitate the future development of both the City, and peri-urban resources of the District. A similar philosophy existed during the 1970's and 1980's and worked well. The Local Government reform of 1989 while providing a medium term land bank for the city also resulted in both districts becoming increasingly insular in the treatment of their resources. As that land bank has been eroded it has provided the opportunity as well as heightened the necessity of agreeing a combined approach.

In adopting this Agreement the two Councils acknowledge the following:

"Hamilton City is virtually surrounded by highly productive farmland and in general those few areas of low productivity are, because of certain restraints, unsuitable for urban use."

"Urban expansion on to good farmland must therefore be accepted, which makes it essential that the most productive farmland be avoided for as long as possible."

".... avoid where reasonably possible, encroachment on the most productive farmland, and where not possible, to retain such farmland in fully productive use as long as possible."

These principles provide the basis for accepting that growth of the city must be enabled, but that the opportunity for growth is not unfettered and moreover that the direction and timing of growth involves both the City and the District acting co-operatively.

6.0 The Direction

Significant studies over the past 30 years have consistently identified the growth opportunities and directions for Hamilton City. This is largely limited to some expansion to the east of the present city boundary, and to the north. Earlier studies have consistently identified a greater urban area embracing Ngaruawahia. Some limited growth to the northwest has also been identified.

One key element in determining growth has been the identification and establishment of logical boundaries to expand toward. Such boundaries are rarely in themselves absolute, but they provide a sound basis for future planning. The proposed Hamilton Expressway, which is in the process of being designated by Transit NZ provides one such logical boundary. It is estimated that within the expressway between Mangaonua Gully and the Horotiu/Te Rapa Bypass (connecting the expressway to the Te Rapa Bypass - see Appendix 1.0) and encompassing approximately 1800 ha, provides for some 30 years of potential residential, industrial and commercial development (known as the Hamilton City Long Term Growth Area).

On the basis of this area the two Councils agree that:

A. The area of land, west and south of the Proposed Hamilton Expressway, between the Horotiu/Te Rapa Bypass and Morrinsville Road (SH 26) (as shown on Appendix 1.0) shall be recognised as providing for the long term growth needs of Hamilton City.

B. That the area shall be recognised as five growth cells:

R1: being the area between Morrinsville Road (SH 26) and Greenhill Road, and largely encompassing the Tainui landholdings at Ruakura (being approximately 730 ha).

The area of R1 may be expanded to incorporate a further area of land between SH26 and SH1, and the alignment of the Waikato Expressway following confirmation of the outcome of consultation to be undertaken by Waikato District Council with affected residents.

Note: The area identified within R1 for the Innovation Park (growth cells A1, A2, B1, B2 as shown in Appendix 6.0) is excluded from this Agreement. The Innovation Park can develop in accordance with its development plan and in accordance with Waikato District Plan provisions.

R2: being the area between Greenhill Road and Borman Road (being approximately 200 ha).

HT1: being an area of land roughly triangular in shape between the Waikato River, the existing City boundary along Kay Road/Horsham Downs Road, the expressway and the Horotiu/Te Rapa Bypass (being approximately 780 ha in area).

HT2: being the area on the western side of the Waikato River, between the Horotiu/Te Rapa Bypass, and the present city boundary along Ruffell Road (being approximately 290 ha).

WA: being an area on the western edge of Hamilton City bounded by Whatawhata Road and Wallace Road (being approximately 25 ha).

All as shown on Appendix 2.0, 3.0 and 4.0 respectively.

C. That the agreed purpose of the growth cells will be to provide for the full range of urban uses required to ensure the sustainable development of Hamilton City and its communities. It is noted that the principle intention of the Growth Cell HT2 is to provide for the continued expansion of the Te Rapa Industrial area, and its eventual integration with the proposed Horotiu Industrial cell within Waikato District. It is however acknowledged that not all land in area HT2 may be

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suitable for industrial usage. This includes the extension of buffers to protect the Waikato River (and its tributaries) where it adjoins this area.

7.0 The Process

The transfer of any or all land will occur using the following process notwithstanding that any person may seek to pursue the legal opportunities open to them to initiate a boundary adjustment pursuant to the provision of the Local Government Act 2002.

- E. That following the designation of the Waikato Expressway (adjacent to Hamilton City) and the Te Rapa/Horotiu Bypass being confirmed any one or more of the identified growth cells shall be capable of being transferred to Hamilton City. The Councils agree that either designation or construction of the bypasses will be the trigger for land transfer.

The specific triggers for a transfer shall be:

Area HT2: Area HT2 is divided into two sub areas; HT2a being the land west of Te Rapa Road/State Highway 1 and south of the Fonterra Dairy Factory site, and Area HT2b being the balance area (see Appendix 7.0).

Area HT2a shall be transferred to Hamilton City administration following confirmation of the designation of the Ngaruawahia and Te Rapa/Horotiu Bypasses.

Area HT2b shall be transferred to Hamilton City at the same time as Area R1.

Area R1: This area shall be transferred to Hamilton City Council administration, at the time of construction of the adjacent section of the expressway, to provide for the growth of the city between its present urban boundary and the expressway.

Area R2: This area shall be transferred to Hamilton City Council administration, at the time of construction of the adjacent section of the expressway, or in 2039, whichever is later, to provide for the growth of the city between its present urban boundary and the expressway.

Area HT1: This area shall be transferred to Hamilton City Council administration in 2045 provided that the expressway adjacent to the area has been constructed.

Area WA: This area shall be capable of being transferred once Hamilton City Council is able to confirm its capacity to service this area for full urban purposes noting that the provision of service to this locality is dependant on the development of a new wastewater interceptor to service the Peacocke's area of the city.

- F. The proposed transfer dates are based on an estimated land uptake in Hamilton City. The rate shall be regularly reviewed, and the timing of transfer may be amended by mutual agreement between both parties.

- G. That the intention of the two Councils be made public and be used, where possible, to guide policy formulation and decision-making. The agreement shall guide the Waikato District Council in the administration of its Operative District Plan and the review of that plan currently underway. In particular the District

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Plan should seek to recognise the long term urban intentions for the agreed growth cells, avoid any further increase in the range of non-rural activities in growth cell areas, or the further fragmentation of land below that currently provided for by Proposed Plan Change No 7 to the Operative Waikato District Plan.

In stating these intentions the Agreement fully acknowledges that the Waikato District Council is bound by its duty to administer within its statutory capacity the Resource Management act 1991, and pursue all relevant processes to give effect to that legislation.

8.0 Review

This Agreement shall be binding on the Hamilton City and Waikato District Councils, and may only be varied or revoked by the mutual agreement of both parties.

M G Redman
MAYOR OF HAMILTON CITY COUNCIL

P J Harris
MAYOR OF WAIKATO DISTRICT COUNCIL

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A J Marrayatt
CHIEF EXECUTIVE
HAMILTON CITY COUNCIL

G J Ion
CHIEF EXECUTIVE
WAIKATO DISTRICT COUNCIL

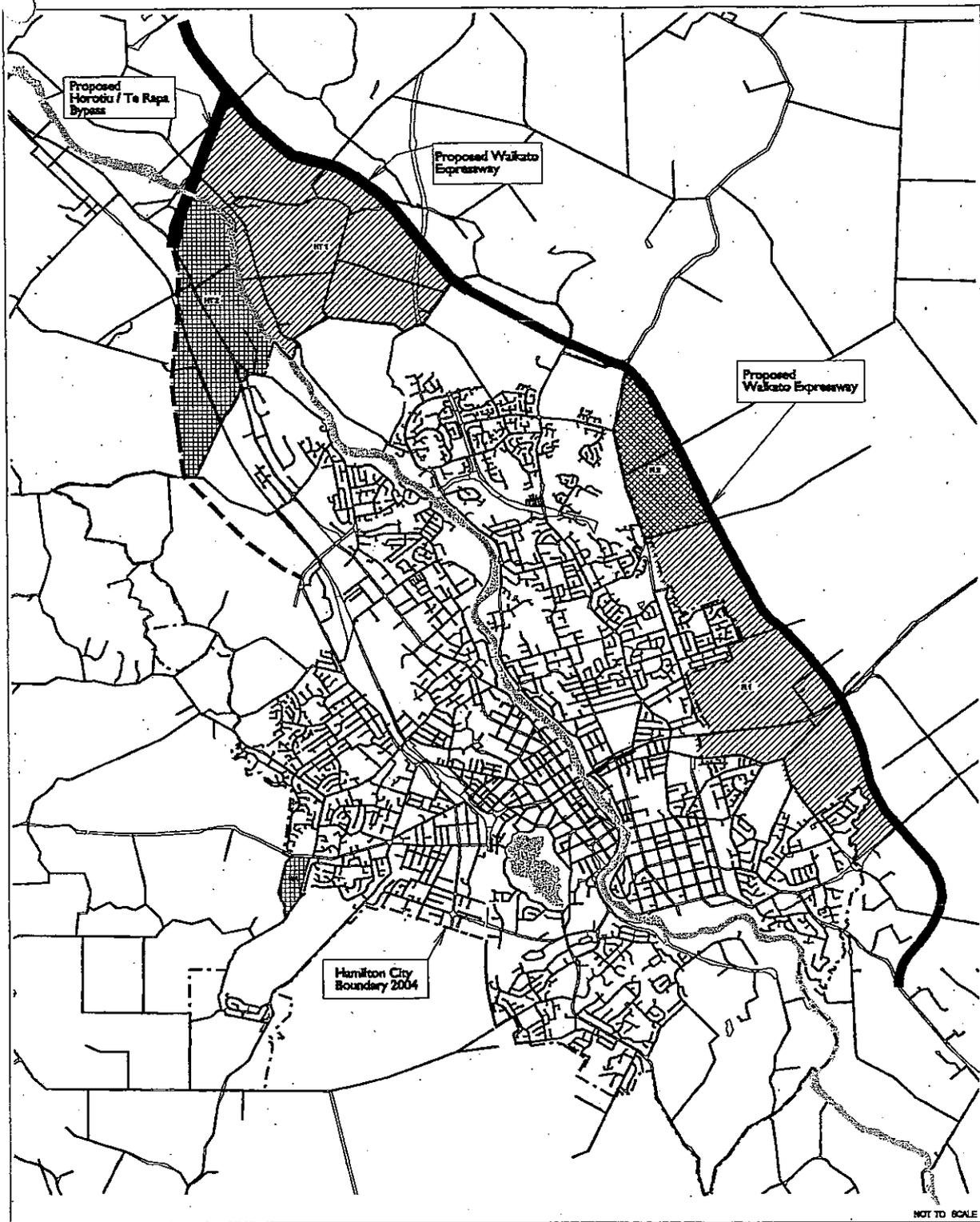


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23 MAR 2005

Dated



Hamilton City Long Term Growth Area

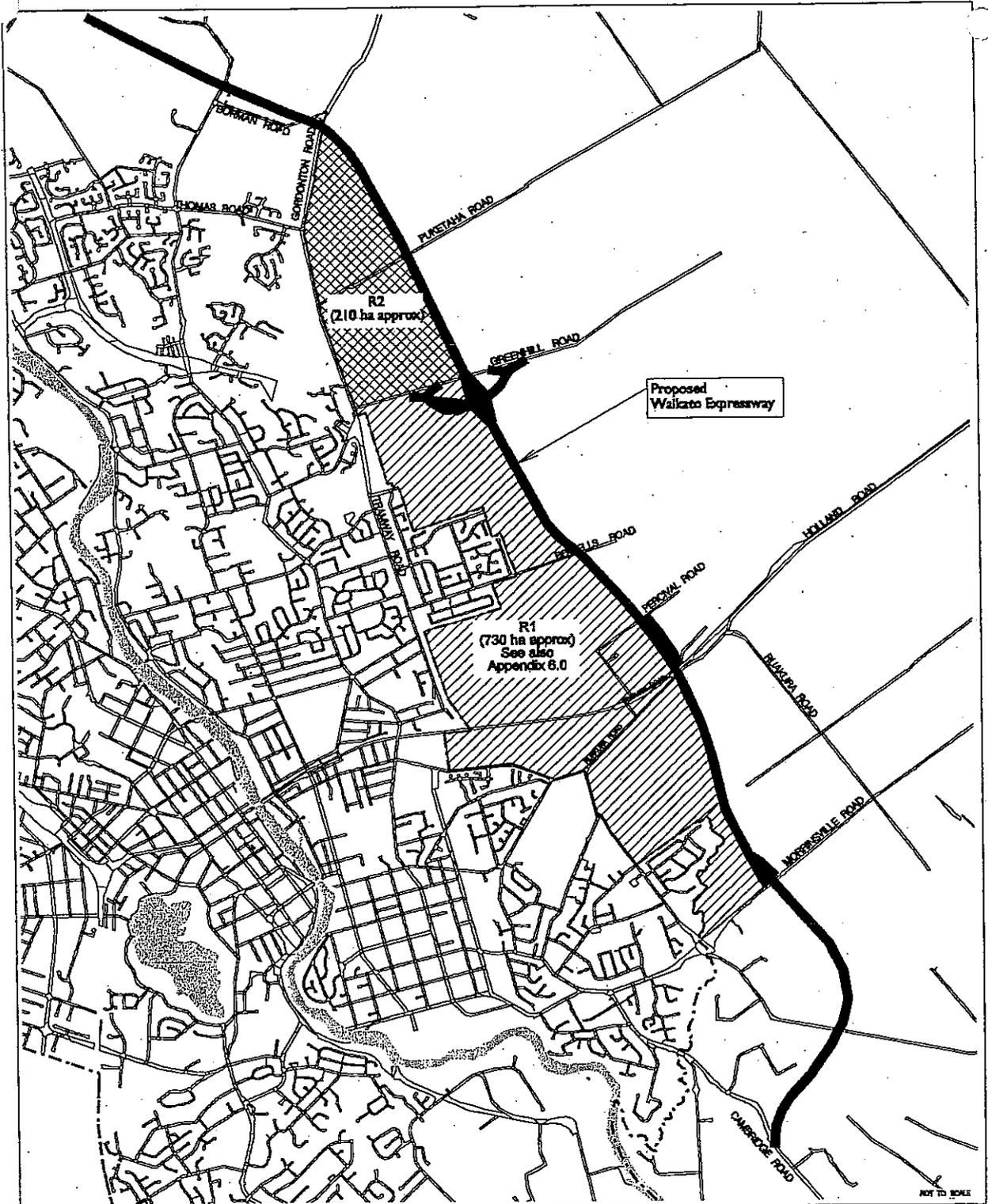
Appendix 1.0



DESIGN SERVICES

Hamilton City Council

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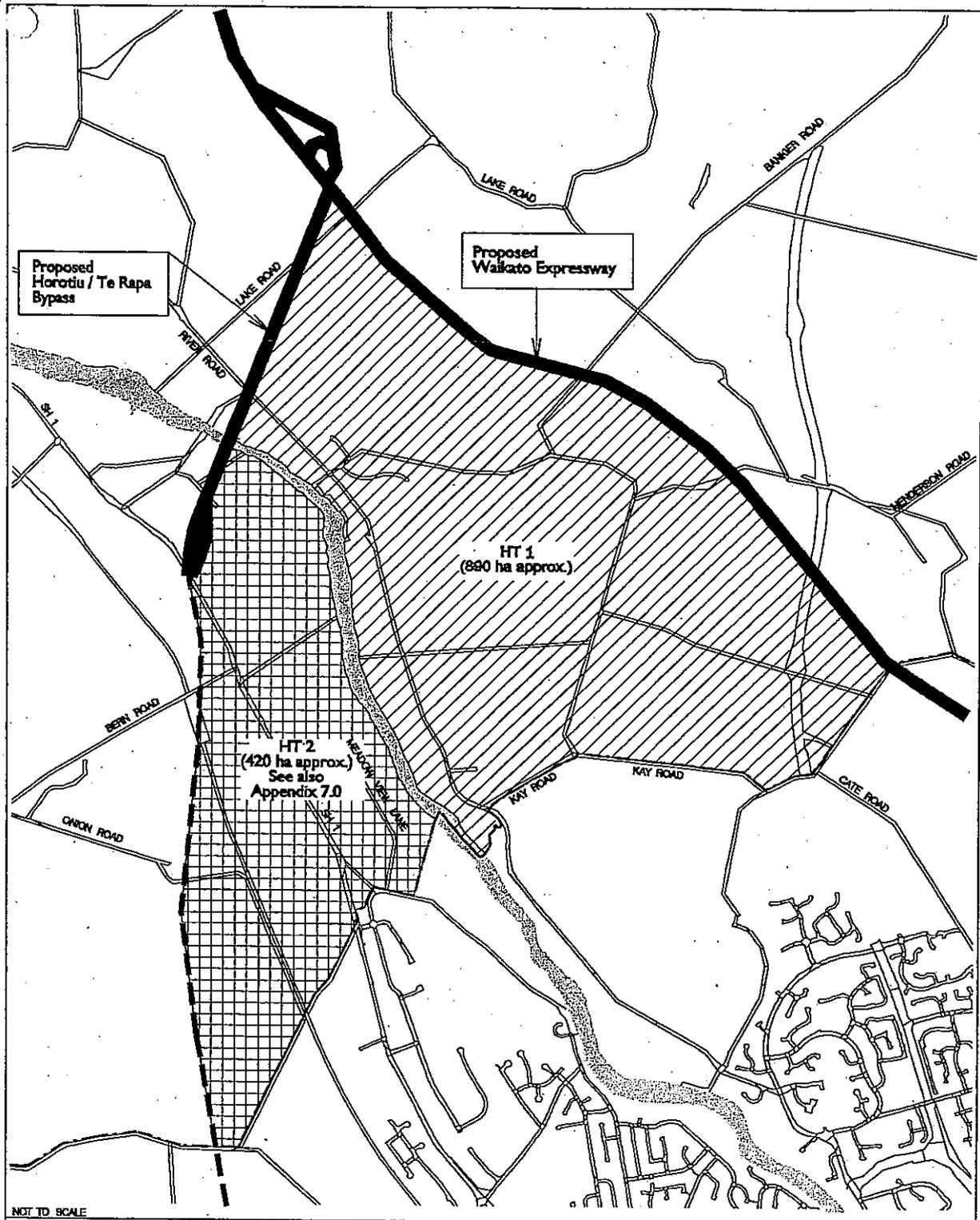
Hamilton City Long Term Growth Area

Appendix 2.0



Hamilton City Council

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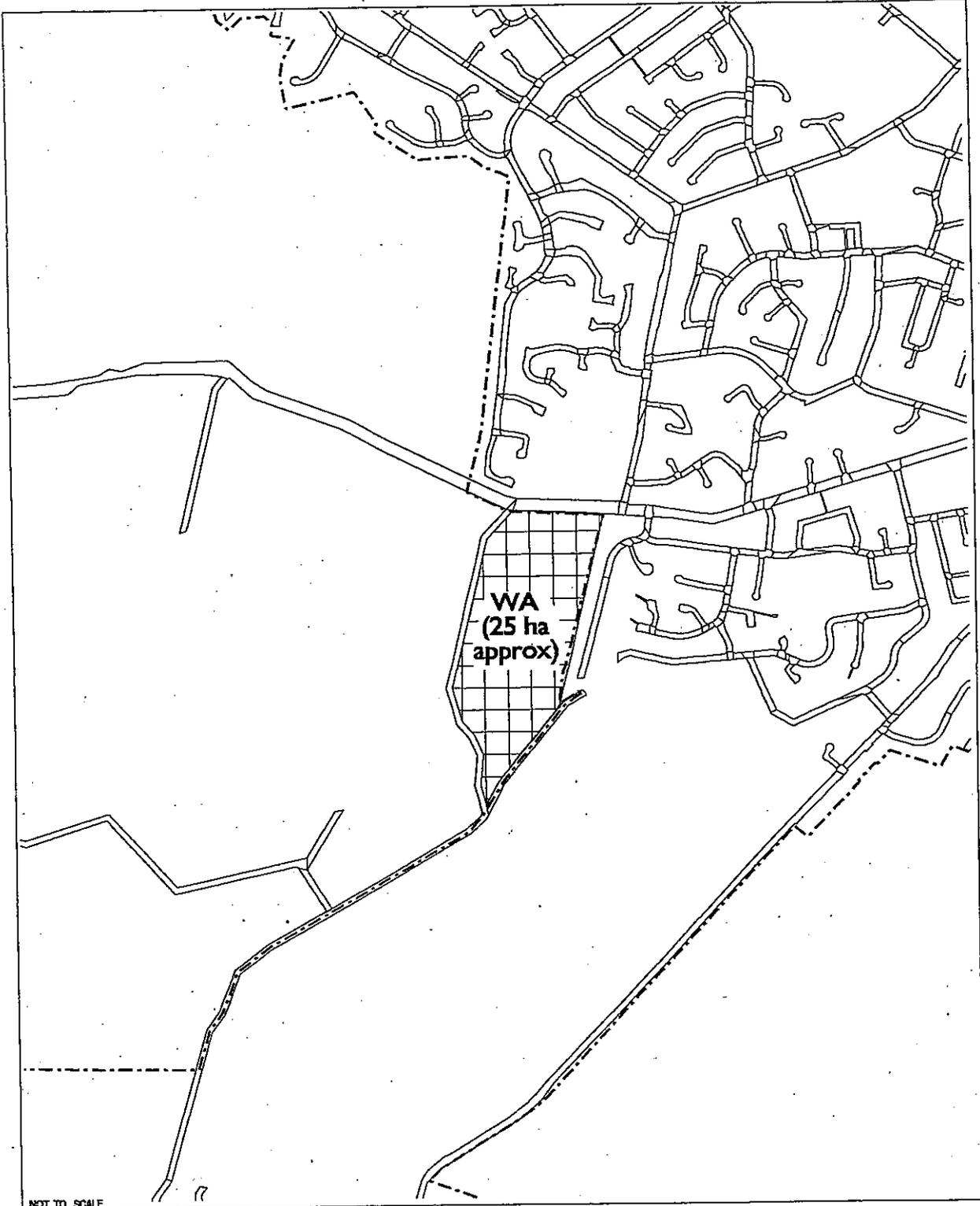
NOT TO SCALE

Hamilton City Long Term Growth Area

Appendix 3.0



Handwritten notes and signatures:
A large handwritten 'R' is on the left.
A vertical line with a checkmark is in the middle.
The initials 'PH' are written at the top right.
A signature is written at the bottom right.



NOT TO SCALE

Hamilton City Long Term Growth Area

Appendix 4.0



DESIGN SERVICES

Hamilton City Council

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Appendix 5.0

Hamilton City Projected Residential Uptake December 2003

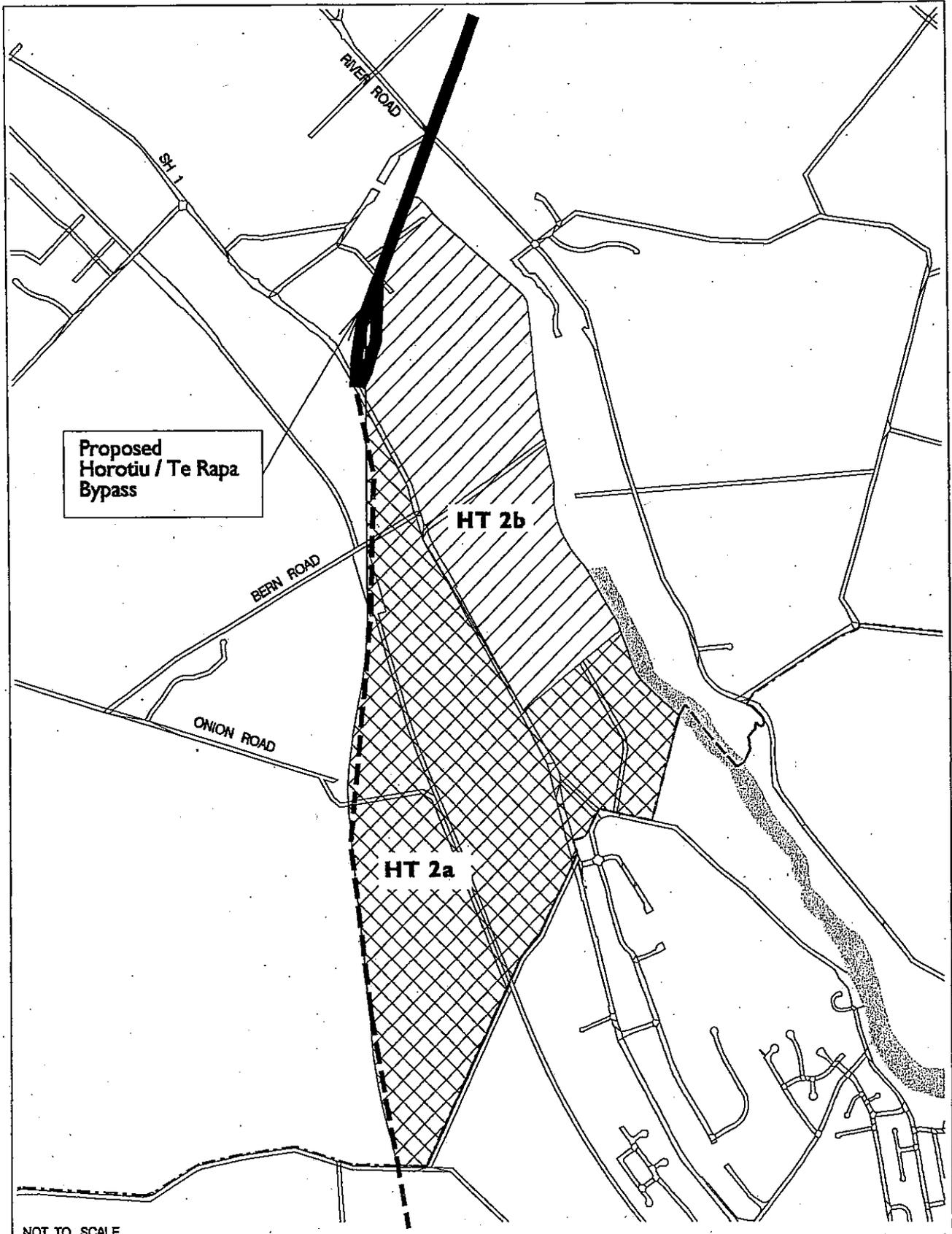
1. Residential Uptake for Hamilton City is predicted on a number of variables.
 - i) Annual average housing starts at 800 per annum.
 - ii) Infill demand of around 20% of total new stock falling to 15% in 2040 and 10% in 2060.
 - iii) Average occupancy of 2.7 persons per dwelling
 - iv) Average dwelling density of 12 dwellings per hectare.
 - v) Average annual population growth of 1.9%.
 - vi) No allowance is made for additional development at Temple View.
2. The rate of uptake and demand will be altered by any change to one or more of the above variables.
3. The land base for the uptake projection is conservative. A wider range of alternative land uses, particularly industrial will accelerate overall demand by reducing overall supply. Similarly lifestyle development in the Future Growth areas will further reduce capacity once land becomes urban.
4. The scenario outlined below is integrated. The delay or acceleration of any one growth area or cell will impact on the rate of uptake in other cells. The model also endeavours to provide a range of market choice, to avoid single cell dependency which will not allow the market to act efficiently.
5. The December 2003 projections envisage:
 - A. Continued development of Rototuna until 2027. Short-term demand will reach 70% of total new housing demand, which should reduce as other growth areas are made available.
 - B. Commencement of development in the Rotokauri Growth Cell in 2006. This cell is predicted to service different market to Rototuna and will remain a steady but modest provider of land for the city. There is a possibility, based on current interest, that the area could be more rapidly depleted if strong industrial demand continues.
 - C. Peacockes is likely to be required to service residential demand in 2016 and will complement, and compete with Rototuna for the mid range market demand. This cell is likely to sustain development until 2050, under the current scenario.
 - D. The R1 cell is likely to come into the market in around 2025 based on strong demand generated by the expressway, ease of servicing, and growth in the Ruakura/University/Innovation Park node. This cell is likely to be exhausted around 2063.
 - E. Cell R2, is very small, and likely to develop quickly on the back of R1, and as a result of both Peacocke and Rotokauri becoming exhausted around the same time. This cell will commence in approximately 2044 and be completed in 2056.

HT1 is the longest term residential growth cell for the city and not predicted to commence till around 2051. Its completion is well beyond the planning horizon.

The data nominated in the agreement provides for land to be transferred to Hamilton City approximately five years before the anticipated demand data for new development.

It should be noted that the above should not be taken as an absolute land use prediction. The variables employed are significant and subject to pressures over which local government has very limited influence. Similarly the horizon is extremely long. Accordingly these dates and rates of projected uptake rates should be used very cautiously.

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Area HT 2 (Detailed) Appendix 7.0

DESIGN SERVICES

Hamilton City Council
Te Kaitiaki Take Kōwhiri

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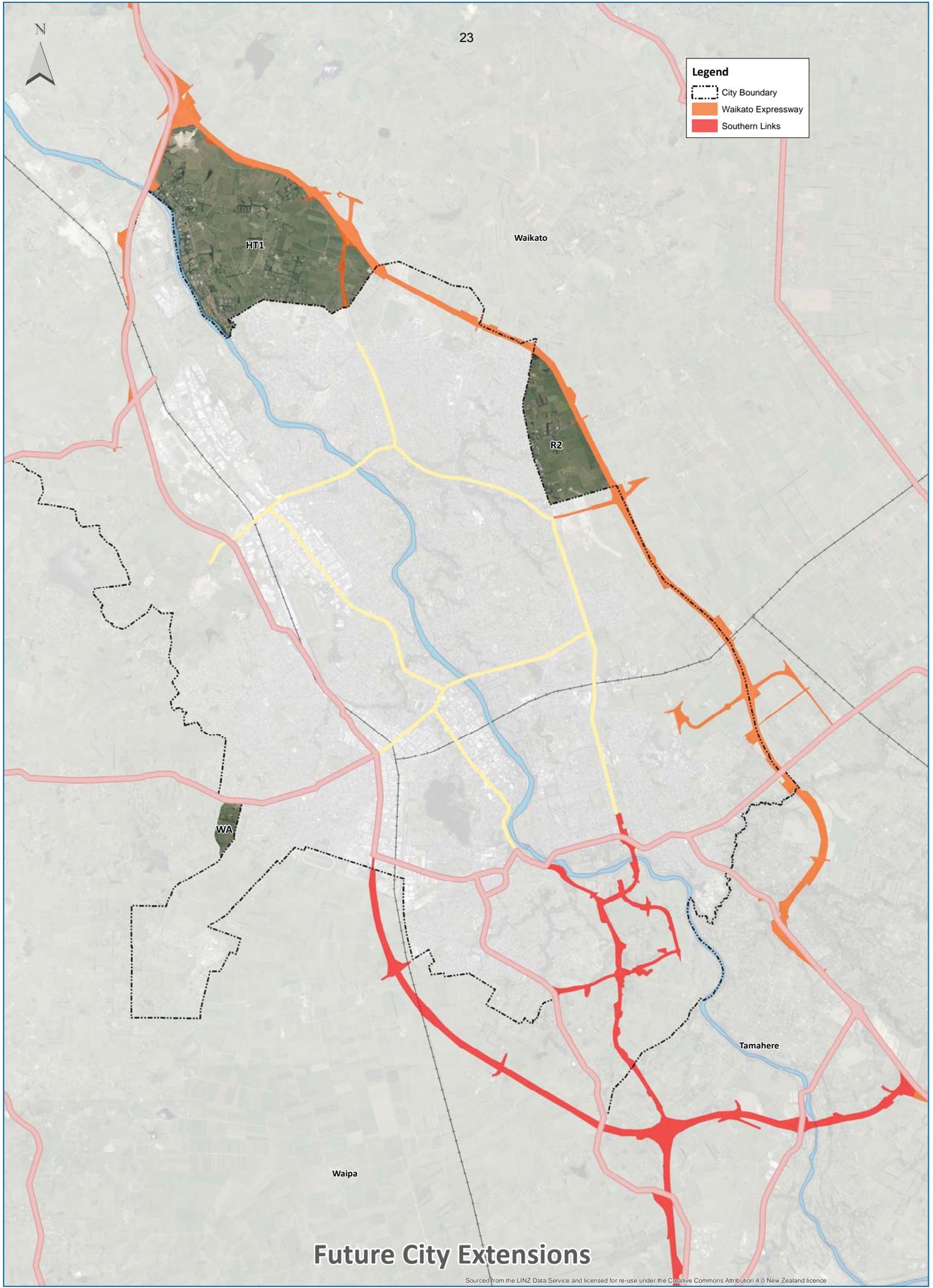
SCHEDULE B

**UPDATED MAPS OF HAMILTON FUTURE CITY EXTENSIONS, AREA R2, AREA HT1 and AREA
WA**



Legend

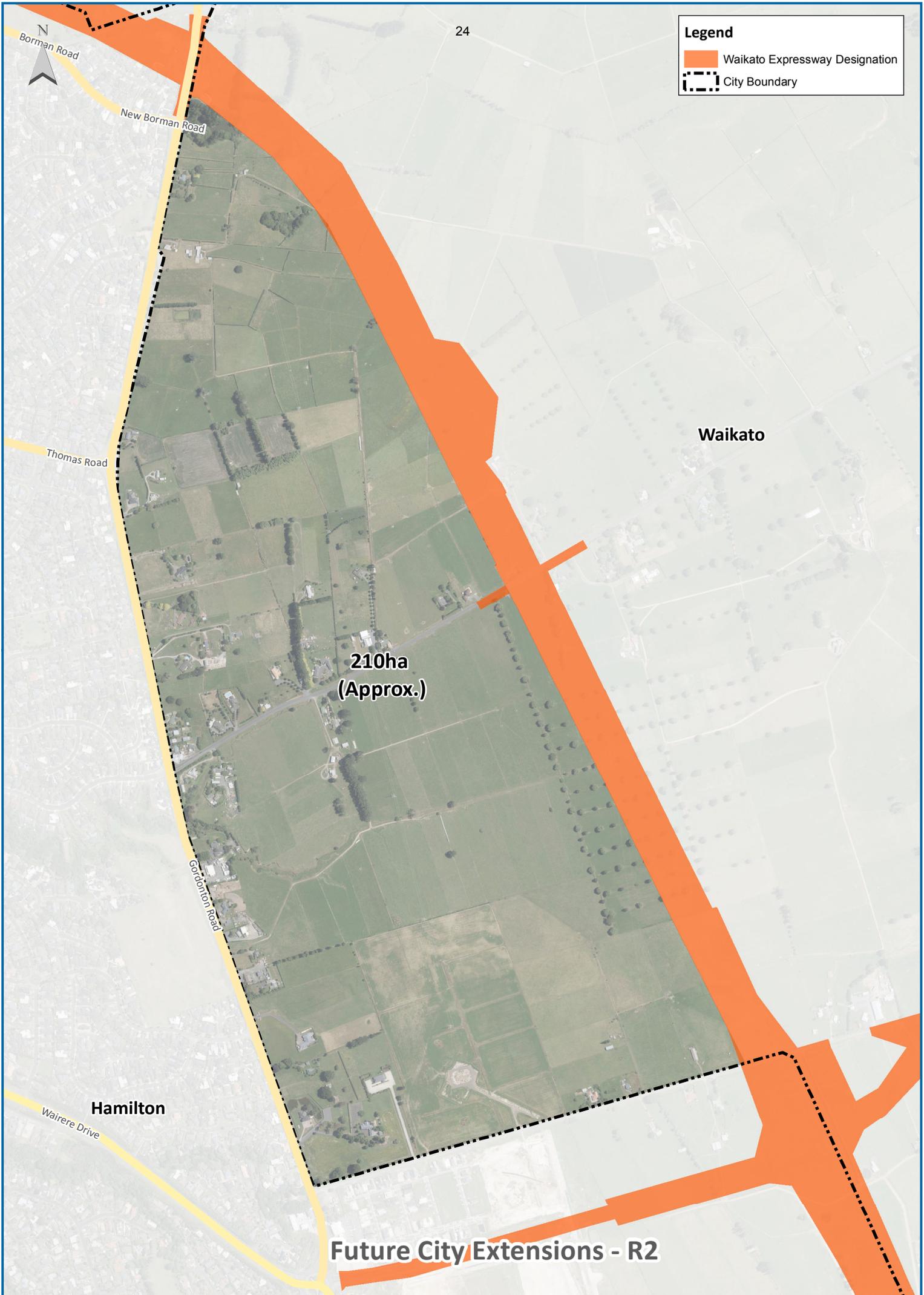
-  City Boundary
-  Waikato Expressway
-  Southern Links



Future City Extensions

Sourced from the LINZ Data Service and licensed for re-use under the Creative Commons Attribution 4.0 New Zealand licence

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Legend

- Waikato Expressway Designation
- City Boundary

24



Borman Road

New Borman Road

Thomas Road

Gordonon Road

Wairere Drive

Hamilton

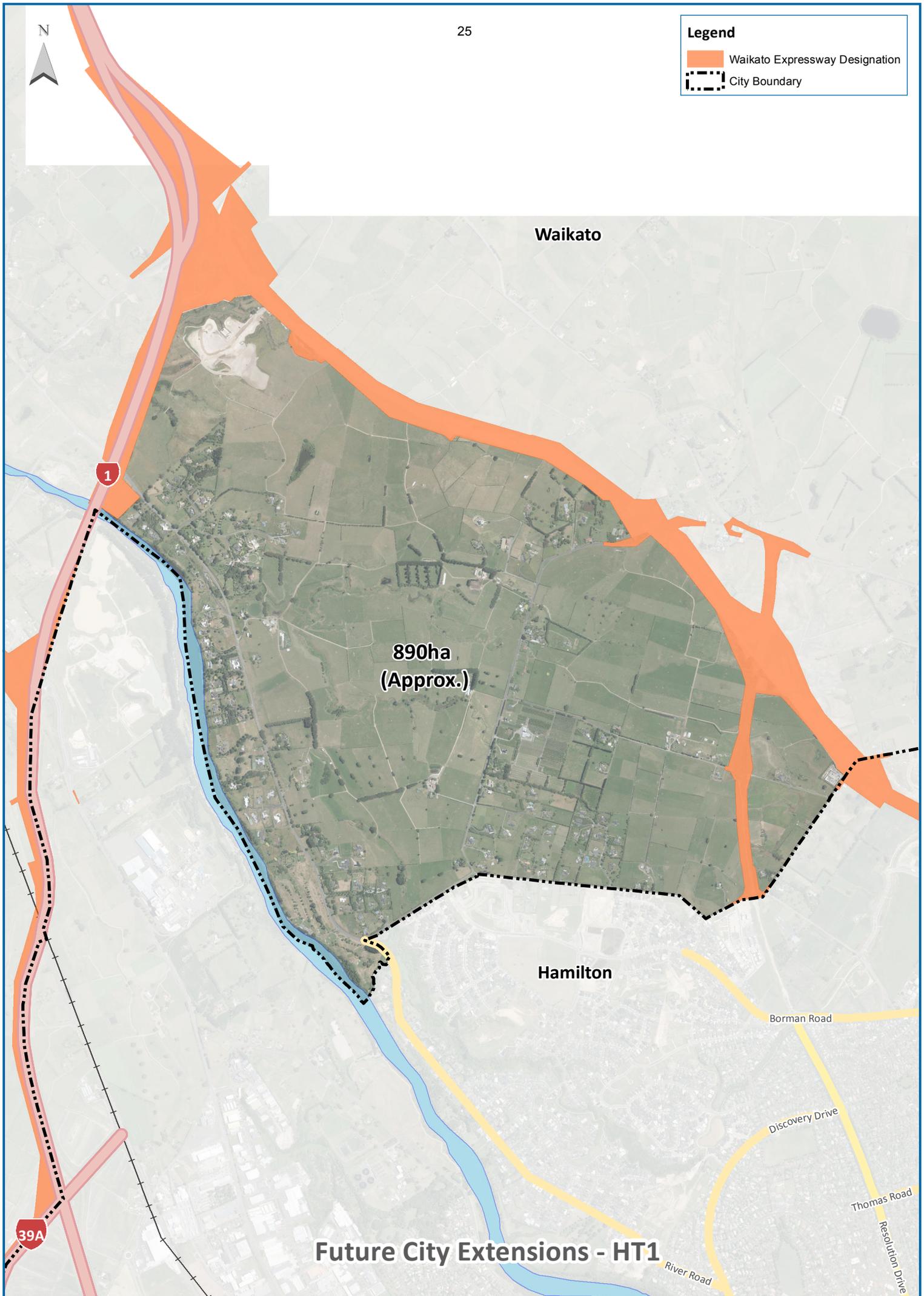
Waikato

**210ha
(Approx.)**

Future City Extensions - R2

Legend

-  Waikato Expressway Designation
-  City Boundary



Future City Extensions - HT1



Legend
 City Boundary

26

Grandview Road

Newcastle Road

Aberdeen Drive

Dinsdale Road

23

Whatawhata Road

Waikato

25ha
(Approx.)

Hamilton

Tuhikaramea Road

Future City Extensions - WA

SCHEDULE C

LOCAL GOVERNMENT FUNDING FACTORS AND PRINCIPLES

Financial Principles

- The primary financial principle to be observed in any land transfer is the fact the commercial arrangement must be “financially sustainable” for both councils.
- For WDC financial sustainability means a transition period where the income contribution to fixed costs received from those properties within an area to be transferred (**transfer land**) and which is included in any current WDC LTP (rating revenue less operating cash flows) must continue for a period of time to enable the WDC business to adjust. It is noted WDC has rating income budgeted in each year of its LTP which includes the areas of land described in Schedule B.
- The transition period is particularly important given the high growth environment WDC is operating in and the pressure this growth provides on costs. It is recognised that the period for which net income is paid to WDC will be dependent on the quantum of the net income to WDC.
- The financial principles to implement for the areas of land described in Schedule B requires payment from HCC to WDC over a transition period whereby:
 - Consideration, being an amount of the overhead contribution attributed to the transfer land, for a minimum of ten (10) years (this term determined based on time needed to replace the net income) following the transfer of the land.
 - The ‘overhead contribution’ is the rating and other receipts attributed to the transfer land less operating costs and debt repayment. This assumes any debt and development contribution reserves (if any) at the time of land transfer will be transferred to HCC.
- Any development contribution income collected by WDC for related projects in the Southern District’s water catchment will be passed to HCC. Rather than transferring debt or deficit reserves an alternate would be to forecast the position at the time of transfer to 2039 and 2045 as per the original agreement as a one-off settlement payment.
- A number of options exist in terms of paying consideration. These include options of a lump sum, regular payments over a period of time as occurred for the transfer of R1 and HT2, or a mixture of both. For administrative simplicity a lump sum payment, made at the time of transfer (discounted to reflect a present value of net cash flows as referenced above) may be the most suitable option.
- Over time, increases in rates revenue attributable to the transfer land places pressure on the financial contribution from HCC to WDC. Early transfer of the areas

of land described in Schedule B is an effective tool to potentially mitigate the impact of value uplift and is a legitimate consideration for HCC in any timing decision.

- Where possible the parties may consider arrangements for shared infrastructure services and may factor these arrangements into the financial considerations.

SCHEDULE D

FURTHER LAND AREAS

(nil as at date of agreement)